September 2021

Lowering Remittance Costs:

Can G20 sending countries achieve the UN goal of 3% costs by 2030?

About this report

Improving international payments has already been a focus of the G20 under the previous Saudi Arabian G20 presidency, along with the landmark Financial Stability Board report on Enhancing Cross-border Payments.

Going into 2021, the continued COVID-19 health and economic crisis has magnified the importance of cross-border payments, notably remittances. Now more than ever, low- and middle-income communities rely on money sent home from friends and family abroad, with remittance flows now surpassing average foreign direct investment. At the same time, the United Nations Sustainable Development Goal 10c aims to reduce the average cost of remittances to less than 3% by 2030. Are governments on their way to achieving this goal and effectively reducing these costs?

The G20 countries include several of the major remittance sending countries in the world: **Australia, Brazil, Canada, France, Germany, Italy, Japan, Russia, Saudi Arabia, South Africa, South Korea, the United Kingdom and the United States**. Those 13 are considered "remittance sending countries."

This report takes a closer look at their progress towards lowering costs in line with the UN Sustainable Development Goal of 3% or less by 2030.

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Foreword by Kristo Käärmann

Eleven years ago, my co-founder and I started a company out of sheer frustration. Wise was born because sending money abroad is expensive, slow and riddled with hidden fees. Remittances – sending money to friends and family abroad – are no exception. They are confusing and often require complex calculations to figure out what you're actually being charged. While global momentum for transparency may indicate (regulatory) change, our analysis shows that most G20 countries don't practice what they preach.

Most of the so-called sending countries (countries from which remittances flow to lower and middle income countries) of the G20 are set to miss the United Nations' Sustainable Development Goal (SDG) 10c of lowering remittance prices to below 3% by 2030. Despite improvements over the last decade, consumers are mostly in the dark about how much it costs to send money abroad. That's because providers can claim 'zero fees', '0% commission' or 'best rates', when the reality is often very different.

The cost of sending money abroad includes two parts: often there's an upfront fee – the one communicated to customers – and a foreign exchange margin, a cost that isn't communicated as it's hidden in inflated exchange rates. It's that hidden fee that often makes up the bulk of the cost and contributes significantly to the fact that most major G20 countries aren't anywhere near reaching the 3% target.

As the World Bank has previously stated, "the single most important factor leading to high remittance prices is a lack of transparency in the market." The global average cost of a $200 transfer remittance remains painfully high at 6.38%. Unfortunately, in the G20 sending countries – some the biggest economies in the world – it's even higher at 6.5%. That's more than double the 3% target. Importantly, the G20 have only been able to reduce that cost by 1 percentage point since the target was introduced six years ago.

What will it take to reduce the cost of remittances to less than 3% by 2030? I believe that the world can achieve this target by eliminating hidden fees, which keep prices unnecessarily high for the one billion people making international payments. The G20 sending countries should set an example and commit themselves to increased transparency.

International guidance is already making this case: The Global Remittance Task Force, formed at the start of the COVID-19 pandemic following a call to action from the UN Secretary-General, published policy recommendations, which included transparent pricing, calling for "the total cost (e.g. fees at both ends, foreign exchange rate margins) disclosed in a single upfront amount" as an industry best practice and a suggested requirement for governments.

The future of affordable remittances and achieving the UN SDG depends on transparency. 'Total cost' pricing allows consumers to understand the true cost of sending money abroad and shop around, as they can accurately compare prices. As part of the annual G20 summit in Italy, Governments should commit to tangible action to deliver on this goal.

Kristo Käärmann,
CEO and Co-founder of Wise

Expert commentary by Sandra Sequeira

In 2019, 272 million people migrated across borders, doubling the figures observed in 1990. These migrants were sending close to USD 714 billion in remittances to their friends and relatives back home, which corresponds to approximately 1% of global GDP. This figure surpassed the sum of foreign direct investment flows and overseas development aid that year.

Remittances are critical to finance education and health, to support businesses and other forms of employment, and to allow families exposed to income shocks in low-income settings to smooth their consumption across time. In some countries, remittances can represent an important portion of financial inflows that contribute to macroeconomic stability, and consequently, to increased investment and economic growth. In fact, in countries like Nepal, El Salvador or Somalia, remittances can exceed 20% of GDP.

The COVID-19 pandemic has disrupted the global economy but despite the initial projections, remittance flows remained fairly resilient through 2020. In reality, remittances to low and middle income countries in 2020 came up just 1.6% below the 2019 figure (USD 548 billion), compared to the 30% collapse of Foreign Direct Investments (FDI) flows in 2020. As global economic growth is expected to rebound in 2022, remittance flows are likely to significantly increase.

A critical constraint to the growth of remittances is the cost associated with sending money across borders. The global average cost of remittances remains high at 6.5%, which is more than double the Sustainable Development Goals target of 3%. Remittance costs vary significantly across and within regions with the highest costs associated with remittances sent to Sub-Saharan Africa (8.2% though within Africa costs may come up to 20%), followed closely by South Asia (5.9%) and South America (5.6%). While some remittance costs decreased between 2010-2015, this reduction has plateaued in recent years. If we look at G20 migrants alone, they have spent over $200 billion on remittance fees in the last decade.

Fees remain high in part due to the market power of players involved in international transfers from central banks to source and destination banks, and to limited consumer awareness of both the available competition and of the actual magnitude of the fees they are paying.

Mobile money and blockchain technology hold potential to disrupt the market for remittances by reducing the number of participants involved and by increasing competition for international payments. Similarly, investments in consumer awareness can pay off, as users become more familiarized with the cost spread across different intermediaries in the market today and more aware of shrouded costs.

G20 countries are well placed to provide the regulatory framework that enables cost-cutting technology firms to help increase competition in the market for international payments and to increase consumer awareness. This suggests that despite recent trends, the goal of reducing the cost of remittances and bringing it closer to the global commitment in the SDGs is well within reach.

