Harmonization of Remittance Policies in the Economic Community of Central African States (ECCAS) Region

Data and analysis in this report reflect the period up to March 2022

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[1] Angola, Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Equatorial Guinea, Gabon, Republic of Congo, Rwanda, Saotome & Principe

ACRONYMS AND ABBREVIATIONS

AML/CFT	anti-money laundering/combating the financing of terrorism
ATM	automated teller machine
CDD	customer due diligence
COMESA	Common Market for Eastern and Southern Africa
EAC	East Africa Community
ECCAS	Economic Community of Central African States
e-KYC	electronic know-your-customer
GDP	gross domestic product
ID	identification
ISO	International Organization for Standardization
KYC	know-your-customer
MFI	microfinance institution
NFC	near-field communication
POS	point of sale
PSP	payment system provider
RSP	remittance service provider
RTGS	real-time gross settlement system
STP	straight-though processing
UNCDF	United Nations Capital Development Fund

ABOUT THIS REPORT

This is a diagnostic report on harmonizing remittance policies in the ECCAS region. Prepared by the UNCDF in collaboration with the ECCAS Commission and relevant public sector authorities from the ECCAS Member States, it is the outcome of a larger project on the harmonization of remittance policies in the ECCAS region. The main objective of this project is to improve the ECCAS countries' existing and ongoing development of policies and regulatory frameworks relating to cross-border remittance flows. The ECCAS commission aim to harmonize policies across the Member States. The harmonized legal and regulatory frameworks will facilitate the transition of remittances from cash-based to digital channels and from informal to formal ones, ultimately leading to increased volumes and efficiency of remittance flows, lower costs, and greater access to finance in the region.

Remittance flows are essential to the ECCAS region. In 2021, remittances totaled US$2.2 billion, i.e., 1.4 percent of the region's gross domestic product (GDP) [2]. This report focuses on assessing policies and payment infrastructure and developing a roadmap to enhance cross-border remittance flows in the ECCAS region.

Despite their importance, international remittances tend to flow in distinctly suboptimal ways. Migrants earn in the currency of their destination country, and when it is time to send money to their country of origin, they usually pay cash to an over-the-counter remittance service provider (RSP). This provider may charge high transaction costs to send the money to the recipient, who often pays a high fee to convert that money into the country of origin's currency. Remittances may also move through unregulated informal channels as physical cash, exposing both sender and recipient to the inherent risks of carrying cash and currency conversions and preventing governments from having a clear picture of their country's foreign currency flows. The World Bank estimates remittances to increase by 50 percent if informal flows are reconsidered[3].

Through a memorandum of understanding (MoU), UNCDF has worked with the ECCAS Commission and other public and private stakeholders from the ECCAS region to conduct a regional diagnostic assessment of existing remittance arrangements, creating a foundation for improving the current regional cross-border remittance arrangements and proposing a roadmap of practical steps needed to harmonize remittance policies and practices. This assessment of policies, laws, regulations, and cross-border remittance-related infrastructure also aims to create enabling regulatory environments with effective mechanisms to facilitate remittances between Member States' residents. Observations and comments on each of the respective policies, laws, and regulations

[2] KNOMAD, *Remittances Data,* available at https://www.knomad.org/data/remittances, (accessed on 12 January 2023)
[3] https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Remittances

have been benchmarked against those in a range of comparable yet diverse policy and economic environments across Africa and Asia. The enablers, inhibitors, and recommendations in the areas identified for possible intervention have also been mapped. Therefore, this report will prompt discussions, dialogue, and alignment between and among the ECCAS Member States and relevant stakeholders to ensure the implementation of a robust regional roadmap on harmonizing remittance policies with key actions going forward.

It is recognized that the report's recommendations cover a broad spectrum of potential reforms. UNCDF and the ECCAS Commission aim to collaborate with businesses, policymakers, financial service providers, regulators, and other partners to determine how to implement the roadmap. UNCDF provides support and advice as needed to achieve project-intended outcomes.

The project is made possible through the sharing of knowledge and technical expertise by the UNCDF migration and remittances team, the UNCDF Africa Policy Accelerator team, the ECCAS Commission and the Member States, and financial sector partners in the region, and generous funding from the Swedish International Development Cooperation (SIDA) through the *Migration and Remittances to Advance Economic Inclusion and Financial Resilience and Reduce Inequality* programme.

EXECUTIVE SUMMARY

The migration[4] and financial landscapes of each Member State impact the remittance market of the ECCAS region, and these have been considered in conducting a comprehensive review that accounts for all factors that could affect remittances in the ECCAS region. ECCAS Member States are migrant countries of origin, transit, and destination. Most international migrants in the ECCAS region are intraregional, a significant proportion, approximately 50 percent, originates from within the region [5], and their migration patterns are influenced by various drivers such as economic opportunities, social factors, and political circumstances. The top five destination economies for ECCAS migrants are the Democratic Republic of the Congo, Central African Republic, Angola, Burundi and Rwanda. Other reasons behind the significant intraregional migration include visa-free movement among the ECCAS Member States, labour migration related to the regional activities and projects, the relatively small sizes of many countries in the ECCAS region, and the strong networks among the many ethnic groups scattered across the region leading to irregular migration. Remittance flows, therefore, originate from both within (intraregional) and outside the ECCAS region. A considerable proportion of intraregional remittance flows are informal due to the nature of the migration.

ADVANTAGES OF HARMONIZING REMITTANCE POLICIES IN THE ECCAS REGION

Regional harmonization of remittance policy and regulatory frameworks provides prospects of deepening the financial markets, making monetary policy more effective, reducing costs of supervision and implementation, and enhancing access to remittance services to a larger population, thereby fostering financial inclusion and economic growth. Moreover, it leads to better policy and supervision, increasing the provision of related financial services and the proliferation of new technology as cross-border remittance service providers (RSPs) transfer know-how to other countries where they operate or have established subsidiaries or branches. Experiences from different African regions[6] suggest that in countries where regional cross-border financial entities account for a significant share of market transactions, they improve the interbank and foreign exchange markets, create competition, and reach the population that previously

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[4] A migrant in this case is any person who changes his or her country of usual residence (United Nations, Department of Economic and Social Affairs, Statistics Division, 'Recommendations on Statistics of International Migration', New York, 1998, https://unstats.un.org/unsd/publication/SeriesM/SeriesM_58rev1E.pdf).

[5] KNOMAD, *Remittances Data,* available at https://www.knomad.org/data/remittances, (accessed on 12 January 2023)

[6] Benedicte Vibe Christensen, 'Financial integration in Africa: implications for monetary policy and financial stability', BIS Paper No. 76, Bank for International Settlement, Basel, https://www.bis.org/publ/bppdf/bispap76c.pdf (accessed 18 October 2021).

had no or limited access to financial services. Other benefits of regional harmonization include the availability of a broader range of formal remittance services and products suitable for a more diverse customer base, including unbanked women and men migrants and the low-income segment of the population, especially in rural areas, due to more efficient and affordable access to digitized remittance services.[7]

Moreover, regional harmonization of remittance policies, even without a monetary union, creates far-reaching regional financial market development opportunities. Small RSPs could benefit the most from regional harmonization due to reduced investment costs and the opening of new markets, enabling them to build viable business models. Lastly, enabling RSP operations at the regional level has the potential to enhance competition and thus drive down prices.

MAIN CHALLENGES FACING REMITTANCE FLOWS IN THE ECCAS REGION

Financial markets in the ECCAS region are at disparate levels of development. Financial inclusion rates are typically low, varying between 10 to 50 percent in most ECCAS Member States[8], and the banking sector dominates the formal financial sector, serving a select customer base, primarily in urban areas, with a limited range of financial products. The policy and regulatory environment limit service provision, particularly for non-bank RSPs, by being disproportionate to these providers' risks, leading to limited competition, persistent informality, and high transaction costs. Typical evidence of informality can be noted by looking at data on women and men migrants and the corresponding remittance flows in various corridors. For example, there are no remittance data available for some corridors, although indications from the migration data suggest that there are several migrants in those corridors. Further evidence of informality is the prevalence of informal cash transfers in the region, whereby money is paid to an agent in the destination country, who then instructs a local associate in the country of origin to pay out the money to the recipient. Moreover, some countries in the region lack data on the cost of remittances for some corridors.

CAUSES OF THE INFORMALITY AND HIGH COST OF SENDING MONEY

When an individual or institution transfers funds across borders, they rely on an intricate network of correspondent banks coordinating across different time zones and currencies. Reliance on correspondent banks results in limited operating hours and settlement delays, and a lack of local currency convertibility in the region makes this more challenging. Foreign exchange conversion rates and fees are applied because the

[7] Ibid.

[8] Findex, 2021

local currencies have limited liquidity due to little transaction activity. When individuals want to make cross-border payments, they often go through a more liquid currency such as the euro, pound sterling or US dollars, adding both time and expense and increasing vulnerability to exchange rate fluctuations. In addition, there are compliance costs, fees along the remittance value chain, and pre-funding liquidity costs. When remittances involve small-value payments, a typical scenario for many migrants, they are impacted more by high transaction fees relative to the sum being transferred.

Different foreign exchange frameworks among countries in the region further impact foreign exchange conversion rates and fees. For example, some countries have restrictive exchange rate regimes, causing parallel exchange markets, i.e., formal and informal. As a result, there is a gap between the official and informal exchange rates. Consequently, this encourages remittances to be channelled through unregulated channels with unpredictable exchange rates, presenting risks to customers and the financial system. These unregulated channels can be linked to money laundering, financing of terrorism, human trafficking, and other abuses. Informal channels also deprive governments of a clear understanding of their inbound and outbound currency flows, providing an inaccurate picture of their balance of payments and cross-border remittance flows.

Unharmonized laws and regulations on licensing of RSPs from one country to another increase compliance costs for RSPs. For example, in the ECCAS region, some countries have licensing frameworks for non-bank RSPs, while others do not. The licensing practices differ significantly because it is difficult to establish cross-border remittance businesses. Moreover, there are no standardized and transparent licensing criteria for cross-border players, particularly mobile money operators, or criteria for securing approval to connect new corridors. The non-bank RSPs' frameworks transpose some requirements from regulations for deposit-taking institutions, thus subjecting non-deposit-taking RSPs to disproportionate requirements.

AML/CFT checks incur other compliance expenses, especially because regulators lack specific guidance on risk-based customer due diligence (CDD) and appropriate risk management levels, particularly for mobile money transactions. ECCAS countries lack common policies on standards for key payment technologies, procedures, and security features. This means that similar innovations are often incompatible and create processing costs and delays for beneficiaries by increasing the complexity of reconciliation processes. The lack of interoperability in the mobile money merchant acceptance space, automatic teller machines (ATMs) and points of sale (POS) limits payment options available to customers and may perpetuate monopolistic elements within the markets. Such a monopolistic environment may lead to more prominent and financially capable players dominating the markets, limiting competition, and reducing costs.

RESPONSES REQUIRED

The high cost of remittances calls for a more impactful process to create enabling policy and regulatory frameworks to digitize and optimize remittances to reduce remittance transaction costs to an average of 3 percent and below, as per the Sustainable Development Goals target.

The current remittance policy and regulatory frameworks in the ECCAS Member States have been assessed to capture what works, what does not, and which actions policymakers and regulators can prioritize. Coordinated efforts to implement policy, legal and regulatory reforms coupled with strengthening capacity could reduce costs to a level that facilitates the participation of the lowest-income migrants in the regional economy. A good starting point to achieve the intended results would be to create a shared understanding of a regulatory framework specifically focused on remittances to address the challenge of multiple approaches to remittance regulation across ECCAS countries. It is noted that specific country actions have been undertaken to give an explicit legal mandate to central banks' involvement in regulating remittance services. These actions range from recognizing non-bank RSPs in the specific payment system laws to promulgating regulations for non-bank RSPs to achieve the same goal. Notwithstanding the reforms already undertaken, this project benefited from critically assessing these legal arrangements in the individual Member States and proposing measures to ensure legal certainty at both domestic and regional levels to reduce compliance costs.

Agreeing on areas for possible convergence in the licensing and authorization regimes could be a step forward. The primary recommendation is establishing a regional mutual recognition policy for remittance services, which could significantly promote remittance services. Under this policy, a non-bank RSP licensed by the supervisory authority in one partner state will be allowed to operate in all partner states by simply notifying the destination country's supervisory authority.

Another essential enabler relates to financial integrity. AML/CFT laws and regulations could be proportioned based on the value of cross-border transactions to support remittance services. Risk-based CDD can easily detect suspicious transactions while enabling the regulator to focus resources where the risks are greatest. One regulatory response that could directly impact account registrations is introducing flexible know-your-customer (KYC), electronic KYC (e-KYC) and customer onboarding practices. The example from West Africa serves as a good practice. In mid-2020, regulatory authorities permitted more flexible KYC processes during the crisis caused by the COVID-19 pandemic, aimed at enabling more people to make digital payments. A replication of this by ECCAS countries may enable similar financial inclusion gains for migrants and their families.

Customer protection, transparency, and complaints resolution mechanisms are essential areas to consider for enhancing remittance services. The primary recommendation here is to establish a one-stop window for complaints resolution and customer protection within countries and then across the region or to have harmonized guidelines on customer protection in place.

Increasing access to mobile money and online banking services, including rural outreach, may provide the quickest way to offer large numbers of people cheaper remittance payment options because these, in turn, enable retail payment systems to flourish. According to World Bank data,[9] in the fourth quarter of 2020, mobile money was the cheapest way to fund a remittance transaction, at 4.36 percent. The average cost of using a debit or credit card was 4.82 percent, 7.06 percent for sending money in cash, and 6.66 percent for covering the transaction via a bank account.

One potential approach to optimize cross-border payments between senders and recipients is investing in retail payment system infrastructure to reduce the current overdependence on corresponding banks and compliance costs from foreign exchange and AML regulations. Leveraging the existing payment infrastructures to support cost-effective solutions could be one of the options. The intended output is to achieve cross-border interoperability and harmonization of these payment infrastructures' operating standards to achieve high rates of automated straight-though processing (STP) of remittances. Interoperability would also address the problems of delays due to limited operating hours and long transaction chains. An ideal norm would be to have a system where multiple central banks are directly connected or where banks can interact instantaneously on a single network or a payment platform to enable the real-time settlement of cross-border payments. Such a reform outcome could help link national economies with less reliance on correspondent banks, drastically reducing the cost of cross-border payments because of a more efficient, cost-effective, and accessible system. A single regional settlement platform would be highly efficient, much like centralized clearing and settlements have enabled domestic payments to be made instantly and often at less cost for customers. A regional settlement platform could enable direct transactions with different currencies, improving liquidity and enabling faster and cheaper regional payments. It would also benefit broader financial and trade systems at both national and ECCAS levels. It would enable the ECCAS Member States to position themselves in more comprehensive regional initiatives such as the African Continental Free Trade Area.

[9] World Bank, 'Remittance Prices Worldwide Quarterly', Issue 36, December 2020, Washington, DC, https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q42020.pdf (accessed 11 August 2021).

INTRODUCTION

REMITTANCE LANDSCAPE

Migrant remittances are the money or goods migrants[10] send back to families and friends in their origin countries.[11] Migrant remittances are often the most direct and well-known link between migration and development. For many low- and middle-income countries, they represent a significant share of GDP,[12] and at the household level, they are an essential source of capital and used for a variety of purposes, but, most importantly, to meet most basic needs.

Globally, an estimated 281 million people,[13] or 4 percent of the world's population, live outside their countries of origin and send $781 billion[14] in remittances. In 2021, officially recorded remittance flows to low- and middle-income countries reached $597 billion, a 10.3 percent increase from the $542 billion recorded in 2020.[15] In 2021, Sub-Saharan Africa received an estimated $50 billion in remittances, an increase of 16.4 percent from $43 billion recorded in 2020.[16] Remittances to Sub-Saharan Africa accounted for 3 percent of the region's GDP.[17] The economic impact of remittances on receiving countries varies depending on how this money is spent and funnelled into the larger economy by recipient households. Remittances also have an impact on the macroeconomy in terms of currency exchange rates and foreign reserves. If these flows increase consumption in sectors with strong sectoral linkages with other economic

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[10] Throughout this report, the focus is on international men and women migrants managing cross-border and origin vs. destination country issues, rather than domestic migrants moving, for example, from rural to urban areas. Remittances include compensation of employees and personal transfers by migrants.

[11] Migration Data Portal, 'Remittances', 3 June 2021, https://www.migrationdataportal.org/themes/remittances (accessed 24 March 2022).

[12] United Nations Capital Development Fund, 'Igniting SDG Progress Through Digital Financial Inclusion', New York, 5 October 2018, https://www.uncdf.org/article/3951/igniting-sdg-progress-through-digital-financial-inclusion (accessed 15 December 2020). See SDG 10 (Reduced inequalities).

[13] United Nations Population Division, 'International Migrant Stock', https://www.un.org/development/desa/pd/content/international-migrant-stock (accessed on 24 March 2023).

[14] World Bank, 'Migration and remittances data', https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data (accessed 24 March 2023).

[15] KNOMAD, 'Remittances Brave Global Headwinds Special Focus: Climate Migration, *Migration and Development Brief 37,* November 2022, https://www.knomad.org/publication/migration-and-development-brief-37 (accessed 24 March 2023).

[16] World Bank, 'Migration and remittances data', https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data (accessed 24 March 2023).

[17] Ibid.

sectors, the positive effect of remittances may propagate to these sectors and amplify the aggregate effect on the entire economy.

