



Remittance Community Task Force

Remittances in times of crisis:
facing the challenges of COVID-19

Remittances in Crisis: Response Resilience Recovery

BLUEPRINT FOR ACTION

INTERIM REPORT

16 JUNE, 2020 – *DRAFT*

Disclaimer

This report complies with the terms of reference of the Remittance Community Task Force (RCTF). All findings and recommended measures expressed herein are the product of a consultative process among the members of the RCTF. These do not necessarily reflect the views of any particular member institution, governing body or the governments which members represent. Data and information provided are derived from the surveys of international organizations, recent reports and regular updates from government, private sector and civil society channels. All data contained in this report are correct to the best of the RCTF's knowledge at the time of publication. As an interim document, this report has not undergone the review given to official RCTF members' publications.

Remittance Community Task Force Secretariat
International Fund for Agricultural Development
Financial Facility for Remittances



Table of Contents

Abbreviations	2
 A global response	3
 Views from the ground: one billion people and their communities	4
 Remittance service providers	5
 Enabling environment	6
 Blueprint for Action	7
Annex 1. Remittance Community Task Force members	9



Abbreviations

AU	African Union
AML	Anti-money laundering
CDD	Customer due diligence
CFT	Combating the financing of terrorism
COVID-19	Coronavirus disease 2019
CPMI	Committee on Payments and Market Infrastructures
EU	European Union
FATF	Financial Action Task Force
FX	Foreign exchange
GCM	Global Compact for Safe, Orderly and Regular Migration
GFRID	Global Forum on Remittances Investment and Development
GP	General Principles
GSMA	Groupe Special Mobile Association
HLPF	High-Level Political Forum on Sustainable Development
IAMTN	International Association of Money Transfer Networks
ICC	International Chamber of Commerce
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IOM	International Organization for Migration
KYC	Know your customer
LMIC	Low- and lower-middle-income countries
MTO	Money Transfer Operator
NGO	Non-governmental organization
PSP	Payment service provider
RCTF	Remittance Community Task Force
RSP	Remittance Service Provider
SDGs	Sustainable Development Goals
UN	United Nations
UNCDF	UN Capital Development Fund
UNDP	United Nations Development Programme



A global response

On 19 March 2020, the Secretary-General of the United Nations called for an urgent and coordinated response from the international community to address the COVID-19 pandemic. Five days later, the **Remittance Community Task Force (RCTF)** was launched by Global Forum on Remittances, Investment and Development (GFRID) 2020 co-organizers, the International Fund for Agricultural Development (IFAD), the African Union (AU) and the World Bank Group. To date 38 organizations have joined the RCTF, including international organizations, inter-governmental bodies, industry and private sector groups, diaspora networks and international experts on remittances. The RCTF includes a reference group of government representatives and national development agencies found as an annex.¹

The *Blueprint for Action*, developed by the RCTF, is in line with the UN framework for the immediate socio-economic response to COVID19,² including Sustainable Development Goals' (SDG) objective 17 that aims to *Strengthen the means of implementation and revitalize the global partnership for sustainable development*. It is aimed at providing immediate-to-short term measures (6-12 months) in support of Objective 20 of the Global Compact for Safe, Orderly and Regular Migration (GCM)³ that promotes faster, safer and cheaper transfers of remittances and to foster financial inclusion of migrants, and SDG Target 10.c that aims to *reduce to less than 3 per cent the transaction costs of migrant remittances while eliminating remittance corridors with costs higher than 5 per cent by 2030*.

The need for international coordination to sustain the flow of remittances during the COVID-19 crisis is underscored by other initiatives, such as:

- The Financial Action Task Force (FATF) on 1 April 2020 called for “continued implementation of the FATF Standards to facilitate integrity and security of the global payments system during and after the pandemic through legitimate and transparent channels with appropriate levels of risk-based due diligence.”
- World Bank Call to Action on 3 April 2020 outlined a set of actions to support the remittances sector over the near and the medium terms, to accelerate efforts to reduce remittance costs and to help respond to the challenges of widespread unemployment and the plight of migrant communities in host countries.
- Call to Action “Remittances in Crisis: How to Keep them Flowing”, issued on 22 May 2020 by Switzerland and the United Kingdom, with the support of the World Bank (KNOMAD), UNCDF, IOM, UNDP, IAMTN, and ICC. At the time of the launch Egypt, Ecuador, El Salvador, Jamaica, Mexico, Nigeria and Pakistan had already joined the initiative, and several other States and entities have signed up since..
- A non-paper recently submitted by the European Commission to the G-20 Global Partnership for Financial Inclusion.

