



FEMIP Conference 2007

PARIS, 22-23 MARCH 2007



Financial transfers from migrants in the Euro-Mediterranean area:
a lever for development



Welcome to the Second FEMIP Conference



Philippe de Fontaine Vive
EIB Vice-President

Remittances from migrant workers to their countries of origin are quite rightly considered to be very important: the amounts in question are very considerable in global terms – 125 million emigrants each year transfer some USD 300 billion to 500 million relatives in their countries of origin – and these flows are constantly increasing: by more than 130% in the past five years.

With such figures at stake, a year ago FEMIP conducted the first benchmark study on these matters in the Euro-Mediterranean area. This study highlighted a number of characteristic features:

- firstly, the importance of Europe as the source of the remittances – far and away the primary source of the transfers received by the eight Mediterranean partner countries that formed the basis of the study (with between 85% and 90% going to Morocco, Algeria, Tunisia and Turkey). €8 billion is “officially” transferred annually from Europe to these countries;
- secondly, the economic impact of these transfers, which account for between 2% and 22% of the recipient countries’ GDP;
- the study highlights the extent of the informal flows in terms of both their volume and the channels used: according to the countries concerned, informal remittances are up to four times as high as official transfers and up to 85% of these official flows are transferred outside banking channels;
- at the same time, the FEMIP study illustrates the low level of bank usage by those sending and receiving the money who, to ensure that

the amounts in question are transferred rapidly to the most isolated parts of their countries of origin, mostly turn to money transfer companies linked by exclusive contracts to the postal networks in the partner countries. Consequently, there is a lack of price transparency, together with high costs (up to 16% of the amount transferred), which heavily penalise the communities concerned;

- lastly, the study provides an insight into the use of these transfers: with variations depending on the country, they are primarily used to improve the living conditions of families that have stayed behind: household consumption expenditure (51%), education or health (18%), housing (14%). In fact, less than 10% of transfers is used for productive investment, except in Tunisia and Egypt.

The Conference, which is being organised jointly by the EIB and the European Banking Federation, is aimed at deepening the exchange of experiences and raising awareness of the issues involved through interactive dialogue with the leading experts on these matters. The distinctive feature of the 2007 FEMIP Conference will be to involve the Euro-Mediterranean banking sector in thinking about these issues, a process that will be informed by accounts of innovative practices developed in both the Euro-Mediterranean area and other regions around the globe.

Facilitating and reducing the cost of the transfers means firstly increasing the dissemination of information and the use of formal channels. This

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means both easing the economic integration of migrants in their host countries and preventing potential trafficking, fraud and unlawful practices. However, for European banks the modest amount of each individual transfer and the legal constraints surrounding migration make such moves difficult. Furthermore, for banks in the partner countries, increasing the use of banks presupposes technical and commercial changes and the establishment of new relations with the postal networks, which in many of these countries occupy a dominant position on the money transfer markets.

The development of North-South banking relations based around the financial flows of migrants also raises the question of the role of the public authorities, especially the regulatory ones, in facilitating transfers: how to promote the interconnection of payment systems, what foreign exchange policies should be adopted in the recipient countries, what limits should be imposed on the regulatory authority, bearing in mind that excessively restrictive legislation leads to greater use of informal channels?

Encouraging people to use banks is also an appropriate way of making more productive use of these financial flows. With migrant communities becoming more deeply anchored in Europe, economic aspirations are changing with regard to how remittances to the countries of origin are used. Thus, there is a desire to amass productive savings that can support consumer spending, to invest in property for leisure or retirement purposes beyond the locality in which the family has its roots and to further the development

of the communities from which the migrants originate. These trends call for greater involvement by development institutions in fostering banking cooperation in the Euro-Mediterranean region either for developing specific services for immigrants, or for supporting the securitisation of the payment rights received by the countries of origin.

These are the main issues that the Second FEMIP Conference proposes to address with you in the course of the four sessions listed below. Over these two days, our aim will be not only to explore courses of practical action but also to send a positive message to the Euro-Mediterranean financial community and migrant groups. That is why we consider it essential for our discussions to be as interactive as possible so that we can benefit not only from the experience of those speakers kind enough to be joining us, but also and especially from the reactions of all those who will be taking part.

We hope that you will find this FEMIP Conference both productive and stimulating.



Michel Pébereau



Philippe de Fontaine Vive



Michel Pébereau
President of the EBF



FEMIP Conference

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Auditorium BNP-Paribas, 5 Avenue Kléber – 75016 Paris



►► Thursday 22 March 2007

14h00 Welcome coffee and registration of participants

15h00 **Inaugural session**

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15h45 **SESSION 1: Migrants' financial transfers: situation to date**

Introduction: **Dr. Makram Sader**, *Secretary General of the Association of Banks in Lebanon (ABL)*

► **John Martin**, *Director, Directorate for Employment, Labour and Social Affairs, OCDE*

► **Sending remittances using non-bank channels**

- **Patrick Werner**, *Chairman of the Management Board "La Banque Postale"*
- **Hervé Chomel**, *Vice-President International Markets, MoneyGram International*

► **Facilitating migrant's financial transfers: the Turkish experience and the benefits of improving transparency**

- **Ayşe Elyf Talu**, *Assistant Director, Workers' Remittances Department, Central Bank of Turkey (TCMB)*
- **Douglas Pearce**, *Head of Financial Sector – Policy Division, Department for International Development (DFID)*

The financial flows generated by migrant workers from Europe to their countries of origin have created a market with two main features: the scale of the transfer costs and the extensive use of informal channels. This session will examine the initiatives developed to reduce costs, be it through the use of non-bank channels, or be it through the implementation of a specific policy towards migrants or by disseminating targeted information to the communities concerned.

