



Migrant Remittances and Economic Development

Lecture 13

SIPA U8159

Tuesdays 4:10 pm – 6:00 pm

IAB 410

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Remittances and Institutions

Identify institutional stakeholders

private sector – governments - civil society

Highlight features of the remittance market

organization – prices – products - trends

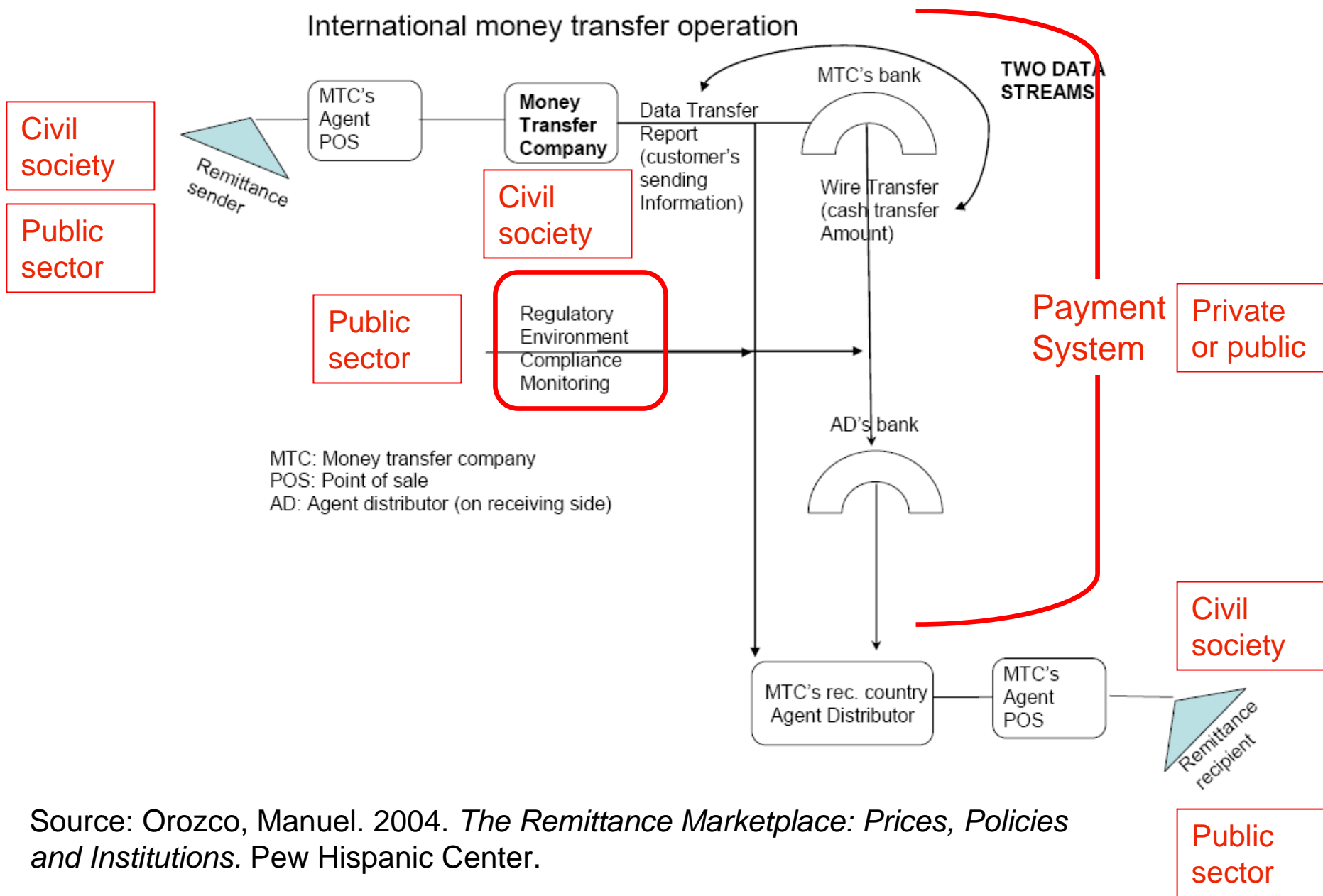
Address 1st generation responses/reforms

data - regulation - formalization

Look at evolving 2nd generation responses

expansion of pro-poor financial services

Figure 1: Structure of an international money transfer operation



Source: Orozco, Manuel. 2004. *The Remittance Marketplace: Prices, Policies and Institutions*. Pew Hispanic Center.

Public sector strengths in recommendations

Lower prices – fair and non-discriminatory

**Improve regulation – competition,
transparency**

Improve data – who, where, how much

Encourage inclusion – welcome for low income

Bank the unbanked – integrated services

Use technology – tools for lowering costs

**No taxes – discriminatory, counter-
productive**

Alliances – a means for delivering new svcs.

General Principles for Intl. Remittance Svcs

I.	The Market for Remittances should be Transparent and have adequate Consumer Protection
II.	Improvements to Payment System infrastructure that have the potential to increase the efficiency of remittance market should be encourage
III.	Remittance Services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework
IV.	Competitive market conditions , including appropriate access to payment infrastructures, should be fostered
V.	Remittance Services should be supported by appropriate governance and risk management practices.