A High-Level Event on Financing for Development in the Era of COVID-19 and Beyond, convened on 28 May 2020, by the UN Secretary-General, the Prime Minister of Canada, and the Prime Minister of Jamaica which identified key areas of action to reposition the UN Financing for Development Framework in the context of pandemic-related crisis. The initiative aimed to identify financing solutions for responding to this pandemic. Proposals for concrete action will be presented at a Ministerial event at the July 2020 High-Level Political Forum on Sustainable Development (HLPF), with continued actions leading up to the General Assembly session in September and December 2020.

1 <https://familyremittances.org/idfr-2020/the-remittance-community-task-force/>

2 UN Sustainable Development Group, 2020. [A UN framework for immediate socio-economic response to covid-19](#)

3 https://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/73/195



This **Blueprint for Action**, developed as a collaborative effort of RCTF members, showcases measures to help spur the recovery and the resilience of one billion people: 200 million migrants who send money home – half of them women – and their 800 million family members in low- and lower-middle-income countries (LMIC), who rely on remittances.

The report presents the reality of both remittance senders in host countries and their families LMICs, and examines the impact of the crisis from the perspective of service providers. This report also addresses the policy and regulatory challenges that must be tackled to improve the resilience of remittance markets in the face of external shocks, along with the actions to be taken by the remittance service providers (RSPs) and other relevant stakeholders. The final section includes a preliminary set of immediate and short-term measures to be considered by public authorities, the private sector and civil society as part of their collective efforts to facilitate fast, cheap and safe remittance flows during the post-COVID-19 crisis and its aftermath. The measures in this interim report are organized following the Committee on Payments and Market Infrastructures (CPMI)-World Bank General Principles for International Remittances.⁴

This interim report is an extract of the upcoming RCTF final report to be released in July 2020.

A Views from the ground: One billion people and their communities

In only a few months COVID-19 has changed the world. Governments everywhere have responded with a mix of policies to contain the pandemic, ranging from quarantines to the closure of borders and businesses. As economies have shut down, tens of millions of jobs have been lost, some perhaps permanently. According to the International Labour Organization (ILO), as of mid-May 2020, “estimates indicate that working hours will decline in the current quarter (Q2) by around 10.7 per cent relative to the last quarter of 2019, which is equivalent to 305 million full-time jobs”⁵.

Migrant workers are among the most directly affected by the economic fallout of this crisis. There are several reasons for this: (i) they deliver needed skills and provide essential services to important economic sectors, such as construction, hospitality, healthcare, tourism, food, agribusiness, transport and domestic and care work; (ii) the majority of migrant workers are from LMICs and must continue working to support themselves and their family members, by sending remittances home on a regular basis; (iii) most host-country governments primary focus has been to help their own citizens with stimulus packages, unemployment assistance and related payments, which have not necessarily reached migrant workers who often lack unemployment benefits; and (iv) many migrant workers remain stranded in host countries due to lockdowns, while their own country governments are unable to repatriate them because transport is not yet normalized in all countries.

This also has implications for the families of migrant workers who receive remittances. For instance, in 2019 the remittances industry reached US\$554 billion in transfers to LMICs. However, the impact of COVID-19 is expected to cause the sharpest decline in remittances flows in history, falling by 20 percent in 2020 to US\$445 billion, as indicated by a recent World Bank forecast⁶.

Past remittance flows have been relatively resilient to external shocks. But COVID-19 is different. It

4 CPSS and the World Bank (2007). General Principles for International Remittance Services. Bank for International Settlements: Basel, Switzerland.

