Ministro Morando, President Nwanze, Your Excellencies, ladies and gentlemen,

Mr. Nwanze, thank you for your kind words of welcome. It is my pleasure to be here today. I am honoured to celebrate with you the first International Day of Family Remittances.

For centuries, people have left home and crossed countries, continents and oceans in search of better opportunities for themselves and their families. Today, more than 240 million people live outside their countries of birth. And half of them are women.

Some people will risk everything - even their lives - for the chance of a brighter future for themselves and their families. Almost every day, we are confronted with the human tragedies arising from this need, here in Italy, in Europe and all around the world.

The millions of migrants who have not faced such dramatic circumstances, still make great personal sacrifices. Just think of the courage it takes to leave familiar surroundings, family and friends to live in a foreign country, often for years on end. It can mean - for example - not seeing your children grow up. As a mother I can imagine how hard that must be.

From a human perspective, we have to make sure that these families can make the most from their hard-earned money. And there is a macro-economic dimension to the issue as well. Remittances represent an important flow of foreign currency with tremendous impact in local communities and national economies. According to the UN Conference on Trade and Development (UNCTAD), a 10 percent rise in remittances may lead to a 3.5 percent reduction in the share of people living in poverty.

As the UN Secretary-General's Special Advocate for Inclusive Finance for Development, I am acutely aware of the importance of remittances to developing countries. I have seen first-hand the positive impact they have.

Three months ago, I was in Myanmar, one of Southeast Asia's poorest countries, which is struggling to recover after decades of economic stagnation. Millions of people from Myanmar are earning their livelihoods abroad, in Thailand, China or the US. They provide a lifeline to their cash-strapped families back home. And they are helping to make growth, development and financial stability possible in their home country! Remittances are more stable than many other types of capital flows. And what is more: they are generally contracyclical. They can even greatly enhance the recipient country's sovereign credit rating.

Over the past fifteen years, we have gained a much better understanding of the power and underlying dynamics of remittance flows to developing countries. The scale of these funds is nothing short of astonishing. Last year, migrants sent an estimated $440 billion in remittances back home to developing countries, surpassing foreign direct investment and representing inflows four times greater than official development assistance! Over the next five years, more than $2.5 trillion in remittances will be sent to developing countries with almost 40 percent of this directed to rural areas.

And this is probably only the tip of the iceberg. Indications are that informal and domestic remittances surpass even the gigantic formal amounts.
The key question with remittances is: how can we maximize their development impact? How can the great efforts being made by migrant workers have the highest impact possible? What can we do to ensure that remittances are more secure and less costly so that they achieve their intended purpose? We know that these purposes are varied. They can include building a new house, investing in a business or providing children with an education. We should never forget that to millions of families in developing countries these efforts represent their only hope for building a better future.

I think we can all agree that remittances are vitally important. However, migrants and their families are faced with a system that is expensive, inappropriate to their needs and, at times, insecure. Having said this, we have to acknowledge that a lot of work has been done and rates have been coming down.

But there is still clear room for improvement. For instance, at the end of 2014, the global average cost of sending remittances ate up almost 8 percent of their total value. In some remittance corridors, rates can go above 20 percent! For a father or mother on a five-day workweek, that would mean working one whole day a week, just to pay the transfer costs. And the reality is that most of the people involved are working six days a week or even more. Reducing these costs from the current average of 8 percent to 3 percent would translate into huge saving of over $20 billion annually for migrants and their relatives.

Beyond the steep macroeconomic savings, there is a real personal advantage to reducing these costs. Because migrants will be able to send more money in just one year, they will have to spend less time away from their families to be able to buy that house, start that business or finance an education for their children.

And sending and receiving remittances is often inconvenient. Locating dependable channels to transfer cash, filling out paperwork, dealing with red tape and long lines make the transfer of remittances complicated and expensive at both ends. Innovation from providers such as new mobile approaches holds great promise in overcoming some of these difficulties. Imagine if a father or mother, working overseas, could transfer money to their family simply by using a smartphone.

A large proportion of remittances are used for basic needs such as food, clothing, medical care, housing and education. But families can benefit even more if remittance income can be protected and invested within the formal financial system through savings, insurance and other services. Specialized products could translate these transactions into long-term welfare gains. Further gains can be made by coupling these services with financial education, allowing for the full potential of remittances to be realized.

In Indonesia, I joined young women in a training program for household workers prior to them heading for jobs overseas. During a two-week course, the women learned the basics of personal finance, how to budget and save, and how to use tools like ATMs and remittance services. What they realized during this course, is that in order to finance the house of their dreams, they would have to work for more than the two years they initially anticipated. As you can imagine, this caused great frustration. But it is necessary information for them to plan on!

Vast remittance flows are sent and received through informal channels because migrants are often unable to access the formal financial system. This is largely due to regulations aimed at preventing money laundering and terrorism financing. The focus on these measures has led many banks to stop offering remittance services and to close the accounts of money transfer operators. This relegates migrants—most of whom conduct only limited transactions - to expensive and risky informal alternatives.

There are, no doubt, real concerns to be addressed here. However, we should be careful not to drive substantial cash flows into the informal sector. What we need is a proportionate approach that carefully weighs risks, on a case by case basis, in line with established global standards. This would prevent that these flows become invisible, untraceable and insecure—a situation that leaves migrants, recipients, banks, regulators and everybody else worse off.

These are some of the main issues. And they are all connected. There are no easy answers. Tackling these challenges takes partnerships and dialogue between senders, receivers, providers, regulators, development agencies, and key international political fora such as the G20.
Ladies and gentlemen, at the age of 24, I myself left my country of birth Argentina, and went to New York to work. I understand the drive of migrants for greener pastures for them and their families. Today's forum is an excellent occasion to discuss the ways in which we can support them by maximizing the development impact of remittances.

Given the size of remittance flows, whatever progress we make will have an outsized benefit. We need to get this right. We owe it to the millions of fellow citizens around the world who are working long hours far from their loved ones. We owe it to their families who depend on them and are in need of support. And we owe it to their countries of origin, which need secure and efficient remittance flows to support their fight against poverty and hunger and their quest for equitable growth and development.

I wish you a fruitful conference and look forward to hearing what emerges from your discussions.