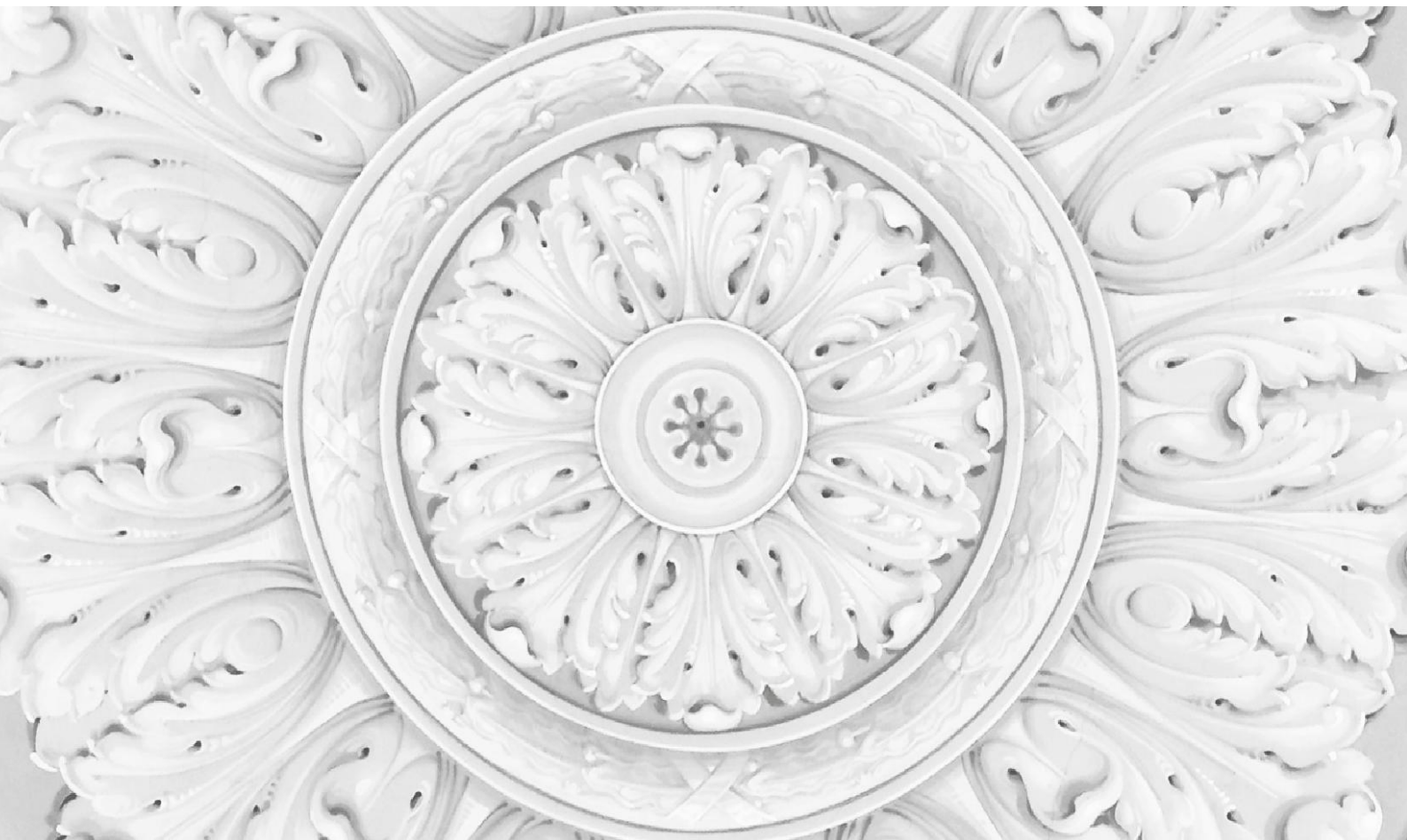




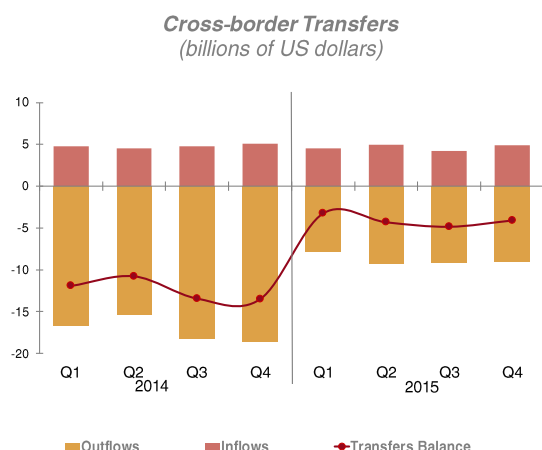
Bank of Russia

The Central Bank of the Russian Federation



## **CROSS-BORDER TRANSFERS OF INDIVIDUALS 2015**

The total turnover of cross-border transactions of individuals (residents and non-residents)<sup>1</sup> in 2015 fell by \$34.4 billion from the 2014 total to \$53.7 billion. The decline came mostly as a result of the sharply reduced outgoing flows (-49%), while the funds inflows from abroad for the benefit of individuals were relatively steady (with a 3% drop).



As before, the outflows exceeded the inflows, albeit with the negative balance in the cross-border transfers of individuals shrinking by two-thirds to \$16.5 billion, back to the level seen in 2009.