REGIONAL CONTEXT

In 2021, formal remittances to the ECCAS region stood at $2.2 billion[18]. Given that most countries in the ECCAS region are countries of origin, transit and destination, remittance flows originate from both within (intra-ECCAS) and outside the ECCAS region. The absence of a systematic statistical monitoring system contributes to the lack of comprehensive information about population movements and remittances within ECCAS and to and from ECCAS. In this regard, informal remittances, representing a large proportion of remittance transfers within the ECCAS region, remain unaccounted for. In 2021, the average remittance transaction cost to send $200 to the region stood at 8.7 percent,[19] far above the SDG target of less than 3 percent. The top sending economies to the ECCAS region are France, Uganda, and Belgium, while most women and men migrants are in the Democratic Republic of the Congo, Uganda, and Rwanda (Figures 1 and 2).

Irrespective of the direction of remittance flows, i.e., from outside or within ECCAS, all countries would benefit from regional collaboration on remittance flows, corridors, mechanisms, institutions, and policy to ease pressures that may be caused by economic slowdowns, unemployment, debt and inadequate foreign exchange reserve, among others.

On the remittances front, a global economic slowdown affected destination countries' economies within and outside ECCAS. The repercussions of Covid-19, the war in Ukraine, policy uncertainty, inflationary pressures, and a downturn in global GDP might all influence remittance flows to and within the ECCAS region. The impacts of these factors may last long and impact migrants' ability to earn and send money because of an economic slowdown that may result in low or no employment prospects for migrants returning to their country of origin, depending on the pace of economic recovery in destination countries. Fewer remittances impact receiving communities within ECCAS at a micro level, i.e., for education, health, and food, but their impact is felt more strongly on investments in small companies and small- and large-scale trade flows. Additionally, fewer remittances impact foreign exchange inflows and currency appreciation, among other things, at the macroeconomic level. This calls for sustained efforts to harness remittance flows for productive investment, contributing to the region's long-term development.

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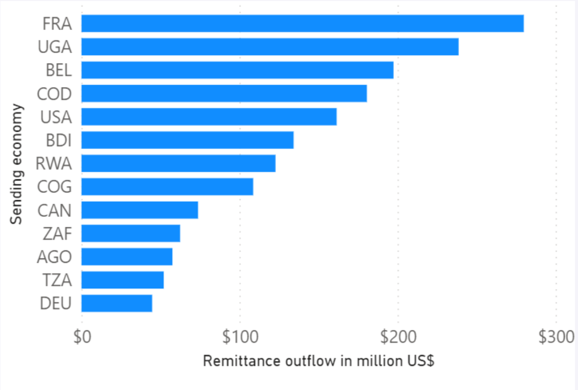
[18] World Bank, 'Migration and remittances data', https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data (accessed 24 March 2023).

[19] Ibid

Fig. 1: Remittances senders to ECCAS countries, 2021 ($million)



Source: Source: World Bank, 'Remittance Prices Worldwide', http://remittanceprices.worldbank.org; and KNOMAD, 'Remittances', https://www.knomad.org/data/remittances (accessed 24 March 2023).

Fig. 2: Migrant Stock Destinations, 2021

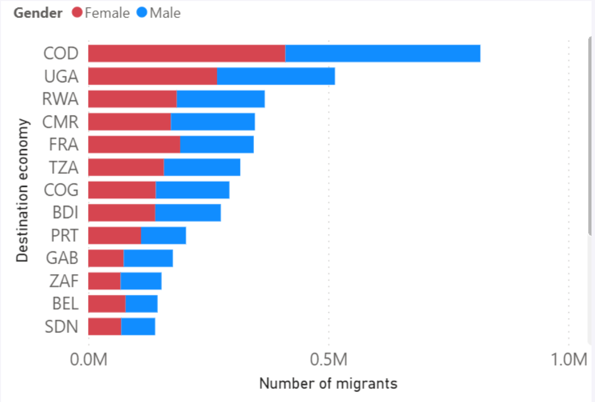
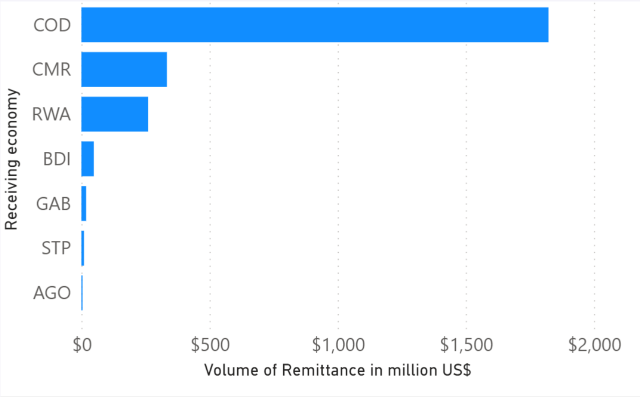
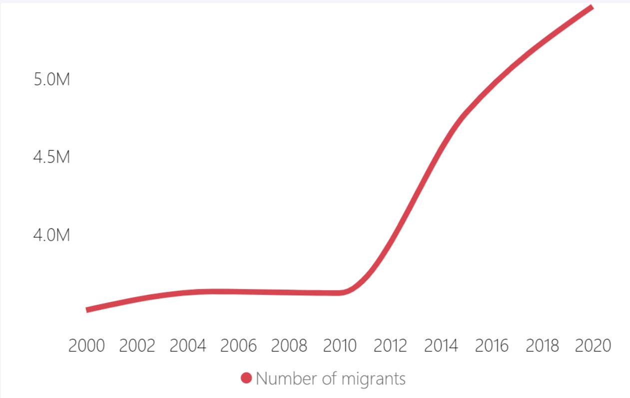


Fig. 3 Receiving economies in the ECCAS Region, 2021 ($million)



Source: Source: World Bank, 'Remittance Prices Worldwide', http://remittanceprices.worldbank.org; and KNOMAD, 'Remittances', https://www.knomad.org/data/remittances (accessed 24 March 2023).

Figure 4. Migration in the ECCAS region - Number of migrants over time



Source: UNDESA, https://www.un.org/development/desa/pd/content/international-migrant-stock (accessed 24 March 2023).

AGO=Angola, BEL=Belgium, BDI=Burundi, CAF=Central African Republic, CAN=Canada, CMR=Cameroon, COD=Democratic Republic of the Congo, COG=Republic of the Congo, FRA=France, GAB=Gabon, GNQ=Equatorial Guinea, PRT=Portugal, RWA=Rwanda, STP=São Tomé and Príncipe, TCD=Chad, TZA=Tanzania, UGA=Uganda, USA=United States of America.

In 2021, the total number of migrants recorded in the ECCAS region was 5.5 million (3.8 percent of the region's total population[20]) compared to 4.8 million in 2016, representing a 15 percent increase within five years. In 2021, the number of women migrants recorded was 49 percent of the total migrants.[21] Migration in the ECCAS region may be regular or irregular, i.e., moving with or without the necessary permission and identification. Each kind of migration raises the possibility of different kinds of remittance transfers and impacts for the ECCAS Member States individually and as a region, including different implications for remittance source, size, channel, direction, use and impact. For example, irregular migrants tend to be excluded from accessing formal remittance channels due to their lack of legal identity and inability to meet KYC requirements. As a result, they tend to rely more on informal remittances. Most destination economies for the ECCAS migrants are within the region, especially in the Democratic Republic of the Congo, Uganda, Rwanda, and Cameroon, where there are many undocumented migrants. Consequently, there is also a greater tendency to rely on informal channels for intraregional remittances, partially explaining the lack of average transaction cost data for intra-ECCAS remittances.

In the second quarter of 2022, the average cost of sending $200 to the ECCAS region was 8.7 percent, which is higher than the global average of 6 percent[22] and the SDG target of 3 percent. As a result of the high cost and the other challenges, remittances move as physical cash, exposing both senders and recipients to the inherent risks of carrying cash and hindering governments' ability to have a clear picture of their country's foreign currency flows and to develop appropriate remittance-linked policies.

Causes of the challenges include unharmonized policies and regulatory frameworks that create a regulatory arbitrage between countries, limited collaboration and cooperation, different levels of infrastructure development, limited capacity of regulators to monitor and analyse remittance flows, and a lack of availability of digital remittance channels. These challenges include limited remittance-linked financial products available to migrants and their families and a lack of financial/digital inclusion and literacy.

Data on remittance flows in the ECCAS region vary from country to country due to differences in the availability of data, national legislation, methodology and concepts used. ECCAS countries generally recognize the importance of standardizing concepts and definitions and following internationally accepted standards, guidelines or best

[20] United Nations Population Division, 'International Migrant Stock', https://www.un.org/development/desa/pd/content/international-migrant-stock (accessed 24 March 2022).
[21] Ibid.
[22] World Bank, 'Migration and remittances data', https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data (accessed 24 March 2023).

practices in capturing and measuring remittance flows. However, there are different levels of implementation and methods for compiling the balance of payments and remittance data. There is also limited capacity and a lack of systems to monitor and analyse remittance flows at the transaction level.

Therefore, regional cooperation is paramount in addressing barriers to cross-border remittances, advancing the digitalization of remittance channels, and improving the overall efficiency of remittance flows.

MARKET

In the ECCAS region, formal remittance inflows are channelled through banks and non-bank RSPs, including mobile money service providers, and are detailed as follows:

Banks: The banking sector in the ECCAS region comprised more than 124 banks as of December 2021, holding more than 80 percent of financial sector assets.[23] More than 80 percent of financial services access points are in major towns.[24] According to the International Monetary Fund's Financial Access Survey,[25] there are 4.1 bank branches per 100,000 adults in the ECCAS region, lower than the sub-Saharan African average of 4.7.

Microfinance institutions (MFIs): As of December 2020, there were more than 530 deposit-taking and non-deposit-taking MFIs across the region.[26] Most MFIs are not integrated into any switch as they lag behind banks technologically. In most ECCAS countries, MFIs cannot engage in international remittance business without separate licences issued under relevant money transfer regulations.

Mobile network operators (MNOs): The ECCAS region has private and state-owned MNOs. As of December 2021, there were more than 30 MNOs across the region[27]. All countries have telecommunications laws for facilitating the development of the information and communications sector, including broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, and postal and courier services. The laws also provide for licensing all systems and services in the communications industry (telecommunications, postal and courier services, and broadcasting) and monitoring the activities of licensees to enforce compliance with license terms and conditions.

[23] Source: ECCAS central banks' annual reports.
[24] Ibid.
[25] World Bank, 'Commercial bank branches (per 100,000 adults)', https://data.worldbank.org/indicator/FB.CBK.BRCH.P5 (accessed 2 September 2021).
[26] ECCAS central banks' annual reports.
[27] Source: Telecommunication authorities' annual reports.

RSPs: Remittance services in ECCAS countries are offered by both banks and non-bank RSPs. The operations of all RSPs are governed by laws and regulations, which provide for the establishment of outlets and appointment of agents for remittance businesses to foster access to financial services. Most ECCAS countries recognize non-bank RSPs as entities the central bank licenses to transact remittance operations. They conduct both inbound and outbound remittances and can partner with authorized international RSPs across the globe. However, in São Tomé and Príncipe, non-bank RSPs may not provide cross-border remittances but must do so *via* a partnership agreement with a bank.

Agents: Individual ECCAS countries have laws and regulations that allow the use of agents. The regulatory frameworks define an agent's activities and provide a framework to offer agency business services. However, some countries' regulatory regimes do not expressly prohibit exclusivity conditions.

PAYMENT INFRASTRUCTURE

Means for making payments in most countries in the ECCAS region include cash, cheques, debit and credit cards, prepaid cards, electronic funds transfers, online banking, and mobile wallets. The payment and settlement systems are classified into the following three broad areas:

Systems operated by the central banks: They include: (i) real-time gross settlement systems (RTGSs) for processing high-value and time-critical payment transactions; (ii) automated clearing house systems for processing interbank payments in which transactions are processed in batches; and (iii) central securities depository systems for electronically clearing and settling transactions related to government securities. Some ECCAS countries are yet to put all these systems in place.

Private sector systems: They include domestic card switches, international payment networks, e-money providers such as mobile money service providers, e-commerce gateways, aggregators and integrators, and remittance service companies. In the region, there are several mobile money service providers. There are also payment switches resulting from bilateral agreements.

ATMs, payment cards and POS: Banking infrastructure comprises ATMs, points of sale, and agent networks, but they are not very extensive, especially in rural areas. According to the International Monetary Fund's Financial Access Survey,[28] the average number of ATMs per 100,000 adults is 5.3 in the ECCAS region, lower than the Sub-Saharan African average of 6.08.

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[28] World Bank, 'automated teller machines (ATMs) (per 100,000 adults) – Sub-Saharan Africa', https://data.worldbank.org/indicator/FB.ATM.TOTL.P5?locations=ZG (accessed 2 September 2021).

Transaction messaging is not standardized in the ECCAS countries. Businesses rely on specific invoicing and receipting requirements for their internal reconciliation. Transaction notifications from different payment providers differ in the markets. There are various technologies used by payment system providers (PSPs), such as mobile push payments at points of sale, cardless cash withdrawals at ATMs, domestic card transaction payments, proximity near-field communication (NFC) payments, NFC tag presentation and QR code[29] payments. The payment systems, mobile money operators, and access points have limited domestic and international interoperability.

National identification (ID) systems: ECCAS countries have multiple agencies issuing IDs that banks and financial institutions may accept. The agencies have fragmented databases and are neither interoperable nor harmonized. Such IDs include national ID cards, citizenship identity documents, driving licenses and birth certificates. Only passports are recognized beyond a country's domestic borders.

PRODUCTS

Most formal remittance transfers are handled over the counter by banks and non-bank RSPs using their access points. While remittances have long been disbursed as cash-outs, emerging partnerships between mobile money operators provide an opportunity to transfer remittances into digital wallets.

Although digital remittance models are gradually evolving, significant efforts are required to expand the adoption of digital channels, reduce the costs of receiving remittances, and increase the use cases and beneficiaries' digital and financial skills. In addition, developing and implementing remittance-linked financial services and products could serve this purpose.

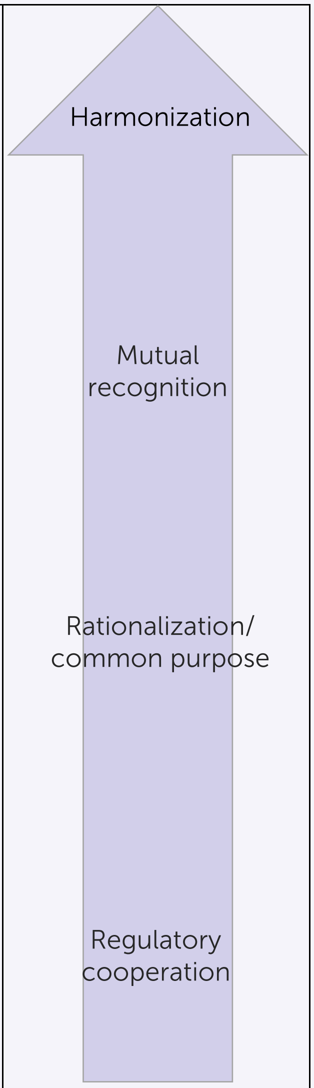
[29] A type of barcode that stores information and can be read by a digital device, such as a mobile phone.

THE HARMONIZATION CONCEPT

Harmonisation for this project will include all processes by which policies, regulatory frameworks, and standards related to remittances or payment infrastructures approved by different regulatory bodies establish similarity of processes and services or mutual understanding of the information provided by these policies, regulations, and standards or payment infrastructure interoperability. The processes may include the application of similar or aligned laws, regulations, and standards; mutual recognition and/or determining equivalence focusing on core issues in the areas of licencing and authorization regimes; electronic money, particularly mobile money; pay-out networks, particularly on agencies; customer onboarding, particularly risk-based know-your-customer (KYC); customer protection; foreign exchange regulations and payment infrastructure interoperability.

