

International Remittances and the CBRT



Agenda

1. TF on International Remittance Services
2. Fee Practice of the CBRT
3. Foreign Currency Deposit Accounts at the CBRT



Task Force

- International remittances: an important source of family income in many developing economies
- Several obstacles to the use of formal financial channels for remittances
- Inadequacy of data on remittance flows
- A guidance on what is necessary to ensure the safety and integrity of financial services



Task Force

Co-chaired by

The CPSS and the World Bank

CBRT

Invited to participate to the Task Force

Members

IFIs involved in remittances & central banks

Focus

The “payment system aspects” of remittances



Task Force

Aim

Ensuring safety and efficiency of remittance services

Working period

November 2004 – January 2006

Report

General Principles for International Remittance Services

Consultation period

March – August 2006 www.bis.org/publ/cpss73.htm



Principles

GP 1: Transparency and consumer protection

The market for remittance services should be transparent and have adequate consumer protection.

GP 2: Payment system infrastructure

Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.

GP 3: Legal and regulatory environment

Remittance services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework in relevant jurisdictions.



Principles *(cont.d)*

GP 4: Market structure and competition

Competitive market conditions, including appropriate access to domestic payments infrastructures, should be fostered in the remittance industry.

GP 5: Governance and risk management

Remittance services should be supported by appropriate governance and risk management practices.



Roles of RSPs and Public Authorities

A: The role of remittance service providers

Remittance service providers should participate actively in the implementation of the General Principles.

B: The role of public authorities

Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.



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INTERNATIONAL REMITTANCES

Starting from February 01,2001:

- We do not accept customer payment orders in favour of both bank and non-bank beneficiaries who do not have accounts with our bank (except Central Banks)
- We prefer not to intermediate such payment orders.



INTERNATIONAL REMITTANCES

- We requested from our correspondents not to send such kind of payment orders to our bank instead send them through the commercial banks operating in Turkey.



INTERNATIONAL REMITTANCES

We continue to accept payment orders

- for opening new accounts with our bank
- payment orders in favour of beneficiaries who have accounts with our bank.(for all correspondents)



FEE APPLICATIONS (1)

For Refunds:

- No charge is applied.
- The funds are refunded to its destination as the exact amount that is sent to us.



FEE APPLICATIONS (2)

For recurrent remittances received from Central Banks of which the majority includes pension payments of the migrant workers sent by social aid institutions:

- A commission exception.
- Only transaction costs.



FEE APPLICATIONS (3)

For recurrent remittances,

- **If paid by our branches**, no transaction cost.
- **If to be transferred to commercial banks**, only transaction costs are charged.



FEE APPLICATIONS (4)

Remittances received from Central Banks in favour of bank and non bank beneficiaries *who do not have accounts* with our bank and out of exception:

- If paid by our branches,** commission is charged.
- If to be transferred to commercial banks,** commission + transaction costs.



FEE APPLICATIONS (5)

Remittances received from all our correspondents (including Central Banks) in favour of bank and non bank beneficiaries *who have accounts* with our bank (military payments, forex. credit letter):

- No commission or transaction cost.



FEE CALCULATIONS (1)

Transaction costs consist of :

- **Swift message fee** (3,20 YTL each)
- +
- **Tax** (%5 of swift message fee)

Usually calculated as 6,72 YTL.

For a transaction (MT103 + MT202) ,
 $(3,20 * 2) + (0,05 * 6,40) = 6,72$



FEE CALCULATIONS (2)

Commissions for the transfers to commercial banks concerning ordinary customer payments consists of :

- % 0,2 of the amount , min. USD 10.-
- No upper limit.
- No commissions charged below USD 15.-



FEE CALCULATIONS (3)

Commissions for the remittances concerning ordinary customer payments paid by our counters consists of:

- % 3 of the amount , min. USD 10.-
- No upper limit.
- No commissions charged below USD 15.-



FEE CALCULATIONS (4)

For customer payment orders received from our correspondents , if "OUR" in field 72,

- Depending on the type of the transaction, (ordinary or pension payments) commission+transaction cost or only transaction costs are requested from the correspondents.



REMITTANCES FOR PERIOD

01.04.06-30.04.06

	Military Payments	Pension Payments	Workers Accounts	Others	Total	Total %
EUR	1092	4892	22	164	6170	90,79
USD	87	-	1	327	415	6,11



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Individuals eligible for opening Foreign Currency Deposit Accounts at CBRT are real persons over eighteen years of age having residence or working permits abroad or the right thereto, Citizens of the Republic of Turkey (possessing The Republic of Turkey Identity Card / passports) or possessing "Certificates Regarding the Use of Rights Reserved Under the Law No.5203".

It is possible to open 1, 2 and 3 years foreign exchange time deposit accounts (for Euro, US Dollars, UK Pounds and Swiss Francs).



SPECIAL CORRESPONDENCE AGREEMENTS BETWEEN CBRT AND OTHER BANKS IN EUROPE FOR OPENING CREDIT LETTER ACCOUNTS

IN GERMANY

DRESDNER BANK (13.04.1976 – 30.06.2003)

IN HOLLAND

ABN-AMRO BANK (17.10.1983 – 27.10.1994)

UNITED GARANTI BANK INTERNATIONAL N.V. (13.10.1994 – 1.6.2005)

DEMİR HALK BANK (NEDHERLAND) N.V. (15.03.1995 – 2.10.2006)

IN FRANCE

BANQUE DU BOSPHORE (21.05.1997 – 14.05.2003)

IN UK

TURKISH BANK (UK) LTD. (9.12.1995 – 2.10.2006)



According to these special correspondence agreements, all the expenses of "credit letter" account opening transactions via these banks, are undertaken by CBRT.

For opening Super F/X accounts at CBRT, if the origin of application is abroad (from correspondent banks) account holders pay transaction expenses themselves.

On the other hand, all the special correspondence agreements will end up by 02.10.2006, also there will be no more credit letter account opening expense for the CBRT after this date.



**Thank
you!..**