**Money transfers from Russia** made by individuals were down from \$68.9 billion in 2014 to \$35.1 billion in 2015. The decrease was mainly triggered by the economic downturn in Russia, which led to both a declining number of individuals' transfers to their own accounts with foreign banks and a reduction in those by migrant workers to their families residing in the former USSR republics.

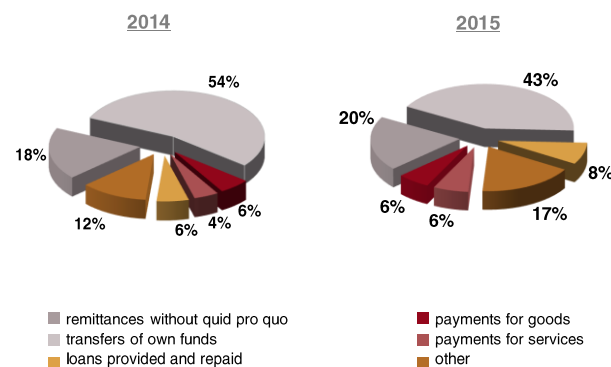
Within the composition of transfers, like in the previous year, residents accounted for the major share (amounting to \$24.6 billion), which included \$20.6 billion transferred to non-CIS countries. The share of residents' transfers in the outgoing payments remained virtually unchanged at 70%.

<sup>1</sup> Cross-border transfers of individuals include cross-border remittances by individual residents and individual non-residents (receipts for the account of individual residents and individual non-residents) as are effected by credit institutions through an open account or in the absence of the latter; these include remittances via money transfer operators.

Non-residents accounted for \$10.5 billion worth of remittances (30% of the outflows).

In the breakdown by purpose, residents' cross-border transfers to their own accounts with foreign banks continued to lead with 43% of the total amount. However, the amount of such transactions in 2015 was down by more than one half reaching \$10.5 billion. The bulk of such funds (58%) were transferred to bank accounts in Switzerland, the United Kingdom, Spain, USA, and Latvia.

Composition of Money Transfers by Resident Individuals from the Russian Federation in 2014 and 2015, by Purpose



The second most prominent purpose in residents' outgoing transfers (20% of the total) were remittances without a quid pro quo related to labour migration across the CIS. Such remittances totalled almost \$4.9 billion, generated mostly by Ukraine, China, Kyrgyzstan, Tajikistan, and Uzbekistan. The bulk of such transfers (90%) were made via money transfer operators (MTOs).

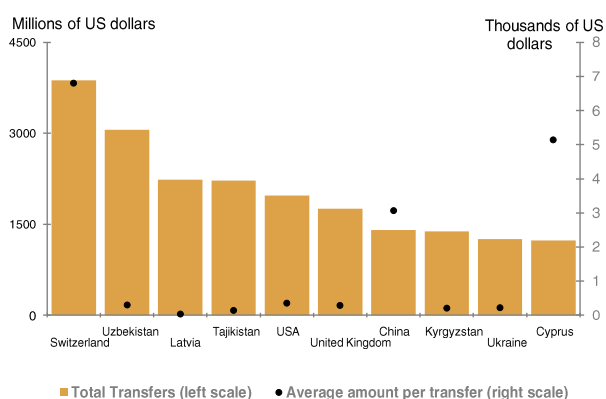
The total share of payments for goods and services in the total volume of individuals' transfers abroad grew by 12% reaching \$3.0 billion. In the *payments for goods* category, mainly money transfers to Japan and Italy to pay for cars and furniture remained substantial (32%).

Residents' transactions related to borrowing and repayment fell to \$1.9 billion, with the relative share of such type of transfers in the composition by purpose rose to 8% (from 6%). Individuals lent to counterparties abroad \$1.3 billion, with loans mainly extended to individuals in Switzerland, Latvia,

Cyprus, USA, and Monaco. In repayment of previously contracted loans resident individuals transferred \$0.6 billion.

Geographically, in cross-border transfers of individuals (residents and non-residents), remittances to Switzerland, Uzbekistan, Latvia, Tajikistan, USA, and the United Kingdom prevailed accounting for 43% of the total remittances abroad (\$15.1 billion).

Money Transfers of Individuals (Residents and Non-residents) from Russia to Top 10 Partner Countries in 2015



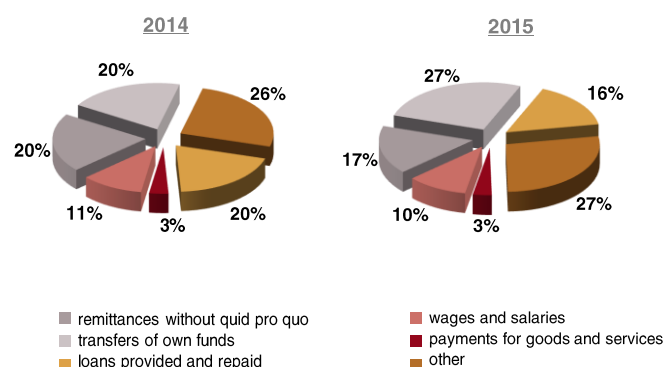
Switzerland retained its top position in transfers received from individuals residing in Russia, which was due to remaining traditional destination for individuals funds transfers to their own accounts. Nevertheless, the volume of transfers