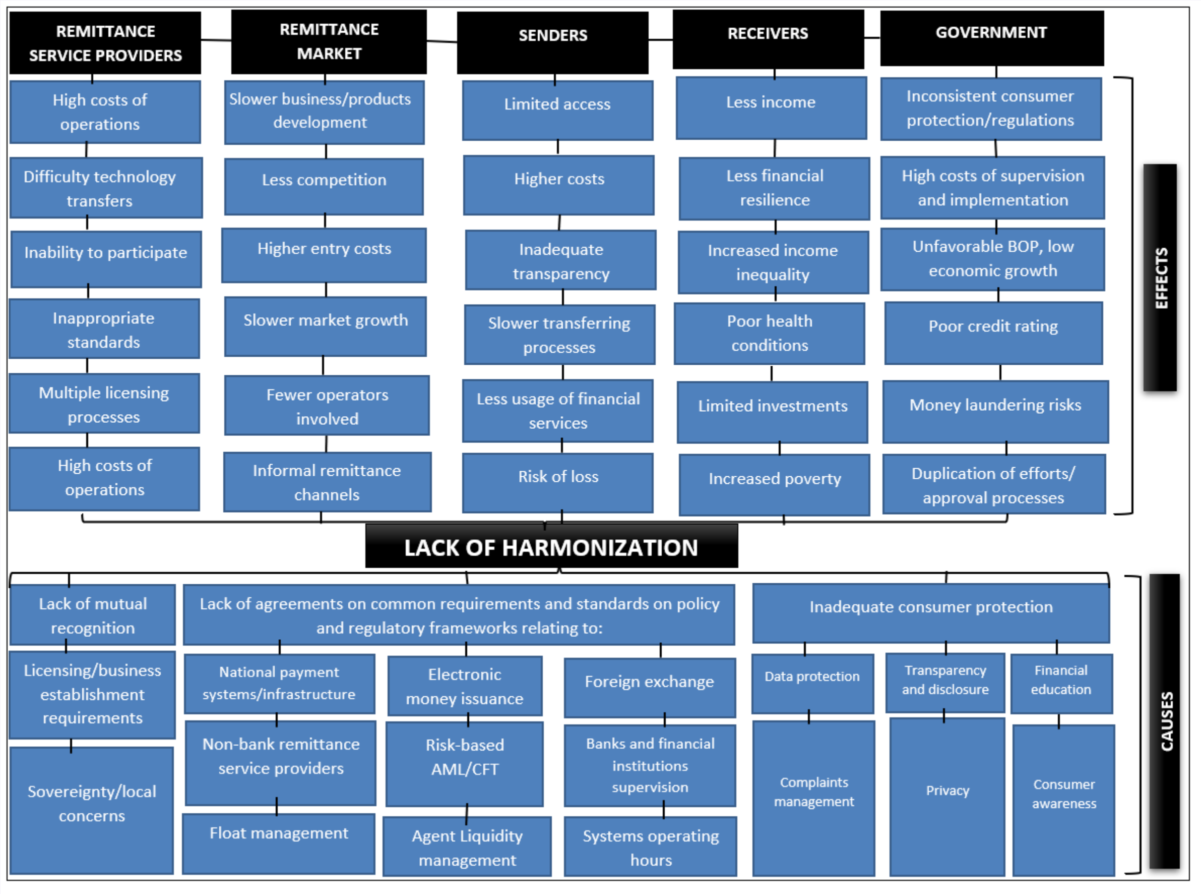
Figure 5: Harmonization Levels

10	Fully harmonized policies and regulatory frameworks;
9	Put in place enforcement measures;
8	Uniform or similar data governance rules (data protection, privacy rules);
7	Uniform or similar reporting requirements;
6	Risk allocation from remittance services - operational risks, credit risks, foreign exchange risks, counterparty risks, technological risks, risks from exceptional events (e.g., revocations or returns), and legal consequences;
5	Mutual recognition of other regulators' decisions and actions can be determined to the extent possible under the respective constitutional environment;
4	Recognition of shared procedures on: • principal remittance policy provisions, e.g., the use of international standards; • the establishment and licensing of remittance service providers; • common thresholds and transaction limits; • consolidated supervision; • supervisory arrangements, e.g., returns submissions, risk-based KYC, inspections, acceptable forms of customer identification, operational requirements (including own funds and prudent regulations, fee transparency and applicable regulation), sanctions/penalties; • allocation of responsibilities on AML/CFT and data governance; and • arbitration and mediation mechanisms binding remittance service providers.
3	Regulatory cooperation between central banks from ECCAS countries to discuss ways to eliminate differences between their countries' policy and regulatory frameworks;
2	Putting in place information exchange procedures among central banks and other regulators;
1	Central banks and other regulators commit to implementing the roadmap in the laws and regulations of each Member State: licensing and authorization regimes; electronic money, especially mobile money; payout networks, especially on agencies; customer onboarding, especially on risk-based know-your-customer (KYC); customer protection; foreign exchange regulations and interoperability of payment infrastructure; and defining the relationship among regulators/financial supervisors.



Harmonization helps remove unnecessary barriers to the establishment, licensing, and operations while simultaneously reducing duplication of regulatory efforts, enhancing transparency, fair competition, greater customer choice, and enhanced customer protection. Overtly protectionist measures may limit the opportunities for access by foreign RSPs, resulting in barriers to cross-border payments in the region. Harmonization of remittance policies is geared toward addressing and balancing the barriers. Figure 6 shows the causes summarized from stakeholders' consultations and the consequences of unharmonized remittance policy and regulatory frameworks. Harmonization efforts aim to address the causes and provide solutions. The end goal may not be fully harmonised policy and regulatory frameworks. Following this level, ECCAS countries may choose to proceed further.

Figure 6: A summary of the causes and implications of a lack of harmonized remittance policy and regulatory frameworks.



ROADMAP

This assessment has resulted in the development of remittance-related enablers, inhibitors, and recommendations for reform. Enablers are factors that contribute to the enhancement of remittance flows. In contrast, inhibitors are factors that restrict efficient remittance flows. Recommendations are considerations to improve the current enabling policy, regulatory environments, and infrastructures to increase remittance flows. All of these have been categorized under five key areas:

- **Legal and regulatory framework**: This includes recommendations for reform relating to authorities, roles, responsibilities, and mechanisms for coordination, including legal and regulatory factors that support cross-border remittances.

- **Financial and payment system infrastructures**: This includes recommendations to reform policies, standards and rules related to national payment systems, improve the network of access points, promote access to interoperable systems and platforms, and establish national ID systems that support e-ID and ID requirements adjusted on a risk basis.

- **Market aspects**: This includes recommendations for reforms supporting cross-border remittances, especially on a foreign exchange regime that provides clear guidance and mechanisms to capture remittance-related data at the transaction level and analyse and share the data.

- **Customer protection**: This includes recommendations for reforms related to data protection, privacy and confidentiality for remittance-related data and relevant components of customer protection laws that guide customer protection and complaints resolution mechanisms for financial services, including cross-border remittances.

- **Cooperation and collaboration**: This includes recommendations on establishing mechanisms and processes to foster coordination between different stakeholders, including through memoranda of understanding and bilateral (or multilateral) agreements; public–private collaboration mechanisms on matters related to the development and implementation of cross-border remittance policies; harmonization of laws and regulations; and the establishment of regional bodies to coordinate regional initiatives, and mechanisms for addressing policy issues at the regional level. This includes leverage and consistency with other regional and subregional instruments and institutions. The ECCAS region and the Member States form part of more comprehensive agreements/institutions which relate to the movement of persons (e.g., the East Africa Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA)) or trade/finance (e.g., the African Continental Free Trade Area). Both instruments highlight the importance of economic development as it relates to the labour movement and are linked to remittance policies.[30]

Tables 1–5 present enablers, inhibitors, and recommendations for reform across the five domains: policy, legal and regulatory; infrastructure; market aspects; customer protection; and cooperation and collaboration.

[30] The EAC has developed a framework and protocol related to the free movement of labour, which includes the issuance of EAC passports by its Member States to their nationals. The ECCAS Regional Migration Policy Framework promotes the free movement of people and the establishment of residence for nationals within the ECCAS region. This is further supported by its Protocol on the Free Movement of Persons and its Protocol on Transhumance. COMESA has adopted a visa regime and an Action Plan on Migration through its own Protocol on the Free Movement of Persons, Labour, Services, Rights of Establishment and Residence to accelerate economic development. EAC, COMESA and the African Continental Free Trade Area are all trade agreements with related institutions which are of relevance to the financial and remittance sector.

TABLE 1. ENABLERS, INHIBITORS AND RECOMMENDATIONS FOR REFORM OF POLICY, LEGAL AND REGULATORY FRAMEWORKS*

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
Remittance policy: ECCAS recognizes that remittances are important for migrant well-being and have development benefits for all Member States, including, in times of crisis, enhancing the resilience of communities to natural and human-induced shocks.	• Lack of approved policies to guide decisions and achieve regional objectives and outcomes for cross-border remittances. Some measures taken by individual countries have not been implemented collaboratively.	• **ECCAS policy organs can agree on regional remittance policy** to be implemented by Member States' ministries responsible for finance and central banks and socialized by other relevant ministries, including labour, trade, and foreign affairs. The main objective of the policy is to promote common interests and address common challenges relating to remittances in the region. Harmonized policies form a base on which legal and regulatory frameworks can be developed or improved to guide and oversee markets to benefit the vulnerable population and foster trade and enterprise. • **ECCAS policy organs can also agree to establish a technical working group** whose main functions will be to coordinate, review and implement the regional remittance policy, discuss market trends and responses within the region and assist countries in benchmarking their national policies to promote remittances.	**Short term:** expected to be implemented in the next year
National payment system law and regulations: National payment system frameworks in ECCAS Member States are defined in standalone laws and regulations or central bank establishment statutes. All the NPS standalone laws in ECCAS Member States establish the rules and	• The lack of regulatory frameworks that enable market participants to test new financial services or business models with live customers, subject to certain safeguards and supervision, limits digital innovations and fintechs. This makes it difficult to foster the development and innovation of fintechs in the payment system sector, including RSPs and others that serve migrants. As a result, product innovation by non-banking sector players such as e-money providers like	• Central banks could consider introducing regulatory sandboxes to encourage new market entrants. This regulatory and authorization framework will support experimentation, testing, learning, and deployment processes. It is a temporary experiment with innovative financial products, services, business models, or delivery mechanisms in the payment systems ecosystem	**Long-term:** expected to be implemented in 3 or more years

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
regulations governing payment systems within a country. Statutes establishing central banks empower them to conduct and implement monetary and foreign exchange policies and clarify the operational autonomy of the banks better to preserve the countries' currencies and ensure price and financial system stability.	mobile money telecommunication companies, e-commerce, aggregators/integrators, and remittance companies must always secure a partnership with a bank institution to diversify their products and services. • Grouping of payment service providers and transactions in the national payment system laws, such as cross-border payments and transaction limits, may prevent flexibility as circumstances change. • Small international transaction limits per day and month may limit migrants supporting their families in their countries of origin, requiring multiple transactions or leading to informal channels use. • The inability of non-bank financial service providers to participate directly in the payment system means they rely on banks to settle their payments, despite holding a large amount of customers' liquidity. These non-banking financial service providers comprise e-money providers such as mobile money providers, e-commerce gateways, aggregators, integrators, and RSPs. • The payment and settlement systems have limitations in terms of operating hours. They rely on batch processing. This does not support the objective of 24/7 operations and immediate payments, and it becomes more challenging when customers from other time zones are involved, as well as the capacity of MNOs to participate in payment systems. • Interbank transactions and operations in the CEMAC region via card or e-money must be settled in Central African francs. Where the international payment system is concerned, the institution can only use euros to settle outside.	while upholding customer protection and public interests. • **Central banks of the ECCAS Member States could consider revising the NPS regulatory frameworks to increase the daily and monthly international transaction limits,** particularly for migrants with a well-verified source of funds. • Given their penetration into local society, particularly in the wake of Covid-19, **central banks could consider opening the national payment system to direct participation by non-bank financial service providers,** including non-bank RSPs and MMOs, to reduce reliance on commercial banks and increase innovation and financial inclusion, particularly in rural areas. This will also contribute to improving the efficiency of the retail payments system by increasing competition, which can potentially lower fees and broaden the set of alternatives open to end users. In other situations, non-bank RSPs can contribute expertise that the incumbents lack and cooperate with banks to provide innovative services such as mobile payments. • **Central banks could consider reviewing the NPS regulatory frameworks to extend the settlement systems' operating hours while improving existing payment arrangements to support the requirements of the cross-border payments market**, aiming to attain System Through Processes (STP) and align processes and operating hours across systems. • **Central banks of the ECCAS Member States could consider opening card or e-money**	

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
		settlements to multiple foreign currency denominations to reduce the cost migrants pay for using formal channels and discourage using informal channels.	
Electronic money issuance regulations: ECCAS countries have regulations for licensing and supervision of the activities of electronic money issuers.	• The available regulations lack standardized and transparent licensing criteria for international mobile money transfers (inward and outward) and the criteria for securing approval to connect new corridors. • Differences in balance and transaction limits for mobile wallets may be an issue for international and domestic transactions. • The regulations lack risk-based transaction limits.	• **Central banks can review the electronic money regulations** to introduce standardized and transparent licensing criteria for international mobile money transfers (inward and outward) to enhance the process for securing approval to connect new corridors and revise and align daily and aggregate transaction limits. The regulations can be drafted to enable providers to receive general approval for using a transaction hub/platform/corridor. This enables them to save time when adding new remittance corridors by notifying the regulator of this intention without needing a separate approval process for each new corridor. Coherence between licensing/market access for mobile money operators under financial services commitments undertaken in trade agreements such as the African Continental Free Trade Area or the EAC can be built on where necessary. • **Central banks can consider amending electronic money regulations** to introduce eligibility requirements for e-money issuers to allow tiered KYC requirements and associated transaction limits based on the associated risk. • **Central banks can consider amending electronic money regulations to allow international fund transfers directly to mobile wallets** and international partnership agreements to set	Short term: expected to be implemented in the next year

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
		transaction and balance limits on a case-by-case basis subject to regulatory approval.	
Foreign exchange law and regulations: ECCAS countries have exchange rate systems that guide the markets and direct interaction between economic agents. These regulatory frameworks guide the determination of exchange rates and handling of foreign currency emanating from cross-border remittances while empowering central banks to oversee the terms and conditions under which residents and non-residents may or may not hold accounts in foreign currency.	• Some restrictions on foreign currency dealings and exchange rates exist, causing parallel exchange markets, i.e., formal and informal markets. As a result, there is a gap between the official and informal markets' exchange rates. This, in turn, encourages remittances through unregulated channels with unpredictable exchange rates, which present risks to both customers and the financial system. Among the restrictions are the following: o A long list of documents and time are required to obtain authorization to access foreign currency from central banks. o Non-residents are limited to opening foreign currency accounts only in domestic financial institutions upon presentation of justification letters. But the withdrawals of foreign currency are not allowed for recurrent spending. In addition, this account cannot be credited or debited by CFA. o In some countries in the region, the legal and regulatory framework requires that foreign workers' salaries be paid domestically before the money is transferred into any other designated bank accounts of the recipients. For example, foreign workers who receive payments under employment contracts must open accounts with domestic banks first, and then transfer abroad must be made exclusively through that account. Such transfers cannot be made directly from an employer's account to the account of the	• **Central banks could consider allowing market-driven exchange rates while remaining on top by formulating sound monetary policies that stabilize local currencies**. Central Banks may consider implementing a market-oriented mechanism to accommodate different currencies alongside existing policies linking the CFA to the Euro. This mechanism aims to diminish the influence of the black market on non-Euro currencies. Anchoring the CFA to a currency basket could be explored to reduce countries' vulnerability to appreciating a single anchor currency while enhancing flexibility in monetary policy development. The proposed measures may encourage the flow of remittances through formal and regulated channels and encourage new services and remittance products from market operators. • Central banks could also consider the following: o Ease account-opening procedures in foreign currency for non-residents to encourage the inflow of forex from migrants and enable non-residents to withdraw foreign currency to encourage savings in foreign currency. o Enable residents to have unlimited access to funds outside the country, provided all the AML/CFT-related checks were done.	Medium- to Long-term

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
	migrant worker maintained abroad. Before making such a transfer, banks must ascertain the existence of a valid work visa and a contract approved by the responsible ministry. Such measures impact the remittance of salaries across all industries and pose challenges for short-term foreign workers who do not have work visas or employment contracts. Moreover, bank charges, transfer costs and effects of the devaluation of currency and the bureaucracies involved may impact the migrant workers. ○ The above scenario can make intra-regional migrant remittances extremely expensive. ○ There are limits for adult residents on the amount of funds they can freely carry when leaving the country and use while abroad. The laws limit the cumulative amount of forex per month by a resident, being a natural person over 18 years of age, through the purchase of foreign currency or using their own funds. This may limit residents with family members living abroad that need more than the limited amount for their living expenses. This restriction includes international card usage. ○ Such limitations create challenges for migrants trying to use their earned funds outside the country, which could lead to the use of informal channels. ○ The exchange rate applicable to manual exchange operations in the CEMAC region, for buying and selling, is fixed for the euro and	○ Enable residents based abroad to open foreign currency accounts in their country of origin, as this will foster the mobilisation of resources and forex to countries of origin.	

