present a seminar on

FINANCIAL INCLUSION
AND THE GREAT
DERISKING:

HOW MUCH LONGER WILL THE
GATEWAY FRUIT HANG SO LOW?

by

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ABSTRACT
Mobile technology has made micropayments the low-hanging fruit of financial inclusion. This fruit is also considered the gateway to other financial inclusion mechanisms, such as microsavings and microcredit. When it comes to foreign remittance payments, however, the “great derisking” in correspondent banking now threatens to take away this low-hanging fruit. Global banks have been derisking by cutting off their relationships with respondent banks in many poor countries. I argue that this is largely an overreaction to the recent large penalties for violations of rules against money laundering and terrorist financing. Moreover, there are steps remittance-receiving countries can take to mitigate the consequences of derisking.

ABOUT THE AUTHOR
Eli Remolona is Chief Representative for Asia and the Pacific of the Bank for International Settlements (BIS). He heads a 35-person team in Hong Kong and is responsible for all BIS business and activity in the region. He joined the BIS in 1999, first serving as Head of Financial Markets and Editor of the BIS Quarterly Review in Basel, Switzerland, and later as Head of Economics in Hong Kong. Before that, he was Research Officer of the Federal Reserve Bank of New York, where he worked for 14 years. He has a Ph.D. in economics from Stanford University.