Discussion with participants

17h15 **Coffee break**

17h30 **SESSION 2: Developing financial services for migrants: the role of the banking sector**

Introduction: **Charles Milhaud**, *President of the French Banking Federation (FBF), President of the Caisse d'Epargne Group*

► **Banks providing transfer facilities and cross-border services**

- **Filipe Pinhal**, *Vice-President of Millennium BCP*
- **Pierfrancesco Gaggi**, *Chairman of Payment Systems Committee, European Banking Federation (EBF)*
- **Marcelino Castrillo García**, *Director for Mass Market, Grupo Santander*

► **Modernising networks and banking services in the Mediterranean area**

- **Chekib Nouira**, *Chief Executive Officer, Banque Internationale Arabe de Tunisie*
- **Abderrahmane Hadj-Nacer**, *Founding Partner of IMBank-International Maghreb Merchant Bank; former Governor of the Algerian Central Bank*

A number of measures to increase the use of bank services by migrants have been developed by operators in the sector, both in Europe and the Mediterranean partner countries. For European banks, however, progress is hampered by the modest amount of each individual transfer and the legal constraints surrounding migration: this session will review the various strategies implemented, ranging from global approaches to geographic or product-based niche strategies.

Discussion with participants

19h30 **Adjourn**



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Friday 23 March 2007

8h30 Welcome coffee for participants

9h00 Opening of second day

- ▶ **Michel Pebereau**, *President of the European Banking Federation (EBF), Chairman of the Board of BNP-Paribas*
- ▶ **Khalid Qudghiri**, *President, Attijariwafa Bank*

9h45 SESSION 3: Regulatory framework and payment systems issues

Introduction: **Gertrude Tumpel-Gugerell**, *Member of the Executive Board of the European Central Bank (ECB)*

▶ Monitoring of capital flows and exchange issues

- **Ali Touati**, *Vice Governor of the Algerian Central Bank*

▶ Interconnection of payment systems

- **Thierry de Longueur**, *Vice President Finance, African Development Bank*
- **Alain Raes**, *Regional Director Continental Europe, SWIFT*

▶ How to meet anti-money laundering requirements while facilitating the transfer of migrants' funds?

- **Riad Toufic Salamé**, *Governor of the Lebanese Central Bank*
- **Christian Noyer**, *Governor of the Bank of France*

The financial flows from migrants place the supervisory authorities in a dilemma between over-restrictive regulations that would reinforce the use of informal channels and specific regulations that could facilitate the transfer of 'dirty' money in the guise of migrant workers' savings. Issues relating to exchange rates and the interconnection of payment systems also affect the cost of transfers, which, once again, could encourage senders to use informal channels. How can these contradictions be resolved?

Discussion with participants

11h15 Coffee break

11h30 SESSION 4: Migrants' financial transfers: a lever for financing development

Introduction: **Fathallah Qualalou**, *Minister of Finance and Privatisation of the Kingdom of Morocco*

▶ Transfers as a source of microfinance

- **Jean-Michel Debrat**, *Deputy Director General, Agence Française de Développement Group*
- **Michael Cracknell**, *Secretary General of ENDA Inter-Arabe and co-founder of the SANABEL Arab IMF network*

▶ Underpinning the financing of real estate and social housing

- **Fernando Jiménez-Ontiveros**, *Deputy Manager, MIF, Inter-American Development Bank (IADB)*
- **Nabil El Kerdoudi**, *Member of the Managing Board of the Moroccan social developer "Al Omrane"*

▶ Securitisation of financial flows from migrants

- **Erdal Aral**, *Head of Treasury, Türkiye İş Bankası A.Ş.*
- **Claire Coustar**, *Managing Director, Emerging Markets Structured Products, Deutsche Bank Global Markets*

As migrant communities become more deeply anchored in Europe, the use of the funds transferred indicates a change in economic habits and aspirations: there now appears to be a desire to build up productive savings, to invest in leisure or retirement property and to further the economic development of the communities of origin. These new tendencies call for greater involvement by the banking systems on both sides of the Mediterranean, with the support of development agencies.

Discussion with participants

13h00 Closing session of the Conference

Philippe de Fontaine Vive, *EIB Vice-President responsible for FEMIP*

13h30 Lunch Cocktails, hosted by BNP-Paribas

Conference format

The conference will be **interactive**. After the opening session giving a broad outline of the topics to be discussed, each session will be introduced by an expert in the field, and a panel will then comment briefly on the subject, before opening the floor to discussion with conference participants.

Discussion documents prepared by the speakers will be distributed in advance of each session to provide background information and facilitate discussion. These documents will be posted on the FEMIP Conference website (www.eib.org/femip/conference), with links from the EBF site, and may be consulted both in the run-up to and after the Conference.

Contacts

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