
IOM STATEMENT ON THE INTERNATIONAL DAY OF FAMILY REMITTANCES

The hard-earned money that migrants send every day to their loved ones back home represents a vital economic lifeline for millions of struggling families around the world. These remittances improve standards of living in countless ways and help to make vulnerable communities more resilient to shocks, such as economic downturns and natural and man-made disasters. Remittances increase household income and pay for basic needs such as food, education, housing and medical services. The global scale of remittances is staggering. The World Bank estimates that worldwide remittance flows exceeded \$601 billion in 2015, with developing countries estimated to receive about \$441 of this total figure. With the number of international migrants expected to rise, a global increase in the amount of money remitted is likely to follow.

Recognizing the many potential benefits of remittances for those who receive them, IOM is pleased to support the International Day of Family Remittances, proclaimed by the International Fund for Agricultural Development (IFAD) on 16 June. IOM's key messages for the day focus upon positively shaping the way in which remittances are earned, sent and used:

1) Reducing Remittance Costs and Improving Data

Remittance transfer costs remain high, particularly between countries in the global South. Intra-African transfers are the most expensive, with transfer costs exceeding 20 per cent in some cases, compared to five per cent or below in some remittance corridors between the Gulf and countries in South Asia. Many migrants resort to informal channels to send money, rather than banks or authorised money transfer operators, because they are cheaper or more convenient.

Migrants who send money home need more accurate information on the remittance services available to them and their respective costs. Strategic partnerships are required to develop complex methodologies and datasets on real-time remittance costs. IOM seeks to combine its knowledge of migration and remittances with the different but complementary expertise of other organizations, including the private sector, to enable improved money transfer service provision including through mobile technologies or postal services. One of these initiatives is Tawipay's innovative remittances prices comparison website, as well as their project of Global Remittances Observatory which seek to gather this data and inform the public on remittance prices and trends. The new Sustainable Development Goals have set a limit for transfer costs and this type of tool will be vital in monitoring the achievement of this target. IOM is also working with the Universal Postal Union in Burundi to help post offices become competitive remittance transfer agents.

Headquarters:

Tel.: +41.22.717 91 11 – Fax: +41.22.798 61 50 – E-mail: hq@iom.int – Website: www.iom.int

2) Improving access to remittance services as part of financial inclusion

Financial education initiatives for migrant workers and recipient households play a valuable role offering options to senders and recipients of low-cost transfer options. They also enable them to use the remittances most effectively for the benefit of their families and their communities of origin. Migrants who send and receive money need to have effective access to affordable and sustainable financial services from reliable and formal providers. This involves making financial systems more inclusive and responsive to the needs of different groups. IOM advocates the improvement of access to duly regulated, reliable and efficient financial services and products, for improved financial infrastructure, and for financial literacy opportunities for remittance senders and recipients.

3) Working together in multi-stakeholder approaches

Remittances cut across sectors from migration and development to banking, money transfer, finance and telecommunications. Making improvements to the ways in which remittances are earned, sent and used requires a concerted, collaborative effort between governments, regulatory bodies, the private sector and the international community. Governments have a particularly important role to play by promoting policies and programmes that create enabling regulatory environments for the low-cost transfer of remittances. Large financial institutions can also help ensure that smaller operators can provide low cost transfer options in a variety of migration corridors.

4) Improving the conditions under which remittances are earned

In addition to high transfer costs, we should also be working towards reducing the high social costs migrant workers face in sending money home, such as poor working and living conditions. The remittances that they send to their loved ones are often a significant proportion of their earnings. We should not forget the commitments that we have made as an international community under the Sustainable Development Goals to improving the conditions that migrant workers face both along the migration journey and at work. Employers and governments have a role to play in reducing these social costs, to ensure that remittances are earned under fairer conditions.

IOM is at one with the international community in celebrating the International Day of Family Remittances as an opportunity to recognize the contributions of migrants globally, and to strengthen current partnerships to promote the development impact of remittances worldwide.