

AGENDA ITEM 9

Paper for the Fourth Meeting of the Advisory Group on APEC Financial System Capacity Building, Wednesday, 3rd August 2005 9.00-12.00

Report on APEC Policy Dialogue on Remittances

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This Policy Dialogue is a follow-up from last year's APEC Symposium in Tokyo, to discuss the role of the private sector in the remittances industry. It was coorganized by APEC FMM, ABAC, with technical support from ADB and the World Bank, from May 26-27, 2005, in Bangkok. The meeting was attended by 124 participants from both inside and outside APEC economies, comprising of policy makers, researchers, remittance industry analysts and private sector entity. The objective of the Policy Dialogue is to strengthen formal sector remittance channels, create incentives for customers, and improve the environment for the provision of cost-effective and accessible remittance services, in order to shift from informal to formal systems. Topics of discussion include an Overview of Remittance Systems, Diversification of Remittance Products, the Role of Technology in Improving Access of Payment Systems by Pro-poor Financial Service Providers, Market Incentives, and the Role of Government in Creating a Sound and Competitive Remittance Industry Environment.

The Policy Dialogue provided an extremely good opportunity for FSPs to share valuable experiences on successful ways to shift from informal to formal system. It was also reiterated at the meeting that, while the participants recognized the need to monitor the financial flow to prevent anti-terrorism financing and anti-money laundering, regulators should carefully balance compliance and cost reduction objectives. An overly regulated system will simply drive the remittance industry underground, defeating the purpose of this Policy Dialogue.

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Recommendation

- note this report and consider how ABAC/PECC should usefully contribute, and perhaps find a business champion, in support of APEC's on-going work on remittances