

# **NATIONAL REMITTANCE PLAN 2015 JAPAN**

## NATIONAL REMITTANCE PLAN 2015 JAPAN

### Background

In 2010, new legislation called the “Payment Services Act” was enacted in Japan and opened the market of remittance services to non-bank service providers (limited to one million yen of the remittance cost) to promote the provision of remittance services and protection of consumers. As a result, companies such as Western Union started to operate, mainly in major cities of Japan, and the amount of annual transactions by non-bank service providers increased by 24 times from 2010 to 2013.

While this liberalization measure has not been translated into a drastic reduction of the remittance cost yet, we do see a trend of decreasing cost in recent years. For example, the newest research provided by the World Bank (Remittance Prices Worldwide, May 2015) shows that the remittance cost at the first quarter of 2015 is lower than that of the same period of the previous year by about 1%.

Given that the relatively high transaction cost in Japan has mainly been the result of the relative small size of the remittance market due to the relative small number of immigrants and that of related service providers in Japan, the 2010 legislation, together with related measures as explained below, is expected to continue to exert a downward pressure to the cost.

### 2014 Call to Action on Remittances

The Government of Japan will take additional measures to further disseminate the information regarding the “Payment Services Act” (April 2010). These measures will aim at promoting the use by individuals, in particular immigrants, of the new service providers which charge, in general, lower commission than the banks for overseas remittances. Another expected impact is to encourage further entry of service providers into the market. Healthy competition among service providers is expected to bring down the average cost and lead to improved and diversified services that are more user-friendly.

### 2015 Country plan for reducing remittance transfer costs

We will continue to steadily implement the “Payment Services Act” to further promote utilization of non-bank service providers to reduce the cost and improve the remittance services, including consumer protection.

#### 1. Increase Remittance Market Competitiveness

- a. The Government of Japan is committed to further publicizing the liberalization measures under the Payment Services Act, especially toward immigrants living in Japan to stimulate the competition among the service providers to bring down the remittance cost.

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

- a. The Payment Services Act also enabled non-bank service providers to be engaged in remittance transfers services through the Internet and mobile phones.

## **3. Improve Transparency and Consumer Protection of Remittance Transfers**

- a. By the Payment Services Act, customers can receive preferential repayment from non-bank service providers in case they fall into bankruptcy. Also, the Act obliges non-bank service providers to provide customers with necessary information including processing fees, how to calculate exchange rates, and contact points to lodge a complaint. Moreover, in the wake of a dispute concerning financial products and services, it enables consumers to take advantage of “Alternative Dispute Resolution,” which would provide relief measures to consumers through more simplified procedures compared to formal judicial process.