NATIONAL REMITTANCE PLAN 2015
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Background

Russia has an average cost of 2.2 per cent in Q2 2015, 2.82 per cent in Q1 2015 and 2.44 per cent Q4 2014[1], still maintaining the lowest average total cost across G20 countries, comparing to 7.68 per cent the average cost of sending money from G20 countries.

Russia has a unique environment where cross-border remittances are mostly conducted in the same currency and possible additional costs associated with a currency exchange are not widespread.

Main corridors are Uzbekistan, Tadzhikistan, Ukraine, Kirgizia, and Armenia. Remittances are vital for these economies. Kyrgyzstan and Tajikistan, according to the World Bank's calculations, the world's two most remittance-dependent countries, they total the equivalent of 32 percent of Kyrgyzstan's GDP and 42 percent of Tajikistan's, according to the World Bank's most recently available calculation.

Russian market represents different types of Russian and international providers: the biggest volume of remittances goes through such MTO's as Golden Crown, Contact, and Leader. Russian market benefits from relatively low fees charged by the providers, high competition and use of wide range of channels and agents, such as mobile stores, banks offices, and also cashless channels, such as e-wallet, kiosks. But still cash remittances dominate at CIS countries, and especially to Uzbekistan and Tajikistan. At the same time non-cash remittances to CIS countries are still around 4-5 %. Tightening of CDD requirements for person-to-person transfers in 2014 led to the decrease in the use of cashless channels, including mobile phones, as these transactions now require face-to-face CDD. Another reason for the dominance of cash remittances is the fact that some migrants work illegally and are paid in cash.

Russia's Central Bank has released data showing drops as steep as 15 percent in the amount of money transferred by individuals to Central Asia in 2014 versus the year before. But the market players forecast that the volume of remittances in rubles would restore as some migrants come back to Russian labor market and most of the CIS currencies being devalued in 2015.

As remittance costs in Russia are among the lowest in the world, local MTOs indicate that they are approaching the marginal profitability. Further decreases in costs could only be achieved by streamlining legislation and encouraging innovative, cashless channels. It will also increase the security and speed of transactions.

[1] World Bank data.

2014 Call to Action on Remittances

Russia's National Program on improving financial literacy and consumer protection and the National Financial Literacy Strategy helps to maintain the current low cost of transferring remittances by harmonizing regulation, increasing the efficiency of payment systems infrastructure, and fostering innovative low cost products such as digital and mobile payments. These actions complement consumer protection and increased financial literacy and engagement with migrant communities. Additional actions include national awareness campaigns, development of financial literacy materials, counselling on consumer protection and the implementation of pilot projects.

The work on the National Financial Literacy Strategy has been started as well as efforts to develop financial inclusion indicators and policy measures to foster innovative low costs products. The financial literacy leaflets with key information on consumer protection for consumers including migrants are developed and published. The information campaign preparation has been started and the information campaign launch is planned for the autumn of 2015.

2015 Plan for Reducing Remittance Transfer Costs

Russia plans to take additional steps to help maintain the low cost of transferring remittances and improve the availability of remittance services as well as increase transparency and consumer protection of remittances transfers. Among specific actions and policy options are below.

1. Increase Remittance Market Competitiveness

a. Expedite the implementation of the risk-based approach as prescribed by the FATF Recommendations. Introduce differentiated KYC requirements that are commensurate to the level of risk and do not inhibit the provision of basic and innovative financial services. The discussion with regulators will be conducted in 2015 to develop the approach.

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

a. Encourage and facilitate the usage of innovative payment services by making financial instruments easily accessible by all groups of population. A medium-term approach will be taken.

3. Improve Transparency and Consumer Protection of Remittance Transfers

a. Encourage public awareness campaign to boost financial literacy and inclusion of remittance consumers. The campaign will be launched in September, 2015 and last in 2016.