



Remittances and Payments Program (RPP)

Making remittances payments cheaper, safer and more convenient

The flow of funds from migrant workers back to their families in their home country is an important source of income in many developing economies. However, to this day the transfer of remittances is often inefficient, costly and non-transparent. The SECO co-funded RPP makes remittances payment options transparent and contributes to reducing costs and hurdles to remittance payments.

Rationale

Remittances to developing countries are projected to grow by 4.8 percent to \$450 billion for 2017. For countries in Europe and Central Asia, remittances are expected to grow to \$43 billion. Remittances are in many countries the largest source of external financing (e.g. Tajikistan) and, albeit subject to host country conditions and policies, the flow of remittances is remarkably stable. Despite the magnitude of remittances flows, transfers often remain expensive and lack transparency. Inadequate legal and regulatory frameworks are at the heart of many of these problems. In addition, inefficient payments systems infrastructures often cause excessive costs.

At the same time, many recipients depend on remittances to cover day-to-day living expenses, to provide a cushion against emergencies or, in some cases, as funding for small investments. This program provides technical assistance to SECO partner countries in order to deal with these issues and to promote private sector solutions and new products for remittances transfers.

Objective and scope

The program aims to reduce the cost of sending remittances as well as to increase the percentage of remittances that is operated through formal channels and to extend basic financial services to formerly "unbanked" populations. This includes:

- Improvements to the legal and regulatory frameworks relevant for remittances payments;
- Increased competition in the remittances market;
- Increased efficiency of clearing and settlement systems among operators in the country;
- Increased usage of electronic payment systems;
- Introduction of new products for payment and remittances services;
- Improvement in knowledge of remittances mechanisms among migrants and recipients of remittances, and;
- Increased level of financial inclusion.

Country/region

Eastern Europe and
Central Asia

Executing agency

World Bank Group

Duration

2015-2019 (Phase I)

Total budget

USD 12'000'000

SECO contribution

CHF 6'000'000



WORLD BANK GROUP

The Program is currently active in five countries of the Europe and Central Asia region: Serbia, Bosnia and Herzegovina, Albania, Kosovo and Ukraine.

Key outputs

Technical assistance to relevant authorities to bring the legal framework and regulation of remittances payments into alignment with the General Principles for International Remittances Services;

- Technical assistance to ensure that public policies regarding payment systems infrastructure are aligned with the General Principles for International Remittances Services;
- Support for awareness raising campaigns on costs and opportunities of remittances targeting families of migrants receiving funds from abroad.

Results so far

As of January 2018, the program achieved a number of important results, including:

- Assessments of national markets for remittances against global good practices concluded in all five program countries;
- Roadmaps to reforms of the remittances sector finalized in three partner countries;
- Various key-stakeholder sensitization activities completed;
- Expansion of the coverage of the Remittance Prices Worldwide database to 365 corridors (remittances payments channels). 58 corridors have destination countries inside the Eastern Europe and Central Asia region, providing a comprehensive picture of the cost of sending money to the region – see <http://remittanceprices.worldbank.org>;
- The average cost of remittance services to the five program countries is recorded at 7.97 percent, a decrease compared to 8.12 percent in Q4 2016.

Further information and contact details

Website:

www.worldbank.org/en/topic/financialinclusion/overview / <http://remittanceprices.worldbank.org>

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