

# **NATIONAL REMITTANCE PLAN 2015 SAUDI ARABIA**

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### Background

The Kingdom of Saudi Arabia attaches great importance on facilitating the flows of remittances. The large remittance flows from Saudi Arabia provide important income flows to developing countries; thus, contributing to poverty reduction and supporting household consumption and investment. Saudi Arabia has already met the target of reducing the average cost of sending remittances to 5 per cent, as committed by G20 leaders in 2011. According to the World Bank Report, Remittance Prices Worldwide, published in June 2015, the average cost of sending remittances from Saudi Arabia is 4.06 per cent in the second quarter of 2015.

Saudi Arabia has taken several initiatives to facilitate the flow of remittances, incorporating relevant factors such as increasing market competitiveness, harnessing emerging technologies, enhancing transparency and promoting consumer protection.

### 2014 Call to Action on Remittances

In 2014, Saudi Arabia responded to the G20 call to action on remittances with some measures, which will be followed and monitored. These measures are as follows:

- The implementation of the Banking Consumer Protection Principles (BCPP), which emphasizes on costumers' rights to have high-quality services, while providing the basis for disclosure, transparency and competitiveness in prices and commissions.
- Holding regular meetings with commercial banks working on remittance services to monitor prices and service quality, as well as to ensure fulfilment of domestic and international requirements.
- Encouraging commercial banks to expand electronic services through their websites.
- Continually reviewing and monitoring prices of remittances and relevant exchange fees to ensure fees are reasonably balanced to customers and to banks.

### 2015 Country plan for reducing remittance transfer costs

#### 1. Increase Remittance Market Competitiveness

- a. The Saudi Arabian Monetary Agency (SAMA) has in place a regulatory framework that is conducive to promote competition in the remittance sector. All major banks in Saudi Arabia have established dedicated remittances centers, which are in addition to branches. These centers have facilitated accessibility, competitiveness and transparency in remittance services. Also, SAMA has facilitated banks to engage third-party service providers to support remittances.

- b. SAMA has elaborated licensing procedures that facilitate the opening of new remittances centers. In order to promote financial inclusion and facilitate customer outreach, SAMA has recently required banks to open at least 20 per cent of their additional branches or remittance centers in small town and rural areas. It has to be mentioned that all remittance centers operate under a well-defined regulatory framework and fully comply with Know-Your-Customer (KYC), Anti-Money Laundering and Combatting Financing of Terrorism (AML/CFT) requirements of SAMA.
- c. SAMA has an effective supervisory framework that provides oversight over Remittance Service Providers (RSPs), ensuring both solvency and AML/CFT supervision of these institutions. SAMA endeavors to strike the right balance between regulation and reliability/efficiency of remittance services.

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

- a. SAMA has put in place a robust retail payments system infrastructure which is linked to the clearing and settlement systems. However, the access to these payment systems is currently confined to banks. SAMA is maintaining the flexibility to determine the eligibility of financial institutions to access retail payment systems since it has the wider responsibility of ensuring creditability and efficiency of such systems.
- b. SAMA encourages banks to use new technology-enabled business models. However, the choice of these models is done by banks in line with their business strategy. SAMA has issued detailed KYC and account opening rules, which not only facilitate customer registration but also meet the AML/CFT requirements.

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

- a. SAMA has put in place an elaborate consumer protection framework to address customers' grievances including those availing remittances services. SAMA has also taken initiatives to boost financial literacy, the scope of which can be expanded to cover remittance transfers.