5 ILO, 2020. ILO Monitor: COVID-19 and the world of work. https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_745963.pdf

6 World Bank, April 2020. *-Covid-19 Crisis through a Migration Lens*, World Bank: Washington, DC.



is global in nature and affects both sending and receiving countries simultaneously, depriving many migrant workers of their main source of income and economic lifelines to many receiving households. Overall, the World Bank estimates that COVID-19 will propel 40 and 60 million people into extreme poverty⁷. Many of these may be migrant family members back home.

A sharp decrease in remittance flows to households threatens decades of progress made on Sustainable Development Goals (SDGs)⁸, including poverty reduction, income inequality, nutrition, health and education. At the national level, the macroeconomic impact on remittance-dependent countries in terms of foreign exchange reserves, exchange rate impacts and other economy-wide effects is likely to be substantial.

B Remittance service providers

The continuity of remittances services has been impacted by the crisis, contributing to a declining trend in total remittance flows. Since the beginning of lockdown, many non-bank remittance service providers (RSPs)⁹ in sending and receiving countries have not been deemed to be “essential” by several governments¹⁰.

The World Bank¹¹ initiated a weekly pulse survey and data report on the international remittance markets in early April 2020. This included bi-weekly monitoring of remittance prices for 30 corridors. A key finding of the survey is a slight decrease in overall remittance transfer costs since the start of the lockdown. However, the average global cost of sending remittances (6.79 percent in Q1 in 2020) continues to be above the 5 per cent commitment of SDG 10c and GCM’s objective 20.

In the wake of COVID-19, several RSPs reduced their fees. During this period foreign exchange (FX) margins also declined on average. Liquidity management and rebalancing issues are additional challenges for RSPs that are continuing to operate on reduced hours. This has been particularly serious for remote rural agents, especially in certain African countries, as compared with other touch points, such as banks and e-money distributors.

Nonetheless, RSPs are taking proactive steps to ensure service continuity. Both RSPs and public authorities play a vital role in ensuring service availability for senders and receivers¹². The temporary closure of many physical sending and receiving locations has further increased the use of digital financial services from the 33 per cent as reported by GSMA for 2019¹³. For instance, MoneyGram¹⁴ increased digital transactions by 57 per cent year-on-year and Western Union reports an increase of 21 per cent in digital transactions in Q1 2020¹⁵. Digital MTOs also report a surge in new customers using their services. For example, new customer registrations by Azimo increased by 105 percent in April 2020¹⁶.

7 World Bank, April 20, 2020. <https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest>

8 IFAD, 2017. [Sending Money Home: Contributing to the SDGs one family at a time](#)

9 In this document, non-bank RSPs refer to money transfer operators (MTOs), mobile money service providers, FinTechs and certain postal operators.

10 World Bank, April 2020. [Migration and Development Brief 32- Covid-19 Crisis through a Migration Lens](#), Page 10. World Bank: Washington, DC.

11 World Bank (2020). RPW Special issue on COVID-19. <http://remittanceprices.worldbank.org>

12 The role of RSPs in implementing the General Principles (GPs) for International Remittances is an important one, in that they should offer remittance services that are competitive and meet the needs of their customers. In doing so, they have the responsibility to comply with applicable laws and regulations, including AML/CFT requirements, and apply appropriate governance and risk management procedures.

13 <https://www.gsma.com/sotir/wp-content/uploads/2020/03/GSMA-State-of-the-Industry-Report-on-Mobile-Money-2019-Full-Report.pdf>

14 <https://eng.ambcrypto.com/moneygram-notes-growing-digital-remittances-as-walk-in-gets-difficult/>

15 http://ir.westernunion.com/files/doc_financials/2020/q1/WU-Q1-2020-Earnings-Release-Final.pdf

16 According to Azimo’s spokesperson to this RCTF



Many RSPs are changing their operating models as market conditions evolve. In addition to the push for digital solutions, RSPs are focusing on the health and safety concerns of employees and customers. These included reducing or waiving fees, educating customers on digital services, using alternative methods for customer due diligence (CDD), developing new products, creating loyalty incentives and opening new digital corridors¹⁷.