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
	the other currencies of the Central African franc zone. It corresponds to the legally established parity and may not be subject to any increase or decrease for any reason. This approach may have some drawbacks when remittances are sent in other currencies. • Local currency volatility and rapid fluctuations against foreign currencies also encourage the usage of informal remittance channels.		
Microfinance regulation: **ECCAS countries** have regulatory and supervisory frameworks for microfinance institutions that govern establishing and exercising activities, supervision, intervention, and the sanctions system.	• MFIs are primarily concentrated in urban areas and, despite their small size in operations and target audience. • Regardless of their size and capacity, MFIs are not authorized to deal with foreign exchange, which is a limitation for their customers who might want to receive money from or transfer to their family members abroad in foreign currency. These transactions become more expensive for migrants as MFIs must rely on a bank to make such transactions. • The regulatory framework provides limited clarity on the procedures MFIs must follow to participate in the remittance service provision. • The current restrictions on MFIs obstruct the circulation of and access to remittances in rural areas.	• **Central banks can consider a regulatory framework that encourages and enables non-banks RSPs to partner with MFIs** to leverage the MFIs' outreach while taking advantage of their existing payment infrastructure to extend networks into and across rural areas for enhanced distribution channels for inward remittances. • **Central banks could consider reviewing the regulation to enable capable MFIs to engage in cross-border remittance business based on their MFI licence,** at least for termination. This will allow migrants to reach their families easily, even in villages without bank branches.	**Medium- to Long-term** expected to be implemented in the next 2-3 years
AML/CFT Laws and regulations in ECCAS Member States address issues of AML/CFT by mandating banks and other financial institutions to deal with AML/CFT issues such as reporting suspicious transactions, their treatment and the transmission of the resulting report and other information	• The laws are generic regarding KYC and their verification processes. The regulatory frameworks do not set up a clear and exhaustive list of required information for KYC checks and validation for account-opening procedures based on the type of customers, the volume of transactions and the amount of money involved. Migrants in informal jobs may be excluded from opening an account with RSPs, given the	• **Central Banks could consider promulgating guidelines for risk-based KYC such that details on due diligence are provided, particularly on the requirements for ID verification based on the nature of a transaction**. Furthermore, **the guidelines could allow e-KYC** to ease online bank account opening and access to financial services in countries of origin for migrants and their	**Medium-term:** expected to be implemented in the next 2-3 years

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
concerning acts likely to constitute money laundering and financing of terrorism. The laws and regulations also specify KYC guidelines for cross-border remittances.	customer identification and verification requirements that assume 'one size fits all.' Furthermore, e-KYC is not included despite the payment system laws' openness to electronic transactions and mobile money. • The due diligence required per type of financial service provider is not available. • The AML/CFT laws and regulations do not provide rules on simplified due diligence and enhanced measures applicable to cross-border transactions. Although some of the existing legal provisions may give room for a risk-based approach, there are no specific guidelines or directives on applying a proportionate risk-based approach to KYC/CDD requirements based on the value of cross-border transactions and technology, especially e-KYC. • There is also a lack of proportionate risk management levels that can help avoid barriers to new entrants or unwarranted burdens on lower-risk RSPs and remittance activities.	families. In turn, this will lead to effective supervision and oversight. • **Central banks could consider guiding RSPs in developing joint guidelines for migrant outreach and education on risks covered under AML/CFT regulatory frameworks**. This approach may lead to RSPs putting in place intentional efforts to educate their customers while increasing awareness among customers (migrants and their beneficiaries' families) on risks associated with money laundering and the financing of terrorism. • **Central banks could consider introducing or reviewing KYC guidelines,** as the case may be, such that they help migrants easily open accounts. The verification should be smooth, relying on existing information related to their presence in the country and/or residence cards. Central banks can set up a clear and exhaustive list of required information for KYC checks and validation to open non-prohibitive accounts. For example, requiring a customer to present a verified employment and source(s) of income may be a disincentive for self-employed individuals in the informal sector. This is particularly critical to ensure a migrant stays financially included because some migrants still rely on informal employment to support their families and relatives.	
Non-bank remittance service regulations: Non-bank RSPs are regulated either under payment service regulations or a standalone regulation to incorporate all	• Non-bank remittance service providers (RSPs) are frequently evaluated in a manner that does not accurately consider the unique nature of their business. This is primarily because some Member States lack	• **Central banks could consider adopting a consistent legal approach to license and authorise non-bank RSPs.** Consider a non-bank regulatory framework that is specific to RSPs based on proportionality that provides for the	**Medium- to Long-term:** expected to be implemented

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
aspects that pertain to the provision of the remittance services.	standalone regulatory frameworks specifically tailored to the operation of RSPs. • Remittance service regimes differ from country to country regarding providers, licence validity periods, licensing fees and capital requirements. • Non-Bank RSPs are also subjected to different fees and capital funds at the beginning and during their expansions that can reach up to $200,000. Such high capital requirements raise the costs of running remittance businesses, which are ultimately borne by service customers while limiting the number of qualified market entrants and suppressing competition. • Non-bank RSP license application assessment period can reach up to six months in some Member States before a decision is shared with applicants. • Remittances in some ECCAS countries are charged and disbursed in local currency, which creates fluctuation of fees based on the day's exchange rate. • Remittances in some ECCAS countries are restricted to be received by a pre-set list of channels – cash, bank card and cheque, with no mention of mobile wallet despite the mobile penetration phone penetration of around 60 percent. (Article 4 and Article 9 of Notice No 9/19 BNA).	requirements for licensing, or procedures to obtain registration or approval for conducting remittance business, mode and scope of operations, customer protection and dispute resolution mechanisms, market conduct, adequate disclosure, transparency, reporting requirements, handling of AML/CFT issues etc. This regulation could guide the use of digital means to improve access to remittances and remittance-linked services that could impact the financial inclusion of migrants and their families. • **Central banks could consider introducing risk-based capital for non-bank RSPs in the regulatory frameworks based on risk and scope of operations.** Non-deposit-taking RSPs usually provide only a minority of a sender's overall payment needs and thus do not require the application of heavy prudential requirements, as a failure of an RSP is unlikely to cause systemic risk. • **Central banks could consider introducing mutual recognition criteria in the regulatory frameworks.** A certain level of confidence may be placed in the partner State's regulatory regimes such that minimum requirements for operation and supervision are placed for establishing branches and subsidiaries from partner States. In this case, a licence issued by a central bank in one of the partner States is recognized by supervisory authorities in other partner States, and the licensed non-bank RSP can be allowed to operate in all partner States by simply notifying the supervisory authority of the destination country. Supervision of the RSP can be mutually agreed upon by ECCAS	in the next 2-3 years

Enabler(s)	Inhibitor(s)	Recommendation(s) for reform	Priority
		Member States, with the preference toward origin-country supervision or joint origin- and destination-country supervision. • **Central banks could consider allowing digital remittance services using API and mobile wallet**s to enable eligible non-bank RSPs to introduce innovative remittance-linked products. • **Central banks could consider permitting remittances to be received and saved in foreign currencies** to increase the flow of foreign currency in their economies. • Central banks could consider introducing universal criteria for issuing electronic currency to allow eligible RSPs, based on pre-set criteria, to issue e-money. This could introduce innovative ways to serve migrants by sending money to their families.	

TABLE 2. ENABLERS, INHIBITORS AND RECOMMENDATIONS FOR REFORM OF PAYMENT INFRASTRUCTURE

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
The region has established MMOs. Mobile Financial Services (MFS), or mobile money, is a trusted channel for receiving remittance transfers because of its convenience, speed, security, and reduced cost.	• There are additional costs in implementing separate infrastructures to cater to mobile financial services from other retail payments. For example, the MNOs each have separate infrastructures from the domestic retail payments network provided by other market players. • There are duplicate costs associated with installing and maintaining separate mobile network infrastructure and other retail payment systems. • Mobile money providers face several challenges, including inadequate interoperability, network coverage, availability, power, and security.	• Regulators could collaborate to create an environment where large value and retail payments infrastructure are integrated and shared whenever possible. There are benefits associated with adopting a shared integrated infrastructure. Furthermore, the retail payment systems should include mobile financial services. Regulators could expand the domestic payments infrastructure to include mobile network operators and adopt shared infrastructure to reduce the costs of implementing separate networks. • Service providers could share retail payment infrastructure to reduce costs associated with their installation and maintenance. • Regulators to ensure that regulatory frameworks, including those related to financial and telecommunications, caters for market developments of mobile money.	**Medium-term:** expected to be implemented in the next 2-3 years
Existence of banking network and access points, including ATMs, POS, and agents.	• Although the banking sector dominates financial services, banking agents are available in built-up commercial areas and less in rural or semi-rural areas. • Banking networks and transaction infrastructures such as ATMs, electronic funds transfer at point of sale (EFTPOS), and other potential agent networks are not very extensive, especially in rural areas, creating a physical access problem for many remittance recipients.	• Consider developing enabling policies for the retail banks to extend their networks, including agency banking and products, to a broader geographical area covering rural and urban centres to encourage the uptake of financial services. Public and private DFS players could extend the domestic payment infrastructures that support the interbank network of automatic teller machines and point-of-sale terminals for electronic payments to rural areas. There are case studies that serve as benchmarks, e.g., the shared agent network in Uganda, which serves all banks and microfinance institutions. Another example is Tanzania Instant Payments System (TIPS). TIPS is an interoperable digital payment platform operated by the Bank of Tanzania, which enables payment transfers between different digital financial service providers (DFSPs), both banks and non-banks, such as e-money issuers. TIPS handles real-time payments among participating Digital Financial Service Providers (DFSPs).	**Medium-term:** expected to be implemented in the next 2-3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
		• Consider adopting an open digital payment infrastructure that would reduce costs, foster the uptake of financial services, and improve financial inclusion levels. • Consider integrating large value and retail payments. A typical example is the TIPS mentioned above. • Consider using existing postal infrastructure and services for remittance payouts, particularly for rural areas. This may require updating existing postal infrastructure or considering innovative infrastructure partnerships between postal services and mobile money or DFS providers. A typical example is Post Bank Uganda and Posta Uganda. See: https://www.postbank.co.ug/postalpay-launches-affordable-money-transfer-services-in-uganda/	
Several independent initiatives exist to manage risks presented by cybercrime among the Member States. Some countries have agencies mandated to oversee the coordination of cybersecurity awareness activities, such as Rwanda[31]. The six CEMAC Member States served by BEAC are expected to comply with cybersecurity measures put in place for the payments ecosystem. This is coordinated and implemented through the BEAC on the National Payment Systems.	• Cyber-attacks on payment systems represent a major threat to the banking industry. Each bank implementing cybersecurity policies in isolation presents gaps in information sharing, duplicate efforts, and associated costs. • System failures and channel downtimes associated with digital payment instruments cause delayed payments, thus affecting customers' willingness to use digital payment services and increasing the dominance of cash, especially for low-value payments. Users lack assurance that payments will reach the intended recipients at the right time, reducing their willingness to use digital payment services.	• Regulators could introduce a harmonized and coordinated approach to the cybercrime reporting framework. • Adopting a compliance standard security framework like the ISO/IEC 27001 would reduce systematic risks associated with information security. The framework can be rolled out from the central banks to other banking and non-banking institutions in the retail payments ecosystem. • Remittance service providers in the retail payments systems' ecosystems should keep updating and improving their disaster recovery plans and business continuity capabilities. This could be achieved through strengthening compliance and carrying out periodic validation checks. • Practical and accessible customer grievance and broader dispute settlement legislation and mechanisms should be set up to ensure the legal application and quick settlement of disputes.	**Medium-term:** expected to be implemented in the next 2-3 years
Interoperability has been partially achieved within the domestic	A large part of the current state of interoperability is still fragmented and involves bilateral connections and a	Regulators could advocate for complete mobile financial services (MFS) interoperability within the retail payments ecosystem to avoid	**Medium-term:** expected to be

[31] https://cyber.gov.rw/home/ accessed 2 June 2023

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
retail payments networks and international card schemes.	mix of diverse arrangements, which lead to redundancies, increased costs, and points of failure.	complex and duplicate bilateral agreements between players. Adopting open-loop Application Programme Interfaces (APIs) and a common messaging standard (ISO 20022) could be a step forward, enabling interoperability between different infrastructures. For example, Vodacom Tanzania allows for operator-to-operator international money transfer interoperability through its partnerships with Safaricom in Kenya. In 2021, Vodacom Tanzania initiated the second phase of its International Money Remittance expansion scheme that allows for direct money transfers from M-Pesa to all bank accounts in East Africa. Moreover, in Tanzania, Airtel and Tigo also allow their users to send money internationally to subscribers of Airtel or Tigo in Kenya, Rwanda, and Uganda.	implemented in the next 2-3 years
ECCAS countries have various forms of ID acceptable for account opening, such as national IDs, passports, *etc.*	• The absence of communications infrastructure to support the ID issuance systems hinders less-cost KYC procedures. • The lack of a robust identification system makes it complicated and costly to securely identify beneficiaries, a significant prerequisite for gaining access to digital forms of payments. This also brings in an inability to promptly carry out e-KYC. • The existing payment infrastructure is not integrated with identity systems, making it costly for customers to open accounts and use financial services.	The relevant government stakeholders, namely the ID issuance agencies and financial sector regulators, could work on shared infrastructure to integrate the identity systems with the payment infrastructure to allow for e-KYC. A case study can be EU-wide legislation on electronic identification (eIDAS Regulation) that enables cross-border recognition of the electronic ID and allows citizens and businesses to share their identity data when necessary. People can use their electronic ID (e-ID), such as ID cards, driving licenses, and bank cards, to complete tax returns online and access medical records and public services across the EU. The e-ID is useful in opening a bank account anywhere in the EU without being physically present in full compliance with the EU rules, especially against money laundering.	**Medium-term: expected to be implemented in the next 2-3 years**

TABLE 3. ENABLERS, INHIBITORS, AND RECOMMENDATIONS FOR REFORM OF MARKET ASPECTS

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
ECCAS Member States' authorities consider financial/digital literacy to be key to the financial inclusion agenda, and relevant financial literacy programmes have been implemented. Some countries have developed financial inclusion strategies that consider deepening financial and digital literacy.	• Limited customer awareness and financial literacy programmes for migrants and their families limit access to remittance services. Low financial literacy and complex payment procedures make it harder to use digital payment services. • RSPs have an insufficient understanding of the market, including the size and profile of the market in key corridors. Due to their limited knowledge, they may perceive remittances as unappealing since the senders typically have relatively low incomes. The ministries of foreign affairs do not have complete and reliable statistics on migrants from their countries. Specifically, they lack information concerning primary destination countries, the number of men and women migrants, trends within a given period, marital status, education, skills, occupation/sector, and gender. • Migrants lack knowledge of suitable investments available in their countries of origin. The main priority of most migrants is to buy a piece of land. • Migrants tend to shy away from embassies and consulates for various reasons. Furthermore, migrants	• **The ministries responsible for foreign affairs** could play a more significant role by communicating with the diaspora and associations of migrants and administrative bodies involved in fostering investment in the Member States. They should also liaise with RSPs interested in their countries to promote financial literacy courses. This can be done by creating a liaison office or diaspora services department within the ministries. • **Consider preparing programmes for public education and awareness,** particularly for migrants. The education seminars should map the customer journey, such as the steps involved in sending remittances, the pre-departure opening of a bank account and/or mobile wallet to be used by the recipient of the remittances, electronic card security and liability features such as safety, practicality, and ease of use, and available financial products. The education and awareness initiative should involve the central banks, informing how various payment mechanisms and products can be easily accessed. • **The education programme can include awareness of the available investment opportunities** in the origin countries for a smooth and safe return. The ministries can team up with remittance service providers in these efforts. • **Consider coordinating with embassies and consulates so that they help develop databases,** including names, jobs, and contacts of migrants. Online communication and virtual meetings can be organized, allowing proximity with the diaspora to be strengthened in the long term and better knowledge of their concerns and expectations. Networking with non-governmental organisations and migrant associations overseas can ensure that remittances are properly channelled to productive projects in their places of origin.	**Medium-term:** expected to be implemented in the next 2–3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
	engaged in jobs that they would consider unworthy or indecent based on cultural settings in their country of origin do not cooperate with relevant authorities, and there is hesitance in sharing data, their whereabouts and information, including those required for KYC and statistical purposes.	• **Consider developing online tools.** This makes it possible to network diaspora skills abroad, leveraging them for advice and expertise on sending remittances to their countries of origin. • **Consider encouraging the entry of new operators into the remittance space.** One of the easiest ways to lower transaction costs is to encourage the entry of new legitimate operators in each corridor and to inform diaspora members about their ability to choose among existing remittance transfer mechanisms. This facilitates increased competition among RSPs, thereby improving efficiency and lowering costs. See Annexe3 for benchmarking case studies. • **Model outreach guidelines or financial/digital literacy tools could be developed** to outline elements that ministries responsible for foreign affairs can consider in their outreach efforts. • **Education on cultural issues** can also be provided to the migrants for smooth integration and cooperation with consulates.	
The financial markets have different companies that offer similar services. These services can be accessed through mobile phones and other electronic devices. The companies also have places where customers can transact, such as cash-in/cash-out agents, online/offline payment points, and branches.	• Remittance service providers (RSPs) usually offer conventional rewards to stimulate the market, like gifts, credit extensions, and rewards for opening an account for migrants. These rewards are mainly traditional and do not consider the perspectives of potential customers. • Limited competition for merchant acceptance in the mobile money space. This is also due to the limited acceptance of competitor payment instruments. • Additional payment streams and channels provide viable choices, which	• **Governments can promote e-payments to reduce transactional costs to customers of financial services.** Governments can encourage electronic payments to decrease the expenses customers face when using financial services. Government ministries and departments can encourage e-payment for taxes, licenses, social security, and loan payments. This integrates the unbanked into mainstream banking, reducing operational costs for operators and transaction costs for customers, including migrants. Annexe 2 contains case studies on the promotion of e-payments • **Central banks may encourage institutions with extensive branch and agent networks or de facto local monopolies** (e.g., post offices, major retailers) to apply for licenses to offer multiple services, including remittance services.	**Medium-term:** expected to be implemented in the next 2–3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
	are costly and out of reach for most customers. For example, off-us ATM pricing is very high for most banks. In addition, customers cannot migrate their payment history from one payment provider to another. Individuals are bound to incumbent providers – even when cheaper options exist – as building a new history with another payment service provider is costly and time-consuming. • RSPs offerings are predominantly over the counter despite the increase in mobile phone ownership and internet use in many of the ECCAS Member States markets.	• **To further encourage the utilization of electronic payments, an incentive/reward system can be implemented**. Incentives and rewards are compelling to entice newcomers or persuade current customers to employ a specific payment method for their transactions and lending. A few reward programmes that could be employed to foster financial inclusion among migrants encompass incentives for utilizing cards and other electronic modes of payment. • **Central banks can enhance transparency and competition by displaying on their website information comparing transaction costs charged by different RSPs.** This will foster trust among diaspora members in formal channels with the involvement and support of central banks. Additionally, ECCAS Commission can develop an online tool that enables price comparisons of remittance corridors with input from respective central banks. Please refer to Annexe 2 for benchmarking case studies.	
Some partnerships between banks and international money remittance agents enable the inflow of remittances.	Inadequate migrant-centric products, i.e., products that are attractive to migrants, could motivate them to send money to their countries of origin. The lack of migrant-centric products results in low uptake and use of digital remittance services.	• **Governments, philanthropists, and the private sector, including fintechs, can adopt a broader view of how to tap financing for development through remittances by designing varieties of appropriate products** that will attract migrants. Migrants' direct investment is potentially valuable. • **Financial institutions may also develop a broader range of investment products targeting diaspora investors**, such as basic low-cost payment accounts and services for retail customers, diaspora micro-savings bonds, endowment accounts, pension schemes, and insurance policies, which could be used for remittances.	Short-term: expected to be implemented in the next year
Existence of embassies/consulate in major remittance-sending corridors.	• Women and men migrants generally have difficulty accessing many financial services in their destination countries since they do not necessarily have the correct	• **The ministries responsible for foreign affairs could consider issuing consular ID cards to migrants**, especially those who do not necessarily have the documentation RSPs require so that they can use formal remittance channels. Such cards may encourage migrants (regardless of migration	Medium-term: expected to be implemented