Dr Sandra Sequeira (PhD)
Associate Professor of Development Economics
London School of Economics

Overview

$215bn

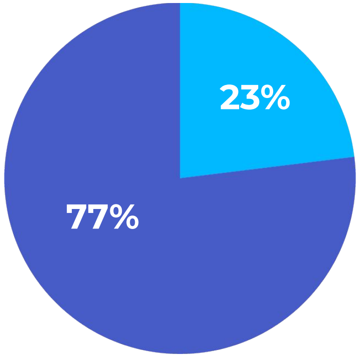
...is the total estimated amount of outflows from the 13 G20 sending countries in 2021 of which...

$11.5bn

will be paid in fees.

$5bn

...could be saved if the UN SDG would have been met this year.



Countries not on track to reach UN SDG

Countries on track to reach UN SDG

6.5%

is the average cost in Q1.2021

3%

Is the 2030 goal

Since 2015, the average cost to send money has decreased by only

1 percentage point

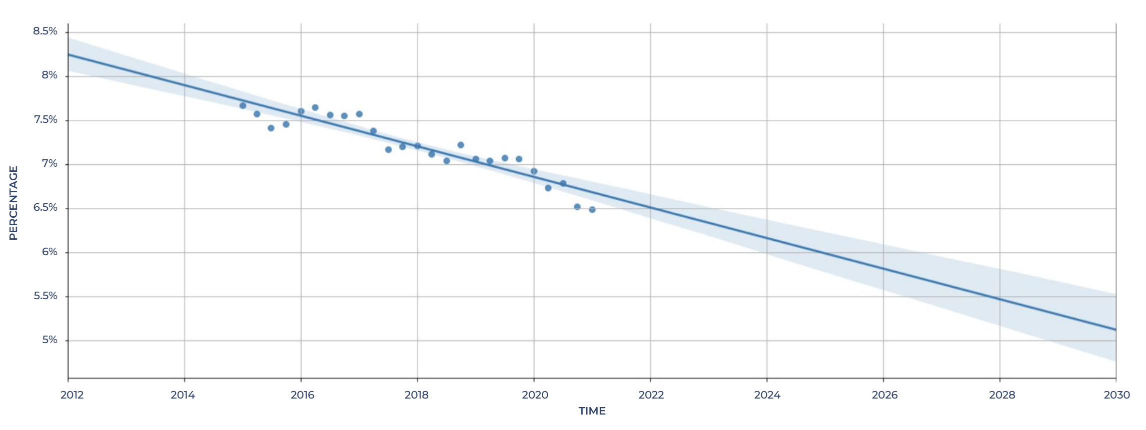
Overview

G20 sending countries are responsible for nearly $4 in every $10 sent around the world in remittances. However, $1 in every $15 people sent abroad went to bank and provider fees. Over the past decade over $150 billion was paid in fees along the way. That's because G20 governments have been too slow to make significant progress on the UN SDG. The average yearly drop since the UN SDG was introduced in 2015 was 0.17%. This is partly driven by countries with high remittance costs, such as Japan and South Africa. But it's also indicative of the fact that countries with lower fees - but still above the UN SDG - are slowing down their efforts to reduce costs. These include the US, Italy, the UK, France and Germany.

Key findings

Remittance outflows in 2020:	$207bn
Estimated remittance outflows in 2021:	**$215.6bn**
Average remittance cost in Q1 2021:	**6.49%**
Remittance fees paid in 2020:	$11.4bn
Estimated remittance fees paid in 2021:	**$11.4bn**
Remittances fees paid between 2010 - 2020:	$154.9bn
Fee savings if 3% goal was met in 2021:	**$5bn**
Will the G20 reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



G20 analysis: why we need transparency

Remittances are a lifeline to hundreds of millions of people around the world. The 13 G20 sending countries power nearly half of the global money flows. Yet, it remains expensive for people in those countries to send money abroad, with average costs of 6.49% in Q1 2021. This means much less money arrives on the other end, lost to bank or provider fees along the way.

Post-pandemic, remittances will play a vital role in bolstering the global economic recovery. But today, loopholes and inefficiencies in cross-border payments systems mean they're still more expensive than they should be. To lower costs and get more in line with the UN's 3% target, more transparency in the market is necessary. As it stands, banks and foreign exchange providers can bury hidden costs in an exchange rate margin. They do this by offering customers an inferior exchange rate to the one available to consumers on Google or Reuters for example, and pocketing the difference, all the while advertising their service as 'no fee' or '0% commission'.

Sending countries hold the power to give people on the receiving end of a remittance transaction more purchasing power. They can set the rules to stop consumers being overcharged and make real progress towards achieving United Nations' Sustainable Development Goal 10c, which aims to reduce the cost of remittances to below 3% by 2030. Ultimately, government regulations will impact remittance costs, as they oversee the banks and providers who set them.

In 2020, G20 sending countries had nearly $207 billion in remittance outflows. However, $11.5 billion was lost to fees along the way. With financial hardship looming in large parts of the world, this is a staggering amount that could have gone to aiding local populations. $5 billion more could have been saved by senders, or received by recipients, if more progress had been made on lowering the cost of remittances to the 3% target set by the UN.

The 2020 Saudi Arabian presidency of the G20 made enhancing cross-border payments and reducing costs a priority. However, the lack of progress is in stark contrast to their commitments. While a recent G20 report argues "faster, cheaper, more transparent and more inclusive cross-border payment services, including remittances, would have widespread benefits for citizens and economies worldwide, supporting economic growth, international trade, global development and financial inclusion," meaningful policy proposals that would facilitate this, including the necessary pricing disclosures, have not materialised.

While some countries have made progress on lowering remittance prices - in Russia's case, even going below the UN SDG - others have stagnated. The fact that on average G20 sending countries have only dropped remittance costs by 1% since the SDG was introduced in 2015 is particularly worrying.

Global momentum for transparency

Fortunately, there has been global momentum towards increasing price transparency in these cross-border money flows. In April 2020, the European Union's revised Cross-Border Payments Regulation, came into force. The Regulation aims to increase transparency in cross-border payments in the EU by requiring providers to present the total cost of an international transfer before the payment is made. However, many providers continue to keep consumers in the dark about the true cost by hiding the foreign exchange markup. This, in combination with the fact that the Regulation only applies to intra-EU flows helps explain why Italy, Germany and France aren't currently on track to meet the UN SDG, even in the most optimistic scenario. Once all consumers understand what they're paying, this will allow for competition among providers and ultimately drive down prices.