Digital adoption is not a quick solution and will require the strengthening of digital ecosystems in receiving countries. Moreover, without the right measures in place there is the risk of a digital divide that could exclude traditionally unbanked and poor segments, including women, the elderly and the rural population. Yet overall, expanding digital access should lower average costs, promote broader financial inclusion, savings, efficiency and greater investment of remittances.

c Enabling environment

COVID-19 has prompted quick action by public authorities and emphasized their critical role in crafting policies and regulations to mitigate the risks posed by this crisis. These measures are vital to ensuring the business continuity of service providers, particularly those that are cash-based.

The current crisis reveals long-standing policy and regulatory issues that must be addressed to improve the future resilience of remittance markets. This pandemic also exposes key constraints to the implementation of commitments outlined in objective 20 of the GCM, relating to enabling policies for competition and innovation on the remittance market.

In-person and cash-based remittances channels have been severely impacted by this crisis. RSPs that have not embraced digital services solutions, customers that lack transaction accounts and access to digital remittance services, and countries without interfaces between digital RSPs and domestic payment infrastructures have all been negatively impacted during this pandemic.

Consequently, interest is growing rapidly in remote and digital means of sending and receiving remittances. Various policy and regulatory issues related to the impact of COVID-19 will necessitate further attention in order to improve the enabling environment in both sending and receiving countries. These should restore in-person and cash-based remittance channels, while also facilitating a shift to digital remittance channels. Several factors must first be addressed to achieve these ends.

First, easy to understand materials are needed that provide information to customers on reliable, alternative channels when preferred options are not available. Second, measures should ensure that customers are protected against fraudulent activities and data breaches. Third, CDD requirements should be simplified for low risk accounts. These should be based on robust risk assessment to enable remittance senders and their families to open transaction accounts. Fourth, remittances markets should be opened to new business models, entrants and promote services from existing payment service providers (PSPs) that offer digital solutions. This will catalyse a rapid shift from cash-based to digital remittance channels. Finally, efforts should continue to monitor the “de-risking” phenomenon that is affecting the remittances market.

¹⁷ The latter two measures are linked to GP 1 and GP 4



D Blueprint for Action

This Blueprint for Action addresses the challenges faced by migrants sending remittances as well as their family members receiving them in their communities. Crisis-response measures can be improved through better regulations, business practices and changes in customer behaviour. There are several measures that public authorities, service providers and civil society organizations should prioritize to build resilience in remittance families. These support the efforts of public authorities and other stakeholders to ensure service continuity and access to remittances for those who rely on them the most.

The proposed set of measures below are the outcome of a consultative process among participants of the RCTF and do not represent a formal endorsement by any participating organisation. These measures for immediate to short-term actions are presented for the consideration of public authorities and for remittance stakeholders. The RCTF will continue to define recommended measures for action and reference observed practices in order to inform a roadmap for implementation.

Measures	Responsibility
Immediate Relief Measures	
1 Declare remittance services as essential services during lock-downs	Public sector authorities
2 Consider extending financial relief measures to eligible RSPs to assist with crisis-induced credit and liquidity risks	Public sector authorities
3 Consider temporary relaxation of transaction and balance limits if they hamper the usage of specific categories of transaction accounts that could be used to initiate and receive remittances	Public sector authorities
4 Strengthen existing efforts to support the global commitment of reducing the costs of remittances	Public sector authorities, RSPs, diaspora groups and international organizations
5 Collaborate in host and home countries to gather data on the needs of remittance families and disseminate information that would enable them to make informed choices about the use of remittances and remittances-linked services	Public sector authorities and diaspora groups
6 Institute temporary reduction of waiver of taxes on remittance transactions	Public sector authorities
7 Promote current or new public-private working groups at the national level to improve awareness and preparedness	Public sector authorities, RSPs, diaspora groups, international organizations and NGOs
8 Develop business continuity plans while ensuring safety of staff and customers	RSPs
9 Incentivize the use of existing digital remittance products through targeted, time-bound offers	RSPs
...	