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
	information and documentation that RSPs require. • Upon arrival, they rely on relatives to access formal financial services (opening an account or using the relative's account). Migrants in this position do not have control over their money and are vulnerable to the risk of funds misappropriation.	status) to use formal remittance services and open bank accounts. Cooperation with the destination government is critical so that banks and government offices may accept the cards. See Annexe 3 for examples of consular cards issued by other countries. • **Consulates/Embassies can be used to establish KYC for migrants for financial services.** These consulates have the infrastructure to issue passports. These can be used for KYC purposes as well. • **Central banks could allow online bank account opening using consular ID cards**. At the outset, migrants could be given a consular ID card issued by the Ministry of Foreign Affairs, approved by the central bank, and deemed compliant with national rules and regulations. The central banks should require that each migrant opens a domestic bank account, which facilitates the monitoring of financial practices and prevents illegal activities. Online bank account opening can be enabled using these consular cards without any additional ID. • Consider using consulates in public awareness programmes. Consulates could use active members as ambassadors. These ambassadors would be responsible for sharing information related to remittance products and services and ways to access them to send money back to their country of origin to support their families and invest.	**in the next 2-3 years**
Central banks collect and compile data on the balance of payments, including those related to remittances, through formal channels. ECCAS countries recognize the importance of timely, disaggregated, and harmonized remittance data to inform effective policies. The central banks have standard return formats that reporting entities are supposed to	• Remittance data are unavailable or incomplete. The data collection mechanisms/systems on remittances cannot capture transaction-level or disaggregated data on remittances. The data is aggregated and has no details such as the sender's identity, amount, sex, etc. More insights on	• **Central banks to consider developing reporting system** to collect, analyse, monitor and use remittance data. Reliable data on remittances are essential for enhancing the accuracy and completeness of balance of payments data, managing AML/CFT compliance issues, understanding the true impact of remittances on the economy, and forming more effective policies for managing remittances, including policies to incentivize their contribution to the economy. Remittance	**Medium-term:** expected to be implemented in the next 2–3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
populate and submit to the central bank every month. This data is used for the Balance of Payment (BOP) compilations.	remittances are obtained from annual surveys with the recipients to know the sender's country, biodata, volume, frequency, channel, challenges, the purpose of the remittances, etc. However, the survey is conducted only once a year. • Limited or no collection or estimation of data on remittances sent or received via informal channels.	data collection, analysis, monitoring, and use are essential for decision-making processes relating to remittance services. • The ECCAS Member States could continue collaborating to ensure the progress of efforts to harmonize migration data and establish platforms. • At a later stage, consideration could be given to working with national statistics offices and related ministries (e.g., trade, investment, labour, and foreign affairs) to develop a more nuanced understanding of remittance receipts and uses, including by administering surveys. • Efforts should also be made to understand the scope, usage, and impact of informal remittances on the domestic economy.	
ECCAS Member States have either a central bank or market-determined foreign exchange rates.	• There is no legislation on disclosure of applicable exchange rates used by RSPs for the market-determined exchange rates. • A fixed foreign exchange rate pegged to one foreign currency may increase the volatility of the exchange rates leading to parallel markets.	• The remittance services industry could be encouraged to agree on a standard reference exchange rate (e.g., the interbank market rate at a particular time of day) to calculate the price of a remittance service. The cost of sending money could then be quoted as a total price that includes both the explicit fees/costs and the effect of any difference between the reference exchange rate and the actual exchange rate of the RSP. This would make it easier for senders to compare services' prices. • Central banks could set the exchange rate for the fixed foreign exchange rate and encourage the industry to agree on a standard reference exchange rate for the other foreign currency different from the one the local currency is pegged to.	**Medium-term:** expected to be implemented in the next 2–3 years

TABLE 4. ENABLERS, INHIBITORS AND RECOMMENDATIONS FOR REFORM OF CUSTOMER PROTECTION

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
There are provisions in various laws to protect customers from misleading market practices and harmful goods and services. Financial institutions' laws and payment system laws have data protection and privacy provision that subject ecosystem players to the duty of confidentiality, making them liable in case of noncompliance. **Some of the Member States have data protection laws in place.**	• A harmonized financial customer protection framework is lacking to ensure that data and money are secure during cross-border transactions. Where the framework exists, no specific period is provided for the complaint resolutions, or the time may be too long, lasting up to two months in some countries. And there is a lack of clarity on the escalation process and digital means for complaint registration, with low awareness among players. • Financial customer protection issues include unexpected charges, high prices and tariffs for some payment services, and a lack of disclosure of the total price, speed of the service and exchange rates to be used. Exchange rates can also vary from day to day. • Charges and fees are quoted in percentages, which requires customers to perform calculations that may be difficult for an average customer. This increases the lack of transparency in tariff-setting practices among RSPs, particularly for less financially literate customers, and affects customers' willingness to use formal remittance channels. • There is a fragmented legal framework, i.e., some laws and regulations include provisions on complaints-handling mechanisms, but their application and enforcement are unclear. • Intermediary banks hold onto the funds for a period before forwarding them. Hence there is	• **Central banks could develop a harmonized financial customer protection framework** through regional guidelines to secure data and money and foster customer trust and confidence. These guidelines, which would apply to all RSPs licensed, registered, and supervised by the corresponding authorities, would protect and empower senders and recipients of remittances in the following areas: (i) cybersecurity; (ii) data protection and privacy; (iii) complaints management; (iv) transparency and disclosure; (v) float and agent liquidity management; and (vi) financial education and customer awareness. o **Cybersecurity**: Cybersecurity policies will protect users and data, enabling users to enjoy frictionless and safe money transactions. o **Data protection and privacy**: Legal frameworks can clarify and strengthen data protection regulation, especially from financial and payment data perspectives. This should include how financial payments and other digital payment data are gathered, maintained, saved, accessed, and shared, as well as any concerns for ownership and intellectual property rights, in addition to the type of consumer permission and protections required. The overall objective should ensure that payment data are used safely and securely to enhance users' privacy and customer-centricity. o **Complaints management:** The guidelines can provide complaint-handling mechanisms, refund procedures, and timelines. Guidelines should require RSPs to develop a time-specific complaints management plan, including the establishment of a separate unit responsible for digital finance and remittance payments; a manual of	Medium-term: expected to be implemented in the next 2-3 years

	'float.' This is caused by a lack of liquidity provision to the disbursing agents. Therefore, final customer payments depend on messaging and settlement speed. • Customers cannot migrate their payment history from one payment provider to another. Individuals are bound to incumbent providers, even when cheaper options exist, as the cost of building a new history with another payment provider is costly and time-consuming. • In general, data protection frameworks specific to the wide financial industry are lacking across ECCAS Member States. Data protection frameworks are rather fragmented in different regulations.	operations that clearly explains how customer complaints are addressed and reported, with clear responsibilities for each step of the process; and appropriate communication channels to address inquiries and complaints from digital finance and remittance customers. If the complaint is not resolved to the customer's satisfaction, an out-of-court alternative dispute resolution mechanism can provide further options for recourse. o **Transparency and disclosure**: The guidelines could require proper disclosure at the advertising, shopping, pre-contractual and contractual stages (and on request), in line with Principle 3 of the G-20 High-Level Principles on Financial Customer Protection, which states that "all financial customers should be treated equitably, honestly and fairly at all stages of their relationship with financial service providers." Guidelines should also require RSPs to provide information about any other relevant aspects of their service, such as the following: (i) the ability, if any, of the sender to revoke the transfer after it has been paid for; (ii) whether the RSP will inform the recipient when the funds are available; (iii) information about the rights of the customer in the event of any problems (e.g., dispute or error resolution) including refund procedures when the money does not reach the beneficiary regardless of the reasons with specific steps and time; (iv) the customer's ability to transfer products or services to another provider with reasonable notice; and (v) contact information. o **Float and agent liquidity management**: The guidelines could also introduce a code of conduct on float management because this is an implicit charge. Its effect is that the remittance service is slower, and the intermediary earns interest income from the funds.	

		o **Financial education and customer awareness**: RSPs could establish financial education programmes for remittance customers to share basic information about remittance products and services, including charges and fees. • **ECCAS countries could rationalize their financial customer protection legal frameworks** by ensuring that the entities responsible for financial customer protection have clear mandates, sufficient capacity and expertise, and effective mechanisms for coordination and collaboration with internal and external stakeholders. • **ECCAS central banks could consider creating and continually updating FAQs** relating to remittances while introducing customer education campaigns on their rights. • **ECCAS Member States could consider developing standalone safeguards and financial sector data protection regulatory frameworks** to cater for the rights of the customers whose data are being collected by different financial institutions.	

TABLE 5. ENABLERS, INHIBITORS AND RECOMMENDATIONS FOR REFORM ON COOPERATION AND COLLABORATION

Enabler(s)	Inhibitor(s)	Recommendation(s)	Priority
ECCAS Member States have Membership in other regional economic communities, such as EAC, COMESA, SADC, and PSC. Some of them also belong to international anti-money laundering groups such as GABAC.	• Lack of cooperation on AML/CFT measures on cross-border remittance flows among Member States in the region, including information sharing. For instance, there is a lack of an identification repository system which limits cross-border movements and KYC for financial transactions. • Un-harmonized laws and regulations related to cross-border remittance services. • Lack of awareness of opportunities arising from regional and bilateral trade and investment linkages. • Lack of cross-validation of data between countries and regions.	• **Central banks could consider enhancing domestic and cross-border regulatory cooperation to strengthen AML/CFT measures** by enforcing data sharing among ECCAS Member States. Central banks could consider harmonizing remittance regulations within the ECCAS region and other corridors. • **Central Banks of ECCAS Member States could sign a memorandum of understanding (MoU) for a CDD/KYC information repository platform** enabling financial institutions to access CDD profiles and information. The MoU should include minimum ID features acceptable in all ECCAS Member States. • **Other relevant public authorities could evaluate actions to collaborate on connecting or enhancing domestic and cross-border regulatory cooperation**. This could be done by assessing the existing arrangements and challenges, creating building blocks to improve the current regional cross-border remittance arrangements, and establishing a roadmap of practical steps (with timeframes) needed to harmonize policies. An intended outcome is increased efficiency, affordability, and security of intraregional and international cross-border funds transfers. • **Sharing data agreements** would also facilitate information sharing of cross-border payment transactions.	**Short-term:** expected to be implemented in the next year
ECCAS Member States have regulatory frameworks to issue licenses and oversee RSPs.	• There is a multitude of permits/licences. For example, if a central bank issues an RSP licence, local authorities must issue another licence/permit, such as a business licence from the Ministry of Trade. At all points, there are fees to be paid apart from taxes.	• **Authorities and ministries may consider having a one-stop centre for licensing and issuing necessary permits for RSPs**. This could be achieved by working with the Ministry of Finance and/or Trade, local authorities, telecommunications authorities, and central banks. • **Consider improving partnerships and collaboration among relevant authorities within each country and the region.** This includes inter-ministerial/agency cooperation and inter-REC collaboration.	**Medium-term:** expected to be implemented in the next 2–3 years

NEXT STEPS

The challenges facing remittance flows and the underlying frictions vary considerably from one ECCAS Member State to another regarding their scope, nature, types of entities, market dynamics and regulatory set-ups that could contribute to improvements. Some solutions may be implemented within a short period of time, while others may take longer to achieve. The roadmap, therefore, contains a mixture of near-term deliverables and longer-term initiatives, which may require several stages of mobilization and depend on political will and coordination among many stakeholders. The roadmap aims to commit ECCAS Member States to a shared vision to address complex regulatory and operational issues that would benefit individual countries and the region and carry-on benefits for other economic sectors at national and regional levels. This will require action by both the public and private sectors of the Member States, as only through coordination between both groups will significant progress be achieved. This will be foundational and provide overall direction by establishing a shared understanding of the targeted improvements in users' cross-border payments experience and acting as a commitment mechanism to drive change.

ECCAS countries recognize the critical contributions that migrants living and working in the region and abroad can make to the economic development of their countries of origin. UNCDF, in collaboration with the ECCAS Commission, has sought to provide a similarly ambitious and comprehensive diagnostic for the specific and fundamental question of optimizing migrant remittances. It is acknowledged that the recommendations also require effort and time frames to implement. UNCDF looks forward to reviewing this report and the individual country assessment reports in detail with central banks and other key government stakeholders to identify opportunities to provide specific support in the future. Along with consultations to review this report's contents, UNCDF and the ECCAS Commission will inform the ECCAS Member States about the comprehensive body of work on migration and remittances.

In parallel, UNCDF and the ECCAS Commission will pursue an ambitious capacity-building and learning agenda. UNCDF has partnered with leading academic and learning institutions to advance understanding of shared challenges and opportunities to build enabling ecosystems, pursue evidence-based decision-making, and design migrant-centric financial products. We look forward to the participation of ECCAS stakeholders as the capacity-building coursework launches.

We also look forward to supporting the efforts of the ECCAS Commission and central banks to implement a transaction reporting system on remittance data and capture and share information.

Finally, as we begin collaborating with ECCAS regulators, government ministries and agencies to review this report, we look forward to holistically considering the recommendations. The holistic approach is important for several reasons. Firstly, all the work will ultimately support the central banks' efforts to improve remittance flows through regulated channels, thereby giving regulators a more accurate picture of the balance of payments and enabling better policymaking. At the same time, the work will also improve the financial inclusion of migrants and their families, advancing the financial inclusion agenda for the region.

All these recommendations are aligned with national and regional strategies, which cut across sectors and demographic segments to bring the entire region into the digital era and accelerate investment and development. UNCDF's recommendations in this report form a system, and changes to any single factor will likely cascade through that system. Tackling the recommendations systemically, rather than looking at individual recommendations in isolation, will make their interdependencies and linkages more visible, keep them aligned with the monetary, financial inclusion and digitalization agendas at the forefront and, ultimately, create the best path forward.

ANNEXE 1. BENCHMARKING: POLICIES AND LEGAL AND REGULATORY FRAMEWORKS

	NPS (Operating hours policies)	Foreign exchange	AML/CFT	MFI	Non-bank RSPs	Agency	Customer protection	Fintech	E-money (mobile money daily transactions for natural persons)
Angola (BNA)	The national payment system is governed by Law No. 40/20. This law aims to adapt the Angolan legal framework to the development of financial products by modernizing the payments system while fostering greater safety, effectiveness, and reliability. Money remittances are specifically mentioned in this law under article 4 as a payment service. Article 17 permits using agents for payment service providers, provided that approval is obtained from the BNA. The operating hours of the payment system are limited, and settlement systems are not real-time, which is challenging when customers from different time zones are involved.	The BNA changed the exchange rate system in 2018 from a fixed to a floating rate. The main objective is to provide a self-regulated market and greater direct interaction between economic agents. Additionally, general regulations for cross-border transactions and the remittance of funds are established by Law No. 5/97—the Foreign Exchange Law and related regulations such as BNA Notice No. 05/21 The BNA Notice No. 05/21, article 10 imposes a cumulative foreign currency usage limit of $250,000 per year for foreign residents. This restriction for foreign residents with family members living in other countries may require more than $250,000. While Article 11 of the Notice allows an exemption, only if a request is sent to the commercial bank for review before being sent to the BNA for approval. Delays are a problem with this strategy because there is no clear deadline for issuing approval or other information about the procedure. These hurdles may limit migrants' ability to use their earned income outside of Angola, leading to the usage of informal money transfer methods such as hawala.	The AML/CFT regulatory framework provides rules on simplified due diligence and enhanced due diligence measures applicable to cross-border transactions. Although the existing laws and regulations provide a risk-based approach, there are no specific guidelines on a proportionate risk-based KYC/CDD approach based on the value of cross-border transactions and technology, especially e-KYC. AML checks require checking the beneficiary's identity through a trustworthy official source. They include at least a certified document attesting to the beneficiary's identity, which is not always possible for migrants.	Microfinance and banks are all grouped under financial institutions governed by Law 14/21, which seeks to complete the financial institution law enacted on 4 June 2015 to regulate the process of establishing, exercising activities, supervision, intervention, and the sanctions regime of financial institutions. However, there is a lack of clarity on the requirements for MFIs to provide cross-border remittance services and involvement in foreign exchange activities. Also, MFIs are concentrated in urban areas, which leaves rural areas underserved.	Remittance Service Providers (RSPs) are regulated by Notice No. 9/19 of 6 November 2019. Remittances are terminated in local currency, potentially exacerbating informal channel usage. Article 4 and Article 9 of Notice No 9/19 Also, a six-month assessment period before a decision is reached on licensing applications by non-bank RSPs is considered long and may cause unnecessary delays.	There is no stand-alone agency regulation.	There is no standalone customer protection regulation, but Article 74 of the Financial Institutions Law addresses customer complaints mechanisms, an essential requirement for customer protection.	There is no regulation on fintech.	Not obtained