Price transparency is one of the key pillars in the Financial Stability Board's roadmap to enhance cross-border payments, a step-by-step guide for G20 governments to make money flow across borders without the current obstacles or prohibitive pricing.

In addition, targets around full pricing disclosure have already been included in international guidance, such as the Remittance Community Task Force's Blueprint for Action, which was convened by the United Nations, the International Fund for Agricultural Development, and the World Bank.

The report included a clear policy recommendation for increased transparency: providers must disclose the total cost (e.g. fees at both ends, foreign exchange rate margins) in a single upfront amount to their customers. This is in line with the World Bank's own admission that "the single most important factor leading to high remittance prices is a lack of transparency in the market."

Calculating those fees from a live, neutral benchmark rate will be key to ensuring costs are calculated correctly and in the same way across the board. It's of paramount importance that we define which rate is used as the benchmark rate, as previous legislation (e.g. European initiatives such as the Payment Services Directive or the Cross-Border Payments Regulation) has failed to deliver because the definitions and guidance was too vague. This is the only measure that will allow for apples-to-apples comparison.

On the flipside, there had been positive momentum in countries like Australia, where the Australian Competition and Consumer Commission (ACCC) concluded a review of money remitters and had issued best practice guidance. The ACCC intended to "improve price transparency and make it easier for consumers to seek out the cheapest suppliers" of international money transfer.

Since then, the ACCC has claimed that market conditions have improved significantly, and consumers have the tools they now need to seek better deals on the basis that their best practice guidance has broadly been taken up. Wise's comparison data (available on wise.com) suggests otherwise, showing that remittance providers still take advantage of loopholes in the guidance to hide their foreign exchange mark-ups.

Consumers should be able to get a fair remittance deal, wherever they are.

Binding regulations will help us achieve this. Official remittance targets may be nine years away, but the progress is too slow for countries to achieve without intervention. Allowing for a truly competitive market to emerge, one where consumers hold all the power to accurately compare providers and find a deal that best suits their needs, is only possible through watertight pricing disclosure. Transparency requirements will facilitate competition and comparison shopping that will lead to lower prices. It means expensive providers either have to offer a premium service or they will be forced to lower their costs . If they fail to do so, they risk losing out.

These powerful market dynamics will correct predatory pricing and will help G20 governments achieve the UN SDG in good time. The international community can set a leading example. This won’t just help their own citizens, but also those on the other end of the transaction, often based in low- and middle-income countries.

Country overview

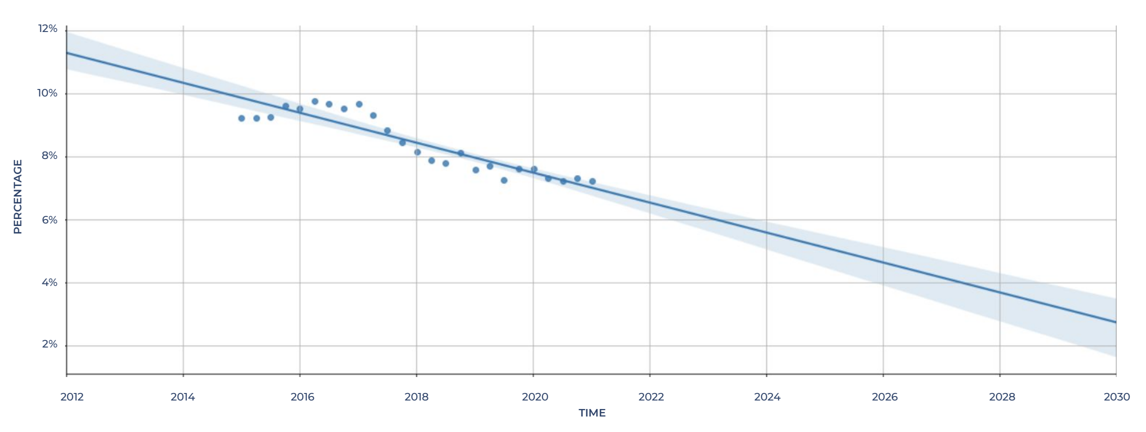
Australia

Australia dropped costs steadily between 2017 and 2018, but since then progress has slowed dramatically. Therefore, the trend analysis is likely to be overly optimistic and Australia is unlikely to reach the 3% UN SDG by the 2030 deadline. Recent statements by the ACCC indicate that they consider the market sufficiently transparent relying on the take up of their best practice guidance and say that this has made it easier for consumers to select the cheapest provider. We're unlikely to see the necessary policy recommendations delivered on a national level that would enable transparent pricing and the associated drop in costs.

Key findings

Remittance outflows in 2020:	$4.3bn
Estimated remittance outflows in 2021:	**$5.9bn**
Average remittance cost in Q1 2021:	**7.23%**
Remittance fees paid in 2020:	$316.4m
Estimated remittance fees paid in 2021:	**$397.4m**
Remittance fees paid between 2010 - 2020:	$7.8bn
Fee savings if 3% goal was met in 2021:	**$221.6m**
Will Australia reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



