

NATIONAL REMITTANCE PLAN 2015 EUROPEAN UNION

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Background

The European Union has a longstanding commitment on remittances. The EU's focus has been on three key areas: the volume of remittances, the times and costs of remittance transfers and the development impact of remittances in partner countries. While emphasizing their private nature, the overall aim remains to promote cheaper, faster and more secure remittances and to enhance their development impact. The European Council Conclusions of 12 December 2014 recommitted to decreasing the cost of remittance transfers, while also stressing the importance of enhancing transparency and competition in the remittances market and to increase the access and the widespread use of financial services.

2014 Call to Action on Remittances

The EU reviewed its Payment Services Directive "PSD" which sets out the legislative framework for electronic payments in Europe. The Directive (PSD2) proposed to enhance security of electronic payments in general including remittances transfers and improve their cost transparency. The PSD2 also proposed to extend the transparency provisions to payments where only one of the payment service providers is located in the EU and further extension of other provisions is being explored. Payment service providers would then be obliged to provide more information on their terms and costs of payments. Enhanced cost transparency, innovation, security and competition can lead to lower transfer costs.

Through the promotion of innovative investment, transfer and financially inclusive mechanisms, EU-funded actions successfully contributed to fill the main gaps affecting the link between remittances and development. Along the same line, past experiences suggest that there is demand from migrant organisations, individuals, and local monetary financial institutions for more structured synergies between third country governments and diaspora organisations aiming at identifying new forms and areas of collaboration.

While remittance-receiving countries are now starting to integrate remittances into their national development strategies, and while the remittance market is changing at rapid pace, there is a tremendous opportunity to leverage the results of existing activities, in particular in rural areas where the potential for development is huge.

2015 Country plan for reducing remittance transfer costs

1. Increase Remittance Market Competitiveness

- a. The revision of Payment Services Directive (PSD2) will facilitate market access for money remittance companies in that it will guarantee all remittance service providers which are registered under EU legislation access to banks' payment accounts services unless there is an objectively justified reason to refuse such access. PSD2 will also enhance the security of

electronic payments, including remittances transfers both with one and two 'legs' in the EU, and improve their cost transparency. The revised directive to be published end of 2015 is likely to contribute eventually to a reduction in transfer costs.

- b. Furthermore, in the framework of the Africa Caribbean Pacific (ACP)-EU Dialogue on migration and development, a technical seminar will be held in Brussels in the second half of 2015 as a platform for exchanging views on remittances-related specific topics and promoting market transparency and competition, both at the EU and partner countries level.
- c. The EU is funding through its external cooperation instruments, flagship initiatives in the field of remittances such as the Financing Facility for Remittances (FFR) and the setting up of the African Institute for Remittances. The Institute set up in Nairobi, will be engaged in data collection, technical research and information sharing. The ongoing EU-funded action "African Postal Financial Services Initiative" aims at enhancing competition in the African remittances market through enabling African post offices to offer financial services.

2. Improve Financial System Infrastructure and Pursue Policies Conducive to Harnessing Emerging Technologies

- a. The EU is working towards a Digital Single Market which will improve access for consumers and businesses to digital goods and services across Europe. The first step is a review of the European Telecom Regulations in 2015. The Digital Single Market Initiative will contribute to an improved digital financial system infrastructure and in particular improved retail payment systems.