	NPS (Operating hours policies)	Foreign exchange	AML/CFT	MFI	Non-bank RSPs	Agency	Customer protection	Fintech	E-money (mobile money daily transactions for natural persons)
Burundi (BRB)	Law 1/07 of 11 May 2018 on the National Payment System governs Burundi's national payment system. This law defines the rules for the central bank's regulation and supervision of the systems, the issuing and using means of payment, system protection, and collateral contracts. As per article 4 of the law, no payment system can operate without a licence issued by the BRB. Regulation 1/2022 of 14 April 2022 governing participation in the Integrated Payment and Settlement System of Burundi provides in article 2.5 that any financial institution can participate in the national payment system. However, due to some of the requirements under Annexe 5, MFIs are bound to indirect participation as they are not authorized to deal with foreign currencies. Operating hours are 16 hours, five days a week.	Burundi has a foreign exchange regulation governing all aspects of foreign exchange. The objective of the regulation is to determine the rules and procedures relating to the management of foreign currency and define the roles and responsibilities of authorized intermediaries. While BRB lifted the restriction in October 2022 of remittance termination in local currency, in practice, it is unclear whether the lifting also applies to non-bank RSPs.	Law No. 1/02 on the fight against money laundering and the financing of terrorism addresses issues of AML/CFT. Despite the growth of electronic transactions, the regulatory framework is yet to include online and e-KYC. There is a lack of risk-based guidelines for Customer Due Diligence (CDD), and proportionate risk-based KYC is not implemented.	The microfinance sector is governed by Regulation N001/2018 relating to microfinance activities. MFIs can provide e-money loans through e-money providers if they obtain approval from the central bank. MFIs can also perform remittance operations provided they obtain central bank approval as stated under article 17 of Regulation 001/2017 relating to payment services and the activities of payment institutions. However, the regulation does not provide clear guidance on the requirements that MFIs must fulfil to obtain such approval. Moreover, most of the MFIs demonstrate limited capacity in handling cross-border transactions.	Non-bank RSPs are regulated under the payment system law, including all digital financial service providers. Payment service providers can apply for a license specifying the payment service they would like to offer. As the supervisory body, BRB sets the eligibility criteria. Non-bank RSPs are included in what is called a 'payment service provider'. However, under Chapter VI of Regulation 001/2017 relating to payment services and the activities of payment institutions, Non-bank RSPs are not specifically mentioned in Article 39, which mentions the required authorization for international electronic money transfers. This causes inadequate clarity on how non-bank RSPs should operate in Burundi, which can require the BRB to take more time to assess and validate a non-bank RSP player. In terms of Minimum capital and licensing fees, there is also a lack of clarity as the regulations state that the BRB sets this on a case-by-case manner.	The use of agents is addressed in Regulation N002/2017 relating to commercial agents in banking and payment service operations, banking agents' with article 6 mentioning that recruitment is subject to BRB vetting, which is not the case for e-money agents for whom vetting responsibility has been delegated to MMO.	Customer Protection mechanisms are provisioned under Regulation No. 001/2019 relating to the protection of customers of financial products and services and apply to all financial service providers, including agents and non-bank financial institutions. The regulation covers disclosure and transparency requirements that help protect customers and call for fair treatment and business conduct. The law is designed to include financial service providers focusing on domestic market players. The cross-border remittance issues to be addressed may include the following: o Transparency of fees for senders often leaves out the fees on the beneficiaries' side. o Dispute resolution mechanisms, considering that the service is offered from one country's legislation to another. The complaint processing takes up to two months if it is escalated to the central bank, and currently, the process involves writing a letter of complaint addressed to BRB. There is a lack of guidelines on redressal mechanisms for mobile money customers as, in the market, their grievances are still addressed by the ARCT instead of BRB.	There is no regulation on fintech.	E-money issuer authorizations and operations are included in Regulation 001/2017 relating to payment services and the activities of payment institutions. Under this regulation, annexe2 sets balance and transaction limits at two levels: fully KYCed and partially KYCed. The partially KYCed balance limit is BIF 2,000,000, and the transaction limit is BIF 1,000,000, while fully KYC-ed are at BIF 5,000,000 and BIF 3,000,000, respectively.

DRC (BCC)	NPS is governed by Law No. 18-019 relating to payment and securities settlement systems. It supports the diversification of payment instruments while enforcing interoperability. However, it does not mention remittances, and the use of agents is not expanded to all participants. However, the payment and settlement systems have limited operating hours, which are not yet 24/7. This is challenging when customers from different time zones are involved.	The Foreign Exchange regime is governed by the regulation on forex exchange of 25 March 2014. Article 4 of the regulation on forex exchange of 25 March 2014 provides for the importance of local currency for local transactions. However, parties can decide to engage in foreign currency while transacting except for listed transactions in article 6, paragraphs 2 and 3. In practice, however, this is not the case as almost everything is priced in foreign currency, which makes the market exchange rate volatile and unpredictable, and, therefore, can affect outbound remittance costs, especially for migrants in the Congo, often paid in local currency and who would need to send money to their country of origin.	AML/FT is governed in DRC by Law no. 04/16 of 19 July 2004 on the fight against money laundering and the financing of terrorism. The law provides KYC customer identification and verification procedures under articles 6 – 11. However, implementing KYC procedures is limited by the lack of an identification system in the country for verification. E-KYC is yet to be implemented, and there are no guidelines on proportionate risk-based KYC. The country has established a financial intelligence unit, under the supervision of the Minister of Finance, to collect and process financial information on money laundering and terrorist financing channels, which is yet to fully operate as expected in the eyes of regulated entities.	Law No. 11/020 of September 15, 2011, sets the rules relating to the activity of microfinance institutions in the DRC and covers both deposits and non-deposits microfinance institutions. While the law allows both deposits and non-deposit MFIs to distribute e-money, the same law does not specify how MFIs can engage in cross-border remittance transfers. To obtain a Category B license to conduct foreign remittances, operators, including MFIs, must offer remittance services as their primary activity, limiting their ability to cross-subsidize their overhead costs by offering other financial services.	The DRC has no standalone non-bank RSP regulatory framework that includes the overall dynamic of the remittance business. Instead, Administrative Instruction No. 006 of 18 May 2001 regulates financial messengers' activity. Article 1 of this instruction defines financial messengers as financial intermediaries who carry out transfer operations without physically moving the principal's funds. The instruction in article 9 enables Non-bank RSPs to open extensions and guichets provided they abide by the relevant provisions. However, Administrative Instruction 006 of 18 May 2001 regulating the activity of financial messengers for non-bank RSPs does not cater to all matters on remittance service providers such as business plans, business continuity, insurance, IT, and security guidance on the licensing and operational requirements for RSP services. Furthermore, Instruction No. 006 does not specifically address the relationship of banks and MFIs with international remittance service providers in the DRC, especially on the issue of exclusivity and data collection at the transactional level. In terms of fees payable by new entrants in the DRC, all non-bank RSPs must pay a deposit of $10,000, to which an application processing fee of 3 percent of the deposit must be added, a licencing fee of 20 percent of the deposit must be added, and in case of expansion, 50 percent of the deposit must be paid for all branches opened outside of the main office location and 1 percent for those opened in the same city. This may raise the cost of doing business, which will ultimately be borne by service customers, and	There is no dedicated law on agents that includes non-bank RSPs. However, there is INSTRUCTION NO. 29 TO CREDIT AND MICROFINANCE INSTITUTIONS ON BANKING AGENTS specifically developed for banks and MFIs. Also, Momo agent activities have been addressed in Title 3 of INSTRUCTION NO. 24, RELATING TO THE ISSUANCE OF ELECTRONIC MONEY AND ELECTRONIC MONEY INSTITUTIONS. The use of non-bank RSP agents is governed by Administrative Instruction No. 006 of May 18, 2001, which governs the activity of financial messengers.	There is no dedicated financial customer protection law to which all financial ecosystem players can refer, leaving room for gaps in the implementation of customer protection aspects in service delivery, such as fees, adequate interest rate disclosure, and excessive borrowing, which end up being non-harmonized across institutions. However, INSTRUCTION NO. 39 TO CREDIT INSTITUTIONS AND MICROFINANCE INSTITUTIONS ON THE MANAGEMENT OF CUSTOMER COMPLAINTS on redressal mechanism has been specifically developed for banks and MFIs with no mention of remittances.	There is no regulation on fintech.	The authorizations and activities of e-money issuers are covered in INSTRUCTION NO. 24, RELATING TO THE ISSUANCE OF ELECTRONIC MONEY AND ELECTRONIC MONEY INSTITUTIONS. Article 17 balance limitations are set at $3,000, while the transaction limit is set at $2,500 per month, with a $500 limit on the amount that can be transacted in a day, i.e., the maximum transaction amount per month cannot be transferred at once.

	NPS (Operating hours policies)	Foreign exchange	AML/CFT	MFI	Non-bank RSPs	Agency	Customer protection	Fintech	E-money (mobile money daily transactions for natural persons)
					hinder market players' ambition to expand across the country.				
STP (CBSTP)	The STP national payment system is regulated by Law No. 17/2018. The BCSTP oversees the National Payment System (NPS). BCSTP is also empowered to exercise the functions of licensing and supervision of financial services providers, including payment service providers and remittance service providers (RSPs) in particular. This law also permits the use of agents by banking institutions. The main NPS law does not provide details on how non-bank RSPs can be facilitated to access the NPS. And the NPS is not 24/7 There is no regulatory guidance for remote account opening that would help migrants access financial services while abroad. This may affect the ability of STP migrants to consider saving in their country of origin. Also, the forex bureau regulation in article 13 does not permit forex bureaux to undertake cross-border transfer services even though they deal with foreign currency.	STP has a foreign exchange Law no. 32/99. This law provides supervisory and regulatory power to the BCSTP in matters related to foreign exchange. The country's currency has been pegged to Euro since 2010 There is no regulatory guidance for remote account opening that would help migrants access financial services while abroad. This may affect the ability of STP migrants to consider saving in their country of origin. Also, Forex bureau regulation in article 13 does not permit forex bureaux to conduct cross-border transfers even though they deal with foreign currency.	STP has an AML/CFT regulatory framework passed by the Parliament in 2013. The law complies with international standards. Based on this law, the Financial Information Unit (Unidade de Informaçao Financeira) is the central agency in STP responsible for investigating suspicious transactions. The law provides for dealing with PEP. However, the AML/CFT regulatory framework does not include risk-based approach guidelines for CDD.	BCSTP is responsible for monitoring and supervising the MFIs as described in MFI Law No. 16/2018, enacted on 3 September 2018. The law covers both deposit and non-deposit MFIs. However, there is no clear law to engage in cross-border remittances.	BCSTP is empowered to exercise the functions of licensing and supervision of financial services providers, including payment service providers and remittance service providers (RSPs), in particular under the NPS law (Lei n.º 17/2018. Regime Jurídico do Sistema Nacional de Pagamentos). However, the country lacks specific instructions or regulations to amplify the law about the authorization and licensing of non-bank RSPs. As such, the fees around non-bank RSPs establishment are assessed case by case.	The use of agents is mentioned in the NPS law. However, no standalone regulation on the use of agents includes all the different players in the financial sector.	A general customer protection law was approved on 16 February 2017 under Bill No. 16 of the tenth legislature of the 5th Session of 2017 on Customer Protection Law. Also, the national payment system Law No. 17/2018 has a provision under Chapter 12 and article 67 on transparency of fees.	There is no regulation on fintechs.	Not obtained

Rwanda (NBR)	Law No. 061/2021 of 14/10/2021 Governing the National Payment System was reviewed and enacted in 2021. It governs the country's payment system by applying the oversight, supervision, management, operation, and administration of the payment system and payment services and their applicable regulations. Money remittances are specifically mentioned in the law as a type of payment service, and the use of agents is allowed for payment service providers, provided that approval is obtained from the BNR. In article 14, the law has provided for fair, non-discriminatory, and proportionate participation in the national payment system. The payment and settlement systems operate 24/7, accommodating customers from different time zones. However, the direct participation of non-bank financial service providers, such as mobile money companies, single-purpose stored value cards, e-commerce, aggregators/integrators and remittance companies, in the payment systems still depends on banks despite holding a large share of customers' liquidity.	Two regulations govern Foreign Exchange matters: Regulation No. 42/2022 of 13/04/2022 governing foreign exchange transactions, and regulation No. 2310/2018 - 00015 [614] of 27/12/2018 governing foreign exchange bureaux. The objective of regulation No. 42/2022 of 13/04/2022 governing foreign exchange transactions is the liberalization of capital accounts and establishing rules relating to managing foreign exchange transactions by licensed banks, foreign exchange bureaux and any other licensed intermediaries. Foreign exchange is liberalized, and commercial banks can buy foreign currency following an administered floating exchange rate. Article 10 of Regulation No. 42/2022 of 13/04/2022 governing foreign exchange transactions allows residents and non-residents to open foreign currency accounts. Article 19 of Regulation No. 2310/2018 - 00015 [614] of 27/12/2018 governing foreign exchange bureaux allows branch opening by the forex bureau given prior approval by the BNR. However, Article 19 of Regulation No. 2310/2018 - 00015 [614] of 27/12/2018 governing foreign exchange bureaux requires forex bureaux to have a minimum capital for the opening of each branch. The additional capital and fees may impact the cost of the services and expansion ambitions.	AML/CFT matters are governed by Law No. 75/2019 of 29/01/2020, which pertains to the prevention of money laundering, combating the financing of terrorism, and proliferation of weapons of mass destruction. It applies to any individual or legal person who, in the framework of their profession, conducts, controls, or advises on transactions involving deposits, exchanges, investments, conversions, or any other movement of capital or other property. The law applies to money remittance services as well. The country also has Regulation No. 001/FIC/2022 of 16/02/2022 relating to anti-money laundering, combating the financing of terrorism, and proliferation of weapons of mass destruction that determines requirements with which supervisory authorities and reporting persons must comply. The regulations provide conditions for basic customer due diligence (BCDD), Enhanced Customer Due Diligence (ECDD) and Simplified Customer Due Diligence (SCDD). However, with this regulation, migrants in informal jobs may be excluded from opening an account with a financial institution given the customer identification and verification requirements of Directive No. 01/FIU/2018 of	Microfinance activities are regulated by law No. 40/2008 of 26/08/2008, establishing the organization of microfinance that aims to determine the organization of microfinance activities. This law is complemented by regulation No. 02/2009 on the organization of microfinance activities. In addition, Law No. 072/2021 OF 05/11/2021, governing deposit-taking microfinance institutions, provides further clarity regarding deposit-taking microfinance governance. It allows microfinance institutions to engage in money remittance activities after obtaining approval from the central bank. They are allowed to use agents and to be agents of international remittance service providers directly and engage in digital financial services. MFI participation in the NPS is assessed case-by-case as stated in the NPS law. However, to participate in the NPS, MFIs need a sponsored bank. Also, so far, Deposit-taking microfinance cooperatives are not yet leveraged in the market by non-bank RSPs to act as agents to serve migrants' families living in remote areas.	Money remittance services in Rwanda are governed under Regulation No. 06/2018 of 27/03/2018. The regulation specifies operational requirements for persons that provide money remittance services while encouraging the increased usage of formal channels and transparency of remittance and payment flows. This regulation contributes to Regulation No. 05/2018 of 27/03/2018 governing payment service providers, including the licensing procedures for non-bank RSPs. Article 6 of Regulation No. 06/2018 of 27/03/2018 requires disclosing all charges and exchange rates before initiating a transaction. Non-bank RSPs can use agents to deliver their services and comply with the regulation when acting as primary agents of international remittance providers by ensuring a cooperative agreement that aligns with the regulation. Moreover, Directive No. 2000/2020- 00016[613] of the BNR establishes requirements to be fulfilled by a money remittance service provider before connecting to cross-border money remittance hubs. Article3 of regulation No.2310/2018 - 00015 [614] of 27/12/2018 of the national bank of Rwanda governing foreign exchange bureaux states, subject to an approval letter, that non-bank RSPs may carry out foreign exchange activities without getting a new license for foreign exchange. However, Article 8 of regulation No. 05/2018 of 27/03/2018, governing payment services providers, requires RSPs to have an insurance policy covering at least a risk of RWF 100,000,000	A dedicated regulation governs the use of agents, REGULATION No. 02/2017 OF 22/02/2017 GOVERNING AGENTS. This regulation provides the requirements for agents to carry out financial services for all categories of financial service providers. All financial institutions can expand their footprint using agents if they have been approved by the central bank after fulfilling the requirements detailed in art. 5 of this regulation.	Customer protection is governed by Law No. 017/2021 OF 03/03/2021 RELATING TO FINANCIAL SERVICE CUSTOMER PROTECTION. The law requires FSPs to implement principles and procedures for handling FS customer complaints. However, this is high level and creates room for varied versions of complaint handling depending on the institution. Note, though, that RSP procedures are found in the RSP regulation art. 24 and for Payment user Regulation No. 31/2019 Of 16/12/2019 On Protection of Payment Service Users provide more details with different use cases considered.	Rwandan national payment regulations allow for sandboxes. If a person intends to provide an innovative product or service within payment services, but it does not clearly correspond to one of the services or products currently regulated or represents a hybrid product, the person may apply to the central bank for a sandbox.	E-money issuers are governed by REGULATION No. 54/2022 OF 01/09/2022 GOVERNING THE ELECTRONIC MONEY ISSUERS. Under this regulation, art. 36 empowers e-money issuers to set balance and transaction limits in a risk-based manner through the purpose and size of the transaction, with the only instance of authorization request to the CB being when the balance is above $50,000

	NPS (Operating hours policies)	Foreign exchange	AML/CFT	MFI	Non-bank RSPs	Agency	Customer protection	Fintech	E-money (mobile money daily transactions for natural persons)
			16/02/2018 that include a letter from the employer, which is not always available in the informal sector. On the other hand, E-KYC is currently partially implemented using the national identification database to validate the customer's ID number.		(approximately $100,000) as security of funds held in vaults on top of the 30k initial capital required, annual oversight fees of RWF 1,000,000 and RWF 1,000,000 non-refundable of licensing fee. This may increase the cost of running the business that ultimately will be borne by the customers of the services, as well as limit the number of eligible participants, thereby stifling competition.				