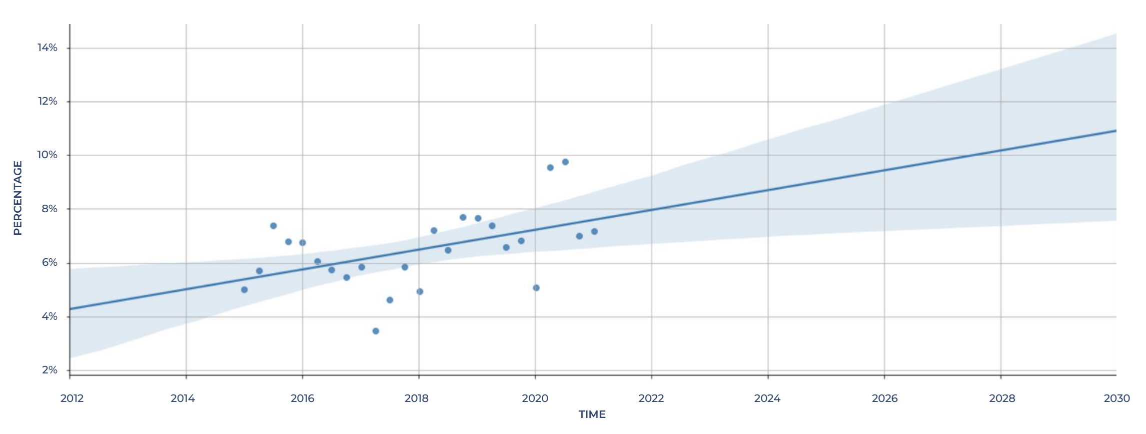
Brazil

The World Bank classifies Brazil both as a sending G20 country and a receiving country. This report only analyses Brazil's outward flows, which are comparably small. This partly explains the erratic pricing in recent years. Also, the Brazilian data for UN SDG essentially considers the remittances from different senders and receivers, which can be inaccurate due to how Brazil operates. Institutions register the remittances in the Central Bank system under specific categories (called transfer natures - there are around 200 of them), which might not reflect the reality. Even considering isolated fees increase from a small number of traditional banks, the Brazilian Central Bank has enacted regulatory changes in recent years to increase transparency and encourage competition for retail customers. This should soon have a positive impact in the market, and continue to drive down costs, though preliminary analysis suggests some banks and providers still hide certain fees.

Key findings

Remittance outflows in 2020:	$1.6bn
Estimated remittance outflows in 2021:	**$1.9bn**
Average remittance cost in Q1 2021:	**7.17%**
Remittance fees paid in 2020:	$126.3m
Estimated remittance fees paid in 2021:	**$145.7m**
Remittance fees paid between 2010 - 2020:	$1.5bn
Fee savings if 3% goal was met in 2021:	**$89.3m**
Will Brazil reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



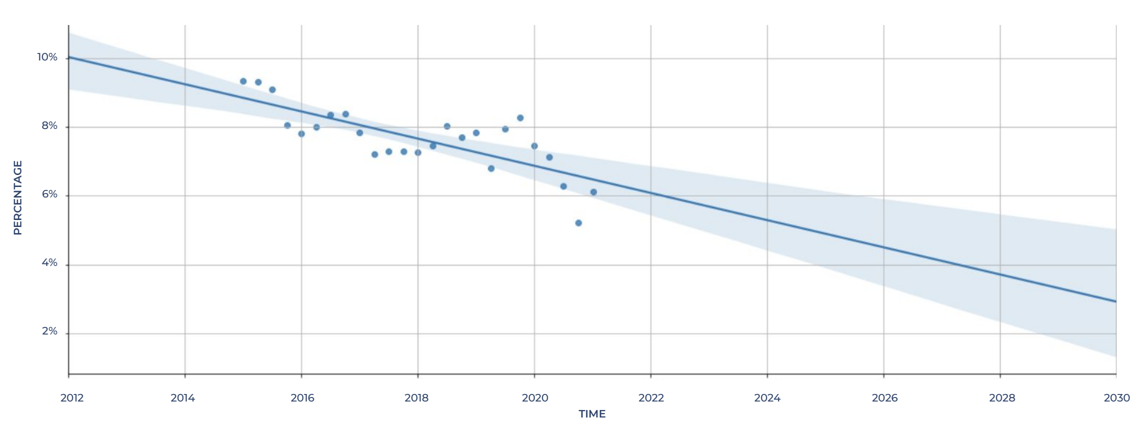
Canada 

Canadian remittance prices had been going down steadily in 2020. Unfortunately, the first data points from 2021 indicate that the trend was short-lived, which means that this trend forecast is likely too optimistic and Canada is further removed from the UN SDG than this graph would suggest. The latest data indicates that Canadian pricing is still more than double the UN SDG, which means that an estimated $241 million could be saved in 2021, had consumers had access to cheaper and more transparent remittances.

Key findings

Remittance outflows in 2020:	$6.5bn
Estimated remittance outflows in 2021:	**$7.4bn**
Average remittance cost in Q1 2021:	**6.13%**
Remittance fees paid in 2020:	$426m
Estimated remittance fees paid in 2021:	**$464.5m**
Remittance fees paid between 2010 - 2020:	$6.5bn
Fee savings if 3% goal was met in 2021:	**$241.4m**
Will Canada reach the UN SDG by 2030?	**YES**

Remittance costs: trend analysis to 2030



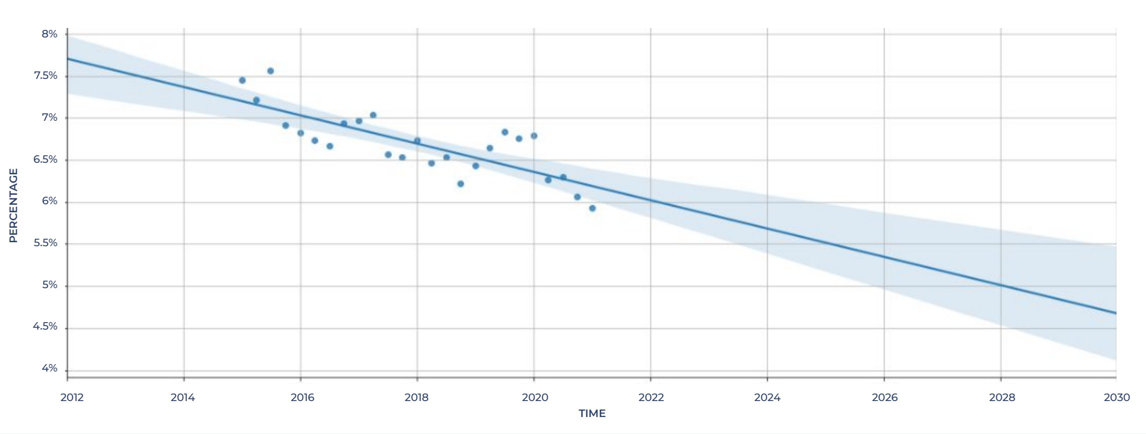
France

France's current remittance pricing hovers at around double the UN SDG. Since the introduction of the target, the country has only been able to reduce its costs by an average of 0.23% per year. That slow pace in price reduction means it's very unlikely that the country will reach the SDG in time. In late 2018, the French consumer organisation Que Choisir filed an official complaint against two leading money transfer companies, accusing them of misleading consumers. National and European legislation still allow providers to hide their fees, hindering any progress on lower remittance costs and achieving the SDG.