...	Measures	Responsibility
General Principle 1: Transparency and Consumer Protection		
10	Make information on cost of sending and receiving remittances easily accessible and in understandable forms	Public sector authorities and RSPs
11	Support immediate inclusion of remittance families in gender-sensitive financial and digital education programs in sending and receiving countries	Public sector authorities, RSPs, other financial service providers
12	Promote the collection and dissemination of national data on the remittance market to improve resilience in times of crisis	Public sector authorities, RSPs, Diaspora groups, International organizations and NGOs
General Principle 2: Payment System Infrastructure		
13	Encourage use of digital channels, for sending and receiving remittances and meeting their other payment needs	Public sector authorities
General Principle 3: Legal and Regulatory Environment		
14	Review and eliminate unnecessary stringencies in customer due diligence (CDD) regime, and contemplate simplified CDD mechanisms for transactions and account opening, under existing AML/CFT standards	Public sector authorities
15	Enable remote identification, verification, under existing AML/CFT standards	Public sector authorities and RSPs
General Principle 4: Market Structure and Competition		
16	Enable easier entry of new business models, new entrants, and existing PSPs to the remittances market	Public sector authorities
17	Ensure access criteria to domestic payment systems infrastructure for non-bank remittance service providers is fair, transparent and risk-based.	Public sector authorities
18	Develop and encourage emergency remittance-related savings, loans and insurance.	RSPs
General Principle 5: Governance and Risk Management		
19	Provide additional guidance to banks on compliance requirements, including for RSPs as account holders, to assess exposure to Money Laundering and Terrorist Financing risks in order to create greater availability of banking services to RSPs	Public sector authorities



Annex 1: Remittance Community Task Force Members

Diaspora organizations:

Africa-Europe Diaspora Development Platform – [ADEPT](#)
African Diaspora Network in Europe – [ADNE](#)

Inter-governmental organizations:

African Union (AU), African Institute for Remittances – [AIR](#)
Financial Action Task Force – [FATF](#)

International organizations:

Making Finance Work for Africa – [MFW4A](#)
International Fund for Agricultural Development – [IFAD](#), Financing Facility for Remittances [FFR](#)
International Organization for Migration – [IOM](#)
United Nations Capital Development Fund – [UNCDF](#)
United Nations Economic and Social Commission for Western Asia – [UN ESCWA](#)
United Nations Entity for Gender Equality and the Empowerment of Women – [UN Women](#)
Universal Postal Union – [UPU](#)
World Bank Group – [WBG](#)

Non-profit organizations:

Financial Sector Deepening Africa – [FSD Africa](#)

Private sector entities:

[Azimo](#)
[Cosmo Element](#)
Global System for Mobile Communications – [GSMA](#)
[Hello Paisa](#)
International Association of Money Transfer Network – [IAMTN](#)
International Money Transfer, Remittances & Cross-Border Payments Conferences – [IMTC](#)
[NOVI](#)
[TransferWise](#)
[WorldRemit](#)
World Savings and Retail Banking Institute – [WSBI](#)
Western Union – [WU](#)



Research organizations:

Centro de Estudios Migratorios Latinoamericanos – [CEMLA](#)

Centre for Studies in International Politics – [CeSPI](#)

Centre for Financial Regulation and Inclusion – [CENFRI](#)

Developing Markets Association Ltd – [DMAG](#)

FinMark Trust – [FMT](#)

Red Mangrove Development Advisors – [RMDA](#)

Inter-American Dialogue – [The Dialogue](#)

*The **Reference group** members that have been following the process and providing guidance to technical teams are:*

The Spanish Agency for International Development Cooperation – [AECID](#)

The French Development Agency – [AFD](#)

Italian Agency for Cooperation and Development – [AICS](#)

UK's Department for International Development – [DFID](#)

European Commission

– Directorate General for International Cooperation and Development – [DEVCO](#)

– Directorate General for Economic and Financial Affairs – [ECFIN](#)

– Directorate-General for Financial Stability, Financial Services and Capital Markets Union – [FISMA](#)

Deutsche Gesellschaft für Internationale Zusammenarbeit – [GIZ](#)

Swiss Agency for Development and Cooperation – [SDC](#)

Remittance Community Task Force Secretariat
International Fund for Agricultural Development
Financing Facility for Remittances
Via Paolo di Dono, 44 - 00142 Rome, Italy

✉ RemittancesTF19@ifad.org

🌐 ifad.org/remittances

🐦 [@ffremittances](https://twitter.com/ffremittances)

RCTF SECRETARIAT FUNDED BY