CEMAC (BEAC)	The National Payment System in CEMAC is governed by Regulation No. 03/16/CEMAC/UMAC/CM relating to payment systems, means and incidents for aspects that touch payment systems. This regulation is supported by text available in the following Regulations: • No. 02/03/CEMAC/UMAC/CM, • No. 04/18/CEMAC/UMAC/COBAC relating to payment systems, means, and incidents used by Member States. Moreover, BEAC through Instruction No. 001/GR/2018 on the definition of the scope of interoperability and inter-banking of electronic payment systems in the CEMAC has implemented interoperability across the region and in each Member State by developing GIMAC the regional retail switch. However, the payment and settlement systems have limited operating hours, which are not yet 24/7. This is challenging when customers from different time zones are involved. Furthermore, bank card operations have limited access and use of funds with stringent justification requirements. This is well detailed in Instruction No. 8/GR/2019 on the conditions and means of using electronic payment instruments outside CEMAC. The long justification process affects migrants' ability to use formal channels to send funds to their families. Moreover, there is a limit of one million per month per person for remote settlement. These may lead to the usage of informal channels by migrants.	In CEMAC, the law 02/18/CEMAC/UMAC/CM regulating foreign exchange in CEMAC is implemented across the region by the BEAC to manage the inbound and outbound flow of CFA currency against foreign currencies. This law is supported by Instruction 11/GR/2019 relating to the conditions and methods for exercising manual change activity in CEMAC. The existing regulation prohibits residents from having foreign currency accounts in or outside the CEMAC region. On the other hand, Non-residents can open foreign currency accounts if they provide a justification letter that the bank approves. But withdrawing foreign currency is forbidden for current spending. Also, this account cannot be credited or debited by a CFA account. This limits the use of resources mobilised by non-residents who wish to save in their country of origin. The other constraint of the existing regulation is that the amount a person can carry while traveling in or out of the CEMAC region is capped at CFA 5 million (around $8300) without declaration. Beyond that amount, migrants must justify the source of funds, which tends to take time, causing migrants to use informal channels like the hawala system. This affects the ability of the central bank to capture exactly the size of remittance and how it contributes to the economy. Moreover, this adds a redundant step since, while opening an account, the source of the fund is already	AML/CFT Laws and regulations in the CEMAC region include 01/CEMAC/UMAC/CM on preventing and combatting money laundering and financing terrorism and proliferation in Central Africa and Regulation number 01/03-CEMAC-UMAC on the prevention and combatting of money laundering and financing of terrorism in Central Africa. The law describes the KYC processes and requires due diligence for financial institutions. But the list of documents required for KYC/due diligence is not provided, leaving room for the institutions to set their standard lists for KYC requirements and due diligence validation timeframes. This may also dissuade migrants from opening new accounts with remittance service providers. E-KYC is yet to be implemented, and there are no proportionate risk-based KYC guidelines.	Microfinance activity is defined in Regulation No. 01/02/CEMAC/UMAC/COBAC Relating to the Conditions of Exercise and Control of Microfinance Activity in the CEMAC region, grouping these institutions into three categories. To expand, MFIs need a licence for each Member State before launching its operation, which affects the cost of services. Furthermore, article 8 of the MFI regulation states that MFI operations as intermediaries are assigned to their country of operations. Cross-border operations must go through banks or financial establishments. This represents a limitation to MFI's ability to develop remittance-related services even within the CEMAC region. Banking-institution commissions also add to the cost.	There is no regulation dedicated to Non-Bank RSPs. Non-Bank RSPs are regulated under payment institutions in general under regulation N0 02/15/CEMAC/UMAC/COBAC and supported by 04/16/CEMAC/UMAC/COBAC and 02/18/CEMAC/UMAC/CM regulating foreign exchange in CEMAC and Instruction 11/GR/2019 relating to the conditions and modalities for exercising manual change activity in CEMAC. Moreover, some provisions are duplicated in both 04/16/CEMAC/UMAC/COBAC and 02/18/CEMAC/UMAC/CM regulations, creating a separate regulation for RSPs.	Regulation No. 04/18/CEMAC/UMAC/COBAC relating to payment services in the Economic and Monetary Community of Central Africa provides for the use of agents. However, under Article 64, agents/sub-agents may operate for several payment providers based on their contract and in accordance with the above-mentioned regulations. However, no dedicated law addresses all aspects of leveraging the use of agents to expand access to payment services in the region.	Two sets of rules handle some aspects of customer protection, with an emphasis on banks and MFIs and no mention of non-Bank RSPs. At the same time, the law is intended to incorporate financial service providers with a focus on domestic market players. One is Regulation 01/20/CEMAC/UMAC/COBAC, which protects customers using banking products and services in the CEMAC region, focusing on banking service customers. The second is Regulation No. 04/18/CEMAC/UMAC/COBAC relating to payment services in the Economic and Monetary Community of Central Africa, focusing on customer complaint management. Despite the provision in title 7 for handling mechanisms for customer complaints, there is still no clarity on the complaint processing time at the financial institution and at the mediation level through CNEF under COBAC supervision.	There is no regulation on fintechs.	Not obtained in the regulation of reference of E-money; however, in 2022, in an instruction on e-money tariffs, the maximum transaction amount is capped at CFA 5 million in the CEMAC region. As per the regulation on payment systems, it is set at CFA 1 million outside CEMAC Member States.

	NPS (Operating hours policies)	Foreign exchange	AML/CFT	MFI	Non-bank RSPs	Agency	Customer protection	Fintech	E-money (mobile money daily transactions for natural persons)
		disclosed. (Refer to Article 23 of Instruction 05/GR/2019.)							

	NPS (policies on operating hours)	Foreign exchange	AML/CFT	MFI	Non-Bank RSPs	Agency	Customer protection
Philippines		The Manual of Regulations on Foreign Exchange Transactions primarily regulates foreign exchange transactions. The manual stipulates the policies that govern eligible loan purposes, public sector and publicly guaranteed private sector loans, purely private sector foreign loans, and cross-border transfers. Any person may freely bring in or out of the country up to PHP 50,000. Any person may freely bring in or out of the country up to $10,000 in foreign currency. Residents may purchase foreign currency while respecting a daily limit and providing a duly completed application to purchase foreign currency. Any purchase over $500,000 for non-trade purchases is permitted with additional documentation.			The Manual on Regulations of Non-Bank Financial Institutions (MORNBFI) requires businesses providing remittance services to register with the Bangkok Sentral before operating. Remittance and transfer companies, money changers and foreign exchange dealers are divided into six categories based on their transaction volumes and type of service. They must pay a one-time registration fee based on their category and an annual service fee afterwards.		The Financial Customer Protection Department (FCPD), a part of Bangkok Sentral, is mandated to protect customers' financial rights. The four core functions of the FCPD are customer assistance, financial education, policy initiation and market conduct regulation.

	NPS (policies on operating hours)	Foreign exchange	AML/CFT	MFI	Non-Bank RSPs	Agency	Customer protection
Bangladesh		Only authorized dealers appointed by Bangladesh Bank may engage in foreign exchange transactions. Residents of Bangladesh may hold up to $5,000 in foreign currency and any amount of foreign currency in a resident foreign currency deposit account with an authorized dealer. Non-residents and foreigners may hold foreign currency personally or with a bank. Inbound remittances from Bangladeshi nationals working abroad can be received through banks, post office branches, authorized non-governmental organizations, and agents of mobile phone companies. Non-residents may bring up to $3,000 in foreign currency into the country without declaring it. Non-resident foreigners are permitted to open and hold foreign currency accounts with authorized dealers without prior permission from Bangladesh Bank.			According to the Bangladesh Payment and Settlement System Regulations, 2014, to obtain a licence from Bangladesh Bank, an applicant may be required to maintain capital adequacy at levels as specified by Bangladesh Bank from time to time. The level of capital will be determined by the type of service, average value of payments, aggregate value and other factors as the Bangladesh Bank deems necessary. (See Bangladesh Bank, 'Bangladesh Payment and Settlement System Regulations, 2014', Dhaka, 2014, https://www.bb.org.bd/aboutus/regulationguideline/bpss.pdf)		The FCPD uses a five-point framework instituted by Circular No. 857 (2014) to upload customer protection standards of conduct: (i) disclosure and transparency; (ii) protection of customer information; (iii) fair treatment; (iv) effective recourse mechanism; and (v) financial education and awareness.
Kenya							

	NPS (policies on operating hours)	Foreign exchange	AML/CFT	MFI	Non-Bank RSPs	Agency	Customer protection
Rwanda	Rwanda National Payment System has operated 24/7 since August 2022. The settlement day starts one second after midnight and closes at midnight			Rwandan Law No. 072/2021 OF 05/11/2021, governing deposit-taking microfinance institutions, addresses deposit-taking microfinance governance. It allows microfinance institutions to engage in money remittance activities after obtaining approval from the central bank. They can use agents and be agents of international remittance service providers directly and engage in digital financial services. MFI participation in the NPS is assessed case-by-case as stated in the NPS law.		Rwanda has a standalone regulation governing the use of agents by FSPs. REGULATION No. 02/2017 OF 22/02/2017 GOVERNING AGENTS, this regulation provides the requirements for agents to carry out financial services across all financial service categories, with exclusivity being prohibited. All financial institutions can expand their footprint using agents provided that they have been approved by the central bank after fulfilment of requirements detailed in art.5 of this regulation.	
Nigeria							

	NPS (policies on operating hours)	Foreign exchange	AML/CFT	MFI	Non-Bank RSPs	Agency	Customer protection
Tanzania				Section 4 (3) (d) of the Microfinance Act 2018 provides that microfinance business undertaken under the Act will include "transfer and payment services, including digital microfinance services". RSPs are also authorized to conduct money remittance services through agents in line with requirements stipulated in the relevant regulations.			The Bank of Tanzania issued the Financial Customer Protection Regulation in 2019. The regulations apply to financial service providers operating in the country. According to the regulations, 'financial customer protection' refers to laws, institutions, practices and policies to safeguard customer rights, enable customers to make informed financial decisions and ensure fairness in providing products and services by financial service providers. It requires every financial service provider to have in place a governance structure that to ensure the effective implementation of customer protection in accordance with the provisions of the regulations.

	NPS (policies on operating hours)	Foreign exchange	AML/CFT	MFI	Non-Bank RSPs	Agency	Customer protection
FATF			The requirements concerning risk-based supervision are set out in the FATF Recommendations, and the FATF assesses the effectiveness of AML/CFT supervision under Immediate Outcome 3 of the FATF Methodology. A risk-based approach is less burdensome on lower-risk sectors or activities, which is critical for maintaining or increasing financial inclusion. Recommendation 1 (R.1) and its interpretative note (INR.1) explain the risk-based approach (RBA), and R.2 highlights the importance of national coordination, including with and among AML/CFT supervisors. R.1 and INR.1 require jurisdictions to identify, assess and understand the ML/TF risks and apply an RBA to mitigate the risks. Accordingly, this applies to supervisory activities. INR.1 requires supervisors to review and consider risk profiles and assessments developed by financial institutions and in applying the RBA. In October 2020, the FATF amended R.1 and INR.1 to include a requirement for countries, financial institutions and designated non-financial businesses and professions to assess proliferation financing risks defined under the Standards. This means that supervisors must now consider how the entities they supervise or monitor are exposed to proliferation financing risks and ensure the effective implementation of targeted financial sanctions. R.26 requires risk-based supervision of financial institutions, which requires that supervisors understand the ML/TF risk in their jurisdiction, sector and entities and have on-site and off-site access to all information relevant to those risks. Additionally, R.15, 27 and 28 require supervisors to have powers to impose a range of effective, proportionate and dissuasive sanctions (in line with R.35) to address failures to comply with AML/CFT requirements. Financial institutions subject to the core principles should be subject to licencing and supervision in line with the applicable core principles and R.26. All other financial institutions (including money value transfer services or money- or currency-changing providers) and virtual asset service providers must be licensed or registered. They must also be supervised or monitored depending on the AML/CFT risks in line with R.14, R.15 and R.26. Source: FATF, *Guidance on Risk-based Supervision*, Paris, March 2021, http://www.fatf-gafi.org/media/fatf/documents/Guidance-Risk-Based-Supervision.pdf (accessed 27 August 2021)				

ANNEXE 2. BENCHMARKING: PAYMENT INFRASTRUCTURE

RETAIL PAYMENT SYSTEMS

Malaysia	Retail payment systems in Malaysia include a shared ATM network, enabling bank customers to access their funds from participating banks' ATMs. Services offered include domestic and cross-border cash withdrawals, electronic funds transfers, mobile prepaid top-ups, and credit card and loan repayment. Other retail systems include interbank GIRO, a payment system that provides batch-mode fund transfer services among participating banks; instant transfer, a payment system that provides real-time funds transfer services among participating banks; financial process exchange, an Internet-based multi-bank payment platform that leverages the online banking services of banks to provide online payments for e-commerce transactions; direct debit, an interbank collection service for regular and recurring payments, enabling automated collection directly from a customer's bank account at multiple banks with a single authorization; JomPAY, an open electronic bill payment platform which leverages the combined infrastructure and network of the banking industry to allow any registered biller to receive payments from customers of participating banks; and MyDebit, a domestic debit card scheme which enables cardholders to make payments using their ATM cards. Other systems in Malaysia include the Central Credit Reference Information System (CCRIS), a system that collects credit information on borrowers from financial institutions to facilitate credit and financial management decision-making among borrowers and financial institutions; and the Dishonoured Cheque Information System (DCHEQS), a computerized database system to collect, process, store and generate information related to dishonoured cheques. The DCHEQS facilitates a market-based mechanism to foster confidence in using cheques as a payment instrument and acts as a reference for financial institutions to approve the opening of current accounts and the closure of accounts due to the frequent issuance of dishonoured cheques.
Mexico	Non-bank access to large-value payment systems: the Mexican RTGS (SPEI) case. When SPEI started operations in 2004, only banks were eligible to participate. At that time, some non-banks, mainly broker-dealers, claimed that banks did not provide adequate payment services. The main complaints were: (i) restrictions on operating schedules: banks refused to receive payment instructions from some broker-dealers after 3:30 pm, even though the banks were connected to SPEI and could still send transfers until 5:00 pm; (ii) high fees: banks would charge fees based on the transfer amount, especially for transfers sent by financial institutions; and (iii) poor STP facilities provided by banks for their payment processes, causing delays in payment processing: banks would delay sending transfers, particularly large ones. After investigating these complaints, the Bank of Mexico concluded that SPEI participants did not have sufficient incentives to offer adequate payment services to non-banks that competed with them. As a result, non-banks had to maintain accounts with each major bank and use manual processes that significantly increased their costs and operational risks. In response to these findings, the Bank of Mexico's board authorized direct access to SPEI for all regulated financial entities at the end of 2005. Since then, any regulated financial institution can become a direct participant in SPEI. As a result, some non-banks, such as broker-dealers, foreign exchange firms, insurance companies, microfinance and financial services firms, pension fund managers, investment fund managers, and telecommunications companies, participated directly in SPEI. To support mobile payments and their interoperability, the Bank of Mexico issued new regulations at the end of 2013. It amended various provisions regarding SPEI rules so that mobile payment clearing houses were required to participate in SPEI and receive mobile payments sent by other SPEI participants, including other mobile payment clearing houses. By mid-2015, SPEI participants had to process interbank mobile payments in less than 15 seconds (from initiation to posting of funds), which is faster than the requirement for other SPEI transfers. In addition, participating institutions had to gradually expand customer service availability to a 20x7 schedule from the previous 12x5 scheme. The Bank of Mexico

	also cut the mobile payment SPEI originating fee from $0.04 to less than $0.01. These changes are intended to promote mobile payments, helping them reach the underbanked part of the population and increase financial inclusion.
Philippines	In the Philippines, two major clearing switch operators cater to retail payments in the country: • BancNet: an interbank network connecting the ATM network of more than 80 banks in the Philippines, with services including ATM and POS switching, interbank funds transfer, bill payment switching, Internet payment gateway and payment to government entities; and • Philippine Clearing House Corporation (PCHC): incorporated in 1977 as a private corporation owned in equal share by all commercial banks, mainly automating the cheque-clearing system. Currently, they operate the following systems: • The Electronic Check Clearing System (ECCS): was implemented in 1999 to foster a quicker value exchange and enable banks to transmit data on clearing cheques electronically to the PCHC and deliver corresponding physical items later; • Electronic Peso Clearing and Settlement (EPCS): an interbank account-to-account funds transfer system that supports bulk, recurring, non-time-sensitive payment and collection transactions; and • The Philippine Domestic Dollar Transfer System (PDDTS) is a facility used by the banking industry to settle dollar transactions between banks by moving Dollar funds from one Philippine bank to another on the same day without going through correspondent banks in the USA. In particular, the end-of-day net positions of banks arising from overseas Filipino worker remittances are coursed through the PCHC. Other types of PDDTS transactions are coursed through the Philippine Securities Settlement Corporation.

NATIONAL PAYMENT SYSTEMS' STANDARDS AND INTEROPERABILITY

Nexus Project[32]	This project was pioneered by the Bank for International Settlements (BIS) Innovation Hub with support from the Monetary Authority of Singapore and the National Payments Corporation of India. The project explores how the success of instant payments can be used to improve the cross-border payments experience. In summary, the requirements for senders (and recipients) of cross-border payments are as follows: • Speed: Payments should be near-instant. In most cases, the payment should be processed within 60 seconds. This time is measured from the moment the sender clicks 'Send payment' until the moment both the sender and the recipient are notified that the payment has been successful. The payment set-up process should ensure that the payment will be completed. If the payment fails, the customer should be told immediately.

[32] See Bank for International Settlements, 'User Needs of Senders and Recipients', https://nexus.bisih.org/user-experience/user-needs-for-senders-and-recipients (accessed 25 August 2021).

	• **Cost:** The cost of sending a cross-border payment should be increasingly cost-efficient. The cost should be known before the sender clicks 'Send payment.' The cost should be transparent and not hidden in the exchange rate. (Many banks currently offer 'free' transfers, which offer substandard exchange rates, meaning that the actual cost of the service is hidden, making it difficult for users to compare services, thus harming competition). The recipient should be credited with the amount that the sender sent. If the destination bank charges any fees for receiving cross-border payments, these should be charged as a separate line item. (For businesses, in particular, this supports reconciliation between incoming payments and invoices issued while allowing the fees to be recorded as a cost of banking services). • **Transparency:** As mentioned above, fees and foreign exchange rates should be transparent and known upfront. Users should be able to see their payment status if it has not been completed within two minutes. If payments cannot go through, users should be told why and how to resolve it. (This is not always possible when illicit activity is suspected, and telling the sender why the payment is blocked would constitute a 'tip-off'). • **Access:** Any individual or business that can send a domestic fast payment should also be able to send a cross-border payment through Nexus (assuming that their bank/PSP has enabled itself to make and receive them. Note: To make Nexus payments, a user must have a bank account or an account with a non-bank PSP that is a member of the IPS, so it does not address financial inclusion concerns around the unbanked. • **Confidence and security:** Where the recipient can use an alias (e.g., a phone number) for domestic payments, this alias should also be valid for cross-border payments. This will help the sender to validate the identity of the recipient and would avoid the recipient having to reveal more sensitive bank account numbers. Senders should be able to confirm that they are sending funds to the correct account through some form of confirmation of payee functionality (wherever possible). • **Usability:** Setting up a cross-border payment should be intuitive, helpful and as friction-free as possible; otherwise, the service will not be widely used. Users should be able to use their existing banking channels, such as an app or Internet banking, to initiate Nexus payments. The Nexus service must not require a separate registration, login or app. As mentioned above, where the recipient can use an alias for a domestic payment, this alias should also be valid for cross-border payments through Nexus. This is because it is easier for a user to enter and confirm a phone number than (for example) a 34-character IBAN.
Pan-Africa Payment & Settlement Systems (PAPPS)	PAPPS is a centralized payment and settlement infrastructure for intra-African trade and commerce payments. This project, being developed in collaboration with the African Export-Import Bank (Afreximbank), will facilitate payments and formalize some unrecorded trade due to the prevalence of informal cross-border trade in Africa. It will also provide an alternative to the current high-cost and lengthy correspondent banking relationships to facilitate trade and other economic activities among African countries through a simple, low-cost, risk-controlled payment clearing and settlement system. The benefits of PAPPS for cross-border payments include cost reduction; reduction in duration and time variability; decreasing liquidity requirements of commercial banks; decreasing liquidity requirements of central banks for settlement as well as its own payments; and strengthening of central banks' supervision of cross-border payment systems. PAPSS is currently live in the West African Monetary Zone (WAMZ) in six central banks using six local currencies and two languages. Its unique offering supports instant payments in local currencies with settlement finality supported by Afreximbank. It has buy-in, is fully endorsed by the African Union Heads of State and has a continent-wide regulatory framework for participating multiple players.
ISO 20022	ISO 20022 has become the key global standard for developing modernized financial market infrastructures. Currently, most payment systems follow the ISO 20022 standards, resulting in improved efficiency, lower costs and fewer errors. ISO 20022 is a global standard for financial messaging that provides a standard model across business domains such as payments, securities, trade services, card services and foreign exchange. The standard defines messages with clarity of purpose and conveys information between parties within a payment chain. It also defines message specifications for each message type.

	Benefits of ISO 20022 include: • **Capable of sharing rich information:** ISO 20022 can carry large data sets and messages. Users of the standard can choose the quantity of data to share for necessary insights. • **Integrated domestic and cross-border payments:** ISO 20022 can integrate and standardise domestic and cross-border payments in market practices • **Interoperability and harmonization:** ISO 20022 allows for harmonizing previously known interoperable formats and simplifies data consumption and transmission. The underlying syntax of XML and the structured platform makes this standard more feasible for payments. Support for ISO20022 as a messaging interoperability standard is useful if there is a potential for integrating with the EAC payment systems. • **Efficiency gain and cost savings:** ISO 20022 makes financial messaging more efficient by standardizing and harmonizing payment message formats, increasing STP rates and simplifying cost-intensive processes such as payment processing, investigations, data analytics and reporting.
Chile and Spain	Individuals in Chile and Spain can now use the postal network to send and receive money to and from abroad. The service is offered in 110 post offices in Chile, 2,300 in Spain and 60 in Uruguay. The service is fast and secure; money transfers can be executed and delivered in 15 minutes. The service relies on the international financial system (IFS) application developed by the Universal Postal Union's (UPU) Postal Technology Centre. To help postal operators move toward providing electronic money transfer services, the UPU has been making its electronic network more secure and reliable. In 2005 a centralized clearing system started while concentrating additional efforts on key migration corridors. Using its IFS application, it has opened 150 corridors connecting 36 countries.
Singapore and Thailand Linkage of Real-time Payment Systems	On 29 April 2021, the Monetary Authority of Singapore (MAS) and the Bank of Thailand (BOT) launched the linkage of Singapore's PayNow and Thailand's PromptPay real-time retail payment systems. The linkage results from the collaboration between the MAS and the BOT, both countries' payment system operators, bankers' associations and participating banks. Customers of participating banks in Singapore and Thailand can transfer funds of up to $1,000 or THB 25,000 daily between the two countries using just a mobile phone number. As with standard remittance solutions, there will be no need to populate information fields such as the recipient's full name and bank account details. The funds will flow seamlessly and securely between customers' accounts in Singapore and Thailand. The experience will be similar to how domestic PayNow and PromptPay transfers are made. Senders can use their mobile banking or payment applications to initiate funds transfers instantly and securely at any time of the day. The transfers will be completed within minutes, representing a marked improvement over the average of up to two working days needed by most cross-border remittance solutions. The participating banks have committed to benchmarking their fees against the market. The fees will be affordable and transparently displayed to senders before confirming their transfers. Senders can also view the applicable foreign exchange charges before sending their funds, benchmarking these rates closely to prevailing market rates. The MAS and the BOT are progressively scaling up the PayNow–PromptPay linkage to include more participants and extend the transfer limits to facilitate business transactions. They are working with counterparts in the Association of Southeast Asian Nations (ASEAN) to expand this bilateral linkage into a network of linked retail payment systems across ASEAN. The service offered by the MAS and the BOT effectively addresses customers' long-standing pain points in cross-border transfers and remittances, including long transaction times and high costs.
Tanzania	The Bank of Tanzania is implementing a project to build an interoperable payment system called the Tanzania Instant Payments System (TIPS). TIPS is an interoperable digital payment platform operated by the Bank of Tanzania, which enables the transfer of payments between different digital financial service providers, both banks and non-banks, such as e-money issuers. TIPS will handle real-time payments exchanged among participating digital financial service providers. It will increase financial inclusion by improving access to

	and use of financial services in Tanzania by promoting the interoperability of digital financial services among all PSPs in the country. The TIPS platform facilitates an efficient clearing and settlement platform of digital financial services transactions for all PSPs. It will also improve efficiency by moving from bilateral to multilateral interoperability.
East African Payment System (EAPS)	EAPS is a funds transfer mechanism used to transfer money from one bank to another across borders within the EAC countries of Kenya, Rwanda, Tanzania and Uganda. Transactions are carried out in the EAC local currencies. EAPS services are offered to bank customers (public) through RTGS between 8:30 am and 4:00 pm East African Time, Monday to Friday, excluding public holidays.
Regional Payment and Settlement System (REPSS)	REPSS is a system designed for effecting cross-border payments between countries in the COMESA region. The system authorizes banks in the Member States to transfer funds more easily within the region through their local RTGS in dollars and euros. In Kenya, REPSS services are available to the public in most commercial banks from 8.30 am to 2:00 pm. The system went live in October 2012 and is available in eight countries: the Democratic Republic of the Congo, Kenya, Malawi, Mauritius, Rwanda, Swaziland, Uganda and Zambia.
Identification System in Kenya	In 2021, Kenya started *Huduma Namba*, a unique and permanent personal ID number randomly assigned to every resident individual at birth or on registration/enrolment. It only expires or is retired upon the individual's death. *Huduma Namba* was established through Executive Order No. 1 of 2018 and by the statute law (Miscellaneous Amendments) Act, 2018, Sec 9A.CAP 107. Formulation of Registration of Persons (NIIMS) Regulations, 2020, and Formulation of Data Protection (Civil Registration) Regulations, 2020. *Huduma Namba* cards are issued within the national integrated identity management system (NIIMS) framework. They are multipurpose identity and electronic payment cards based on MasterCard specifications. They combine an international MasterCard payment application, two local payment applications, and an ID application, including biometrics. They enable individuals to access various government services and can be used as travel documents within the East African region. The cards have a person's data merged and installed in an electronic chip, thus eliminating other ID requirements. Kenyans in the diaspora collect their *Huduma Namba* cards from the country's diplomatic mission in their country of registration.
MANSA	MANSA is a collaborative CDD/KYC information repository platform which provides a single source of primary data required to conduct CDD on African entities, financial institutions, corporations and small- and medium-sized enterprises. The platform also provides a complementary collection of information on investment in Africa, country profiles and traded products/services of African countries, enabling insights into Africa and deepening positive perceptions of the continent, thereby altering the risk perceptions of Africa and significantly addressing de-risking of the continent and, ultimately, promoting and increasing trade in Africa. Afreximbank has partnered with the African Development Bank, African central banks and other international and national strategic partners to launch MANSA.
India's Aadhaar Enabled Payment	The AEPS, a system managed by the National Payments Corporation of India, is linked to the Unique ID Authority of India (UIDAI). UIDAI provides each citizen with a unique ID (Aadhaar number) and is developing an extensive database of multi-modal biometrics (fingerprint and iris scan). Since the Aadhar ID is linked to all bank accounts and PSP mobile wallets, the Aadhaar ID and biometric authentication can be used during payment authentication. Customers who want to transact may use their Aadhaar ID to access their bank

System (AEPS)	account after authenticating themselves with biometrics. The AEPS is connected to the UIDAI to allow real-time customer authentication before routing the transaction to the respective bank/PSP for authorization.
MyKad (national ID and biometric system in Malaysia)	MyKad is a national identity smart card issued to all Malaysians by the Government of Malaysia, which incorporates the cardholder's photograph and biometric fingerprint data to facilitate identity verification at government counters, financial institutions and other authorized counters. It may also incorporate applications that can be accessed quickly and securely to undertake a variety of electronic transactions, such as payment and account access.

ANNEXE 3. BENCHMARKING: MARKETS ASPECTS

FINANCIAL LITERACY AND PUBLIC AWARENESS

Burkina Faso	In Burkina Faso, the High Council of Burkinabés Abroad, a government institution created to engage the diaspora, works with diplomatic missions abroad to conduct information campaigns, not only on remittances but also on the rights and duties of the diaspora in their destination countries.
Philippines	In 2008, the Philippine embassy in the Republic of Korea initiated a financial literacy campaign to maximize the potential benefit of diaspora remittances to national development. Working with Filipino communities in Seoul, the embassy conducted more than a dozen seminars involving 400 participants over a year, an initiative that had a positive impact. Also, in the Philippines, overseas workers attend pre-departure orientation seminars conducted by several government agencies. This seminar programme has been in place since 1981.
Sri Lanka	Migrant workers are encouraged to set up bank accounts at departure through the Sri Lanka Bureau of Foreign Employment (SLBFE). The SLBFE, working closely with international recruiting agencies, plays the role of migrant worker clearing house before their departure. The average migrant worker stays abroad for 3–5 years. The SLBFE focuses on increasing the number of skilled labourers hired to work abroad. This development follows serious domestic socio-economic implications of sending young women abroad. The policy initiative also impacts migrant workers' savings as they earn higher wages, positively impacting future remittance growth. Several programmes exist to fund households at the bottom of the pyramid using remittances as collateral, like housing loans and small- and medium-sized enterprise loans. MFIs have extensive remittance delivery networks in remote areas. They are increasingly playing the role of bank money transfer distribution agents, including facilitating hand-to-hand cash delivery at their local branches.
Malaysia	Bank Negara Malaysia (BNM) and the financial sector have continuously fostered greater awareness of and instil confidence in using cost-effective payment instruments and services (in particular, e-payments) among customers and businesses. Such efforts include promoting online banking services, fund transfers *via* ATMs, using and accepting payment cards, and safe practices in conducting e-payment transactions through nationwide roadshows, media engagements, workshops and other outreach programmes. Financial education elements are now incorporated into primary and secondary school syllabi to provide financial education to young people. BNM's subsidiary, the Credit Counselling and Debt Management Agency, also introduced a programme (the POWER! initiative) in 2011 targeting young individuals and first-time borrowers aged between 18 and 30 years to provide them with practical financial knowledge and skills to manage their finances effectively and tools to aid them in making sound and responsible borrowing decisions. The programme also highlights the consequences of financial decisions in real-life situations, focusing on everyday financial products such as credit cards, hire purchases and housing loans. Promotion of e-payments in Malaysia To promote e-payments in the government sector, BNM and the banking industry work with various government agencies to encourage using e-payments for payment and collection. Approximately 99 percent of the federal government's payments (e.g., salary and pension payments) are made using e-payments. E-payments are also used to facilitate the efficient distribution of social benefits schemes introduced by the government to offer monetary assistance to low-income households and individuals, where the monetary assistance is credited directly into the recipient's bank account. The government also issued MyKad ID cards to distribute necessities to poor people through MyKasih, a nationwide food aid programme supported by several government agencies. The government has also established a task force comprising relevant government departments and agencies and BNM to drive the use of e-payments in the public sector.

Germany and the Netherlands	The governments of Germany and the Netherlands supported the creation of websites to provide customer information on remittances, boosting competition between financial institutions and increasing transparency.
Identification requirements of different countries	Countries that issue consular cards include: • Nigeria (citizen's certificate) • Pakistan (National ID Card for Overseas Pakistanis) • Peru (*tarjeta consular*) • Senegal (*carte consulaire*) • Argentina (*matrícula consular Argentina*) • Brazil (*matrícula de cidadão Brasileiro*) • Colombia (*tarjeta de registro consular*) • Dominican Republic (*localizador archive*) • Ecuador (consular ID) • Guatemala (*tarjeta de identificación consular*) • Guinea (consular ID) • Mali (*carte d'identité consulaire*) • Mexico (*matrícula consular*) • Indonesia: At the outset, migrants hold a national ID document approved by the Financial Services Authority, deemed compliant with national rules and regulations. To maintain the highest global AML/KYC standards, the Financial Services Authority requires that each migrant opens a domestic bank account, which facilitates monitoring financial practices and prevents illegal activities.

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ABOUT ECCAS

The Economic Community of Central African States (ECCAS), created in 1983, comprises eleven Member States (Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Gabon, Equatorial Guinea, Rwanda, and São Tomé and Príncipe). It is one of the five development zones on which the African Union (AU) intends to build continental cooperation and integration.

According to its statutes, ECCAS' mission is to foster political dialogue in the region, establish a regional common market, set common sectoral policies, foster and strengthen harmonious cooperation and balanced and self-sustaining development in all areas of economic and social activity, especially in the fields of industry, agriculture, natural resources, infrastructure, trade, customs, monetary and financial matters, and tourism.

The ECCAS Member States adopted a strategic plan for integration and a strategic vision in October 2007. The vision is to create by 2025 "a stable, prosperous, united, economically and politically united Central Africa" to make the region an area of peace, solidarity, balanced development and free movement of people, goods, and services.

ABOUT UNCDF

UNCDF mobilizes and catalyzes an increase in capital flows for SDG impactful investments to Member States, especially Least Developed Countries, contributing to sustainable economic growth and equitable prosperity.

In partnership with UN entities and development partners, UNCDF delivers scalable, blended finance solutions to drive systemic change, pave the way for commercial finance, and contribute to the SDGs. We support market development by enabling entities to access finance in high-risk environments by deploying financial instruments, mechanisms and advisory.

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