Public sector: data issues

Most countries underestimate remittances

Coverage of instruments is low

Rare counting of informal transfers

Difficult to determine what is family remittance

Few know how many tx's or where from

Important questions about definitions

Public sector: regulation/supervision

Anti-money laundering, counter-terrorist financing

Little supervision of institutions involved

Possible to undermine by over-regulation

Difficult to ensure consumer protection

Major issues:

- Minimum registration and reporting

- Information about price, time to delivery

- Regulatory harmonization across jurisdictions

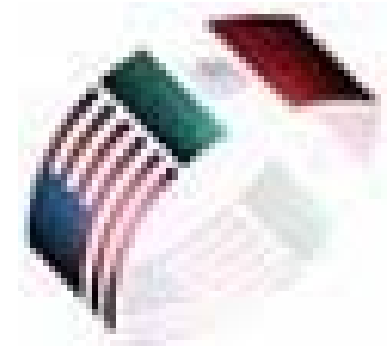
- Level playing field for participants

- Taxation of money transfers

- Desirability of foreign currency transfers

Public sector: information/financial ed.

Coordination between sending and receiving

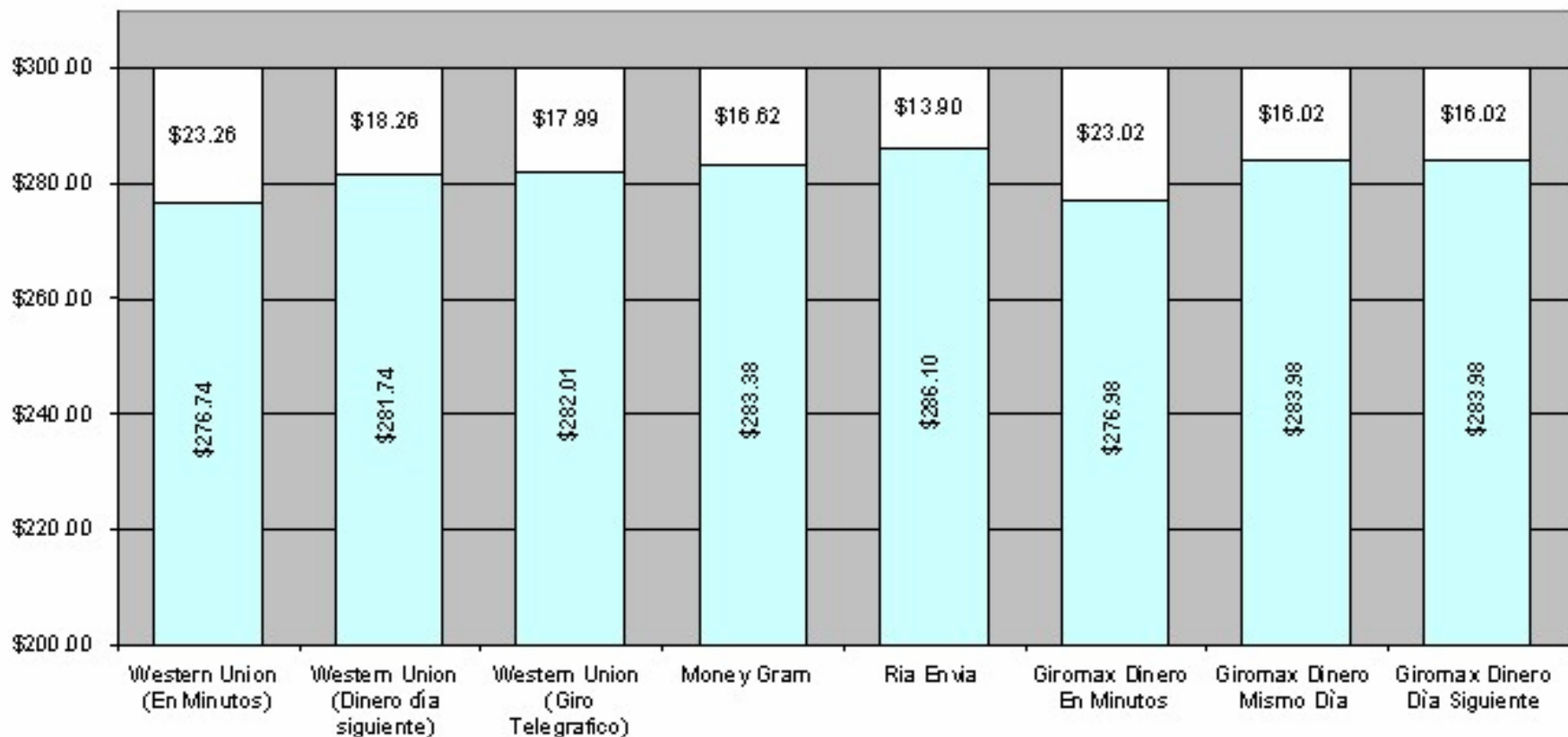


Disseminate information about remitting



Mechanisms to expand options

Increased information to enhance competition



Nota: Todas las cantidades están en Dólares Americanos

Costo total
del envío

Dólares
recibidos

Public sector: financial infrastructure



Clearing and settlement systems

National savings banks



Postal services

Alternative networks



Non-bank financial institutions

Public sector: cross-border alliances

Few countries w/ active dialogue w/ sending side

Table 4. Policy Dialogue between Authorities in Sending and Recipient Countries

Sending Country	Recipient Country	Topics of Bilateral Policy Dialogue
USA	Philippines	<ul style="list-style-type: none">• Memorandum of Understanding to reduce fees• Improve connectivity of payment systems
USA	Mexico	<ul style="list-style-type: none">• Connectivity of payment systems• Recognition of “matricula consular”
USA	Colombia	<ul style="list-style-type: none">• Access to bank services to migrants
Germany	Turkey	<ul style="list-style-type: none">• Taxation issues
Canada	India	<ul style="list-style-type: none">• Cooperation to reduce remittance fees