

Catalyzing policy change on payments systems issues and policies through international partnerships.

International remittance transfers are *cross-border person-to-person payments of relatively low value*. In practice the transfers are typically recurrent payments by migrant workers. But while there are well established policies and principles applied to payments systems and its use, broad awareness of the impact of remittances on the application of these policies has been limited. One of the important means to raise such awareness was through discussions of such policies at the international level, in particular through our participation in the Bank for International Settlements' Committee for Payment and Settlement Systems (CPSS).

In 2004, the CPSS requested the Bank to co-chair the Task Force to establish General Principles of universal applicability identifying the features and functions that should be satisfied by remittance systems, providers and financial intermediaries, including the need for international policy coordination. The General Principles cover areas such as transparency and consumer protection, payment system infrastructure, legal and regulatory environment, market structure and competition, and governance and risk management. The Report also identifies what the role of the remittance service providers and authorities should be to achieve the public policy objective of a safe and efficient market for remittance services.

In parallel with the finalization of the General Principles, which was published in March 2006, the Bank is developing, together with other international financial institutions (IFIs), a Guidance Report with detailed guidelines and actions for the implementation of the General Principles. Remittance systems in sending and receiving countries will then be assessed against this framework.

The Bank plans to be involved in these assessments together with other development banks, the IMF and authorities of sending & receiving countries (pilots to begin in 2006). In this effort, the Bank will benefit from the experience accrued from the corridor studies (see below), which will be expanded to evaluate the situation of the assessed country more globally, i.e. vis-à-vis all relevant sources/destinations of remittances.

The Bank, in cooperation with other IFIs, will also support the implementation of policy recommendations and action points that stem from these assessments. In this regard, any necessary actions will be integrated in the context of the reform of the national payment system, which in many countries the Bank is supporting or has supported in the past. The Bank has supported payment system reforms in 70+ countries over the past 12 years and, in many of these countries, has already created the preconditions for an enhancement of the efficiency in the provision of remittances through better retail payment systems and more effective payment system oversight.

Available tools to foster the dialogue within the country and among countries include the Regional Initiatives in Payment Systems (Western Hemisphere Payments and Securities Settlement Forum, Arab Payments Initiative, CIS Payments Initiative), FSAPs, etc.