Key findings

Remittance outflows in 2020:	$15bn
Estimated remittance outflows in 2021:	**$15.2bn**
Average remittance cost in Q1 2021:	**5.93%**
Remittance fees paid in 2020:	$955.7m
Estimated remittance fees paid in 2021:	**$919.8m**
Remittance fees paid between 2010 - 2020:	$13.2bn
Fee savings if 3% goal was met in 2021:	**$464.6m**
Will France reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



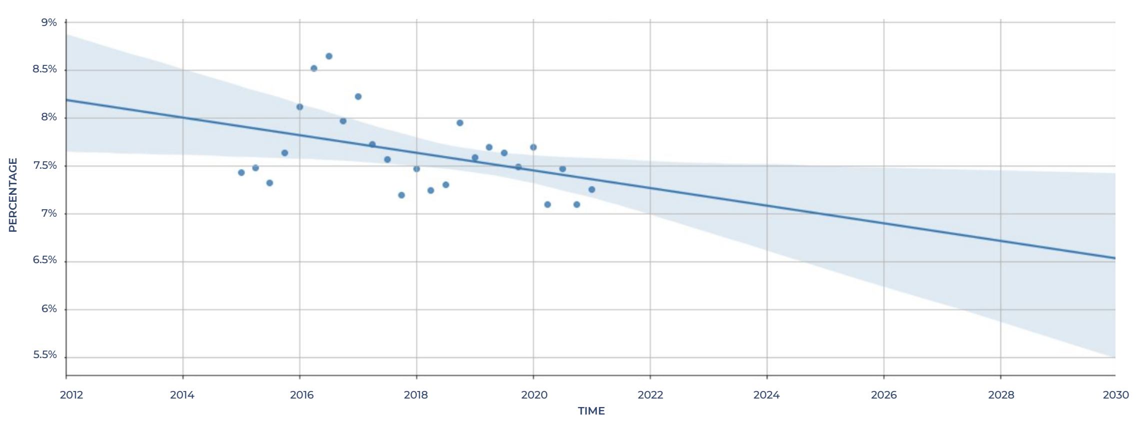
Germany

Prices to send remittances from Germany are still higher than the G20 sending country average. Although Germany continues to drop prices over time, most recently prices ticked up slightly in Q1.2021 to 7.26% per transfer. On the current price trajectory, Germany will miss the UN SDG. Even today, most German banks only update the exchange rate once per day, not passing on the rate at which they trade while still charging a fee. As for European countries, although the Cross-Border Payment Regulation 2 requires banks and providers to show 'all currency conversion charges' up front, lax enforcement of this law has, until now, hindered progress on lower remittance costs and achieving the SDG.

Key findings

Remittance outflows in 2020:	$22bn
Estimated remittance outflows in 2021:	**$23.5bn**
Average remittance cost in Q1 2021:	**7.26%**
Remittance fees paid in 2020:	$1.6bn
Estimated remittance fees paid in 2021:	**$1.7bn**
Remittance fees paid between 2010 - 2020:	$20.1bn
Fee savings if 3% goal was met in 2021:	**$1bn**
Will Germany reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



G20 sending countries

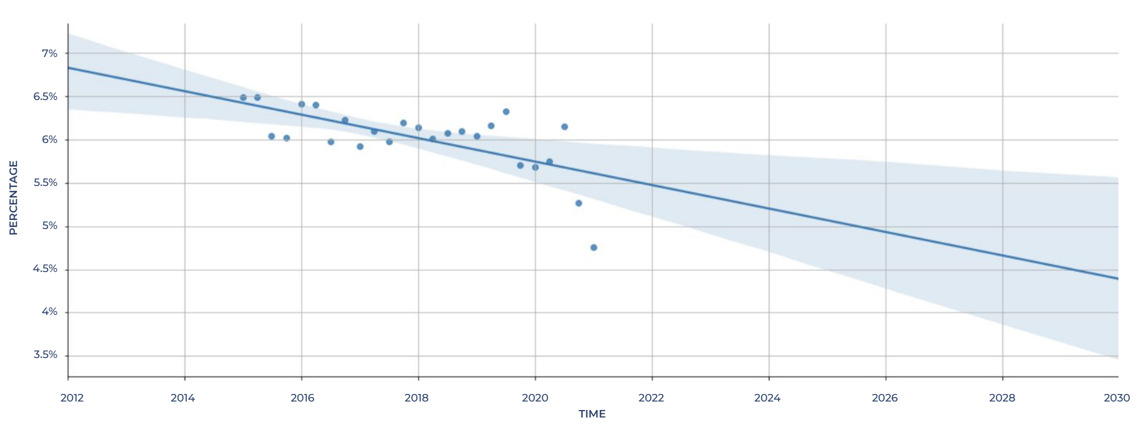
Italy

Currently, Italy's average price on remittances is the lowest (5.7% in 2020) among the European countries in the G20, but it still needs to drop prices faster to achieve the UN SDG. On average, Italian remittance prices had been going down since 2018, but unfortunately, that pace is not enough to avoid those living in Italy paying $233.6 million more in 2021 than if the UN SDG had been reached. With Italy currently holding the G20 presidency, Italian policymakers can take a leading role in ensuring the countries commit to achieving the UN SDG and even strive to meet that target ahead of time.

Key findings

Remittance outflows in 2020:	$10.2bn
Estimated remittance outflows in 2021:	**$10bn**
Average remittance cost in Q1 2021:	**4.76%**
Remittance fees paid in 2020:	$581.7m
Estimated remittance fees paid in 2021:	**$533.2m**
Remittance fees paid between 2010 - 2020:	$8.6bn
Fee savings if 3% goal was met in 2021:	**$233.6m**
Will Italy reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



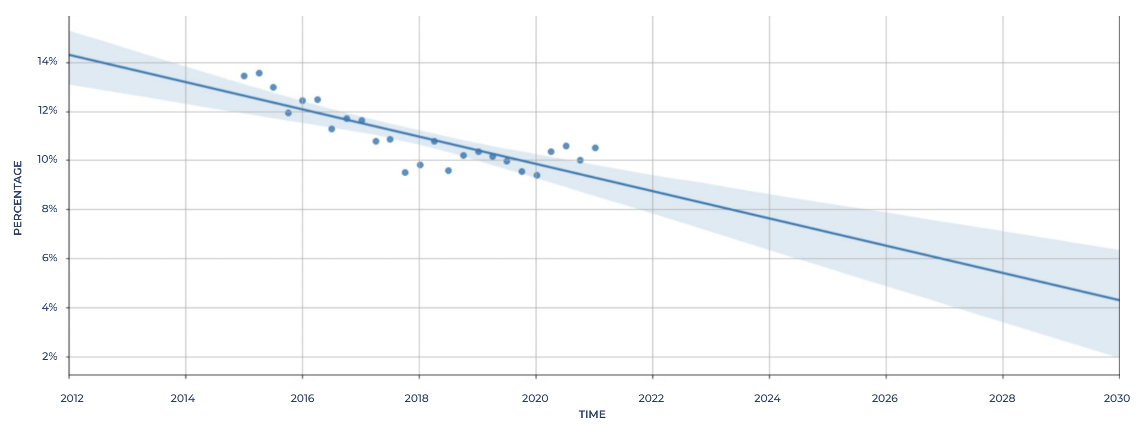
Japan

Remittance prices have remained stubbornly high for years because regulation stipulated that only banks could offer these services. It was only in 2010 that the Japanese government gave non-banks the greenlight to do so. However, money transmitters were still hampered by the JPY 1 million (approx. $ 9,000) transfer cap which meant consumers still used their banks for remittances. A 2021 legislation amendment has removed the transfer cap which in turn will bring new entrants and competition to the market, and with that a reduction in the millions of fees paid by Japanese consumers.

Key findings

Remittance outflows in 2020:	$8.2bn
Estimated remittance outflows in 2021:	**$7.7bn**
Average remittance cost in Q1 2021:	**10.5%**
Remittance fees paid in 2020:	$831.7m
Estimated remittance fees paid in 2021:	**$708.7m**
Remittance fees paid between 2010 - 2020:	$6.9bn
Fee savings if 3% goal was met in 2021:	**$477.6m**
Will Japan reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



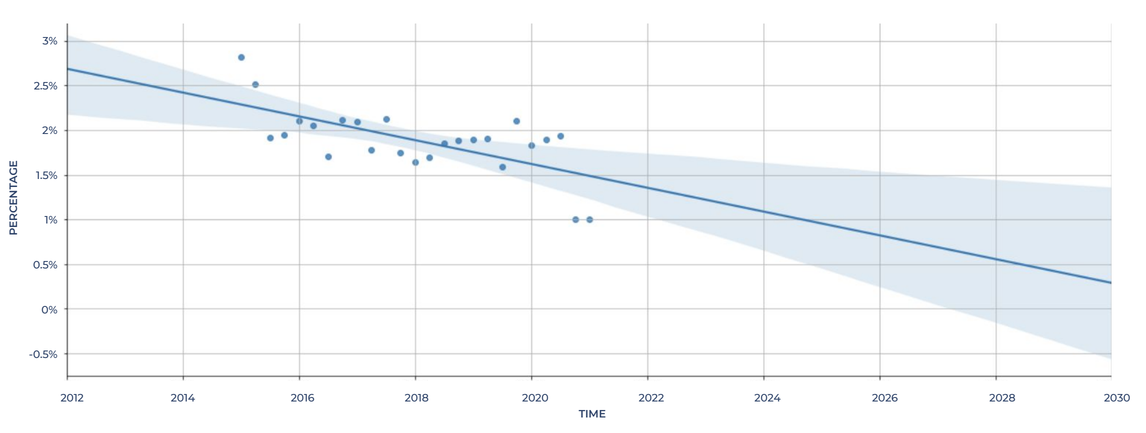
Russia

Russia's remittance costs have been below the UN target of 3% for well over a decade. The country accounts for 8% of total G20 sending countries' remittance outflows and it is currently the only country to have lowered its costs to below the UN SDG. The pandemic has led to lower oil prices, weakening the economic activity in Russia. This may mean that outward remittances from Russia are likely become more volatile. However, high competition levels in the money transfer industry means prices are unlikely to go up significantly.

Key findings

Remittance outflows in 2020:	$16.9bn
Estimated remittance outflows in 2021:	**$19bn**
Average remittance cost in Q1 2021:	**1.0%**
Remittance fees paid in 2020:	$281.7m
Estimated remittance fees paid in 2021:	**$250m**
Remittance fees paid between 2010 - 2020:	$8.6bn
Fee savings if 3% goal was met in 2021:	**-**
Will Russia reach the UN SDG by 2030?	**YES**

Remittance costs: trend analysis to 2030



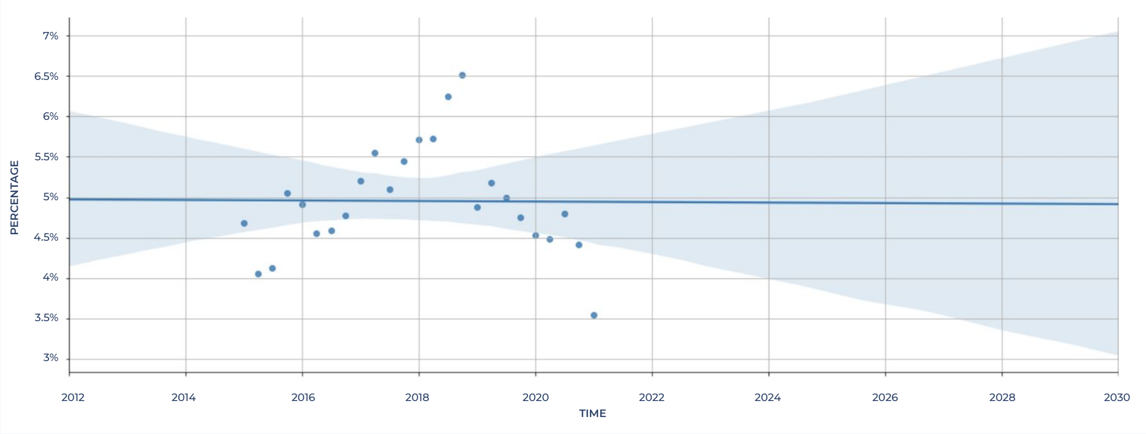
Saudi Arabia

As part of its 2020 G20 Presidency, Saudi Arabia made improving cross-border payments and reducing costs as a political priority. However, remittance prices in the country have seen volatility, peaking in 2019 and lowering significantly since, now hovering around 3.5%. While this average is nearing the UN SDG of 3%, Saudi Arabia will need to maintain this progress and take measures to ensure prices do not spike again, to the benefit of the millions of people sending money abroad from Saudi Arabia.

Key findings

Remittance outflows in 2020:	$34.6bn
Estimated remittance outflows in 2021:	**$34.2bn**
Average remittance cost in Q1 2021:	**3.55%**
Remittance fees paid in 2020:	$1.6bn
Estimated remittance fees paid in 2021:	**$1.6bn**
Remittance fees paid between 2010 - 2020:	$18.2bn
Fee savings if 3% goal was met in 2021:	**$571.6m**
Will Saudi Arabia reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



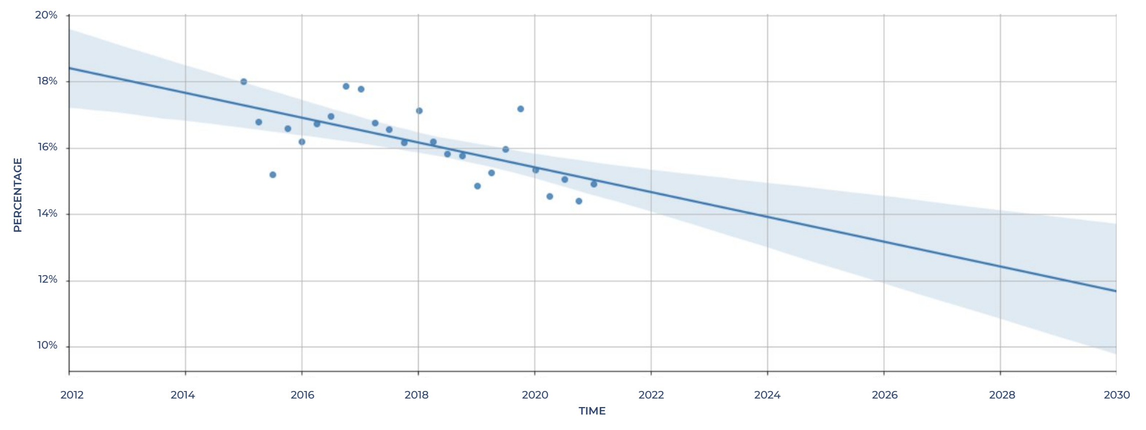
South Africa

The cost of sending money out of South Africa has diminished slightly over the past few years, but remains prohibitively high at 14.91%. These costs are in part driven by the high share of remittances going to other countries of the Southern African Development Community, which typically also see exorbitant prices on the receiving side. A lack of competition in the financial sector due to a restricted regulatory environment historically drove up costs. The introduction of Authorised Dealers in foreign exchange with limited authority (ADLAs) to offer remittance services alongside banks is bringing about a more competitive environment which has brought cheaper remittance players to the market.

Key findings

Remittance outflows in 2020:	$920.8m
Estimated remittance outflows in 2021:	**$962.6m**
Average remittance cost in Q1 2021:	**$14.91%**
Remittance fees paid in 2020:	$136.6m
Estimated remittance fees paid in 2021:	**$142.9m**
Remittance fees paid between 2010 - 2020:	$2.9bn
Fee savings if 3% goal was met in 2021:	**$114m**
Will South Africa reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



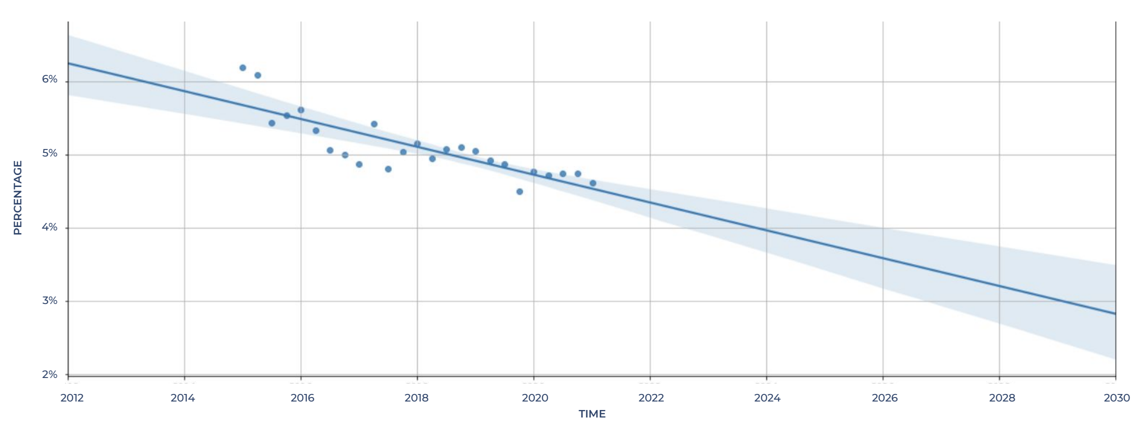
South Korea

South Korea is one of the few G20 countries that is sufficiently lowering its costs fast enough to reach the UN SDG before the 2030 deadline. Currently its average remittance cost its 4.6%, down from just over 6% in 2015. Those sending money from South Korea would save $150m in 2021 if the UN goal was already met today.

Key findings

Remittance outflows in 2020:	$9.2bn
Estimated remittance outflows in 2021:	**$10.3bn**
Average remittance cost in Q1 2021:	**4.61%**
Remittance fees paid in 2020:	$437.2m
Estimated remittance fees paid in 2021:	**$461m**
Remittance fees paid between 2010 - 2020:	$7.3bn
Fee savings if 3% goal was met in 2021:	**$150.6m**
Will South Korea reach the UN SDG by 2030?	**YES**

Remittance costs: trend analysis to 2030



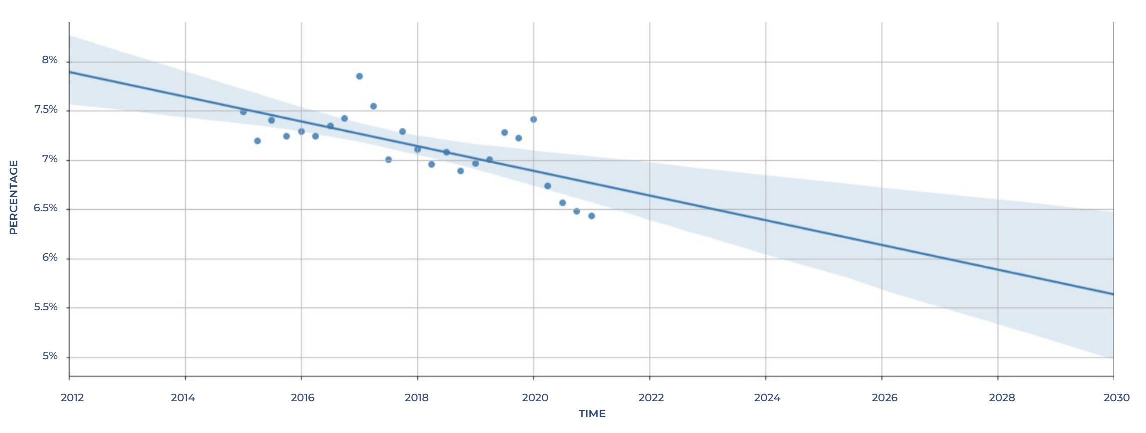
United Kingdom

The UK's yearly remittance cost has gone down by an average of 0.12% since the UN SDG was introduced in 2015. This rate of progress is too slow for the country to come close to reaching the target by 2030. Unfortunately, this means that this year UK based remitters will pay $358 million more than if the UN SDG had been reached.

Key findings

Remittance outflows in 2020:	$9.3bn
Estimated remittance outflows in 2021:	**$9.8bn**
Average remittance cost in Q1 2021:	**6.44%**
Remittance fees paid in 2020:	$635.1m
Estimated remittance fees paid in 2021:	**$653.4m**
Remittance fees paid between 2010 - 2020:	$9.3bn
Fee savings if 3% goal was met in 2021:	**$358.3m**
Will the UK reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



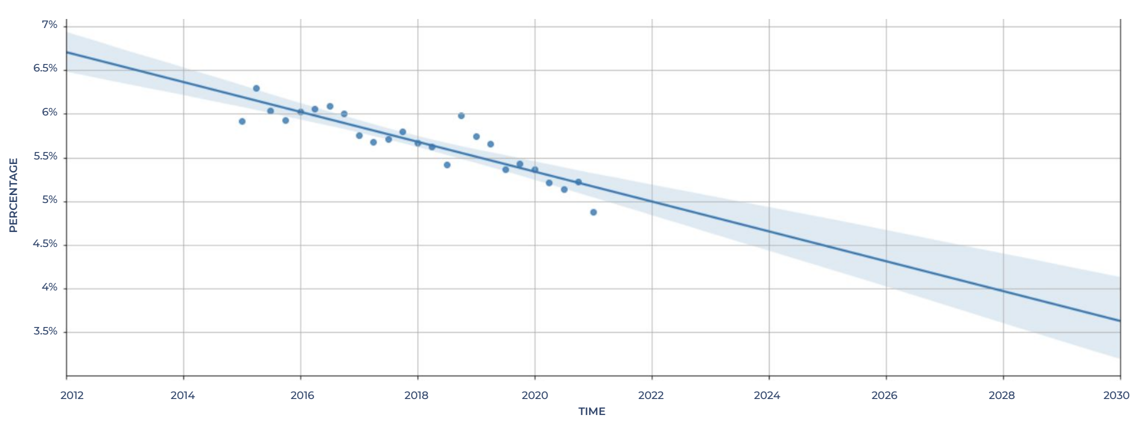
United States

Remittances sent from the US currently have an average cost of just under 5%.
At the current trend, the US might not meet the UN SDG goal of 3% until 2035, and that projection might be overly optimistic as the recent rapid cost drops related to digital adoption during COVID may be unlikely to continue at the same rate. Even though Congress included protections for remittance transfers in the Dodd-Frank Act of 2010, banks and providers still inflate the cost of remittances through hidden fees in the exchange rate. This has likely significantly hindered progress on lower remittance costs.

Key findings

Remittance outflows in 2020:	$68bn
Estimated remittance outflows in 2021:	**$69.7bn**
Average remittance cost in Q1 2021:	**4.88%**
Remittance fees paid in 2020:	$3.6bn
Estimated remittance fees paid in 2021:	**$3.5bn**
Remittance fees paid between 2010 - 2020:	$43.7bn
Fee savings if 3% goal was met in 2021:	**$1.4bn**
Will the US reach the UN SDG by 2030?	**NO**

Remittance costs: trend analysis to 2030



Appendix

- Calculations in this report are based on Remittance Prices Worldwide (RPW) published by the World Bank. Prices in percentage always reflect the cost of sending $200.

- 'Estimated remittances outflow 2021' is calculated based on the Forecast of total remittances volume for 2021 by the World Bank and the percentage share of a country's outflow (KNOMAD) in 2019 and 2020.

- The forecast is based on an autoregressive integrated moving average (ARIMA) model using historical price data between 2015 - 2021 (Q1).

- All values have been modified for inflation using 2020 as base year.

- Regarding the estimated costs by people for remittances in 2021, the following has been taken into account: The percentage share by each market of the overall volume of remittances is the same as in 2020 (i.e. an average of the previous 8 quarters in 2018 and 2019)

- All figures with "$" refer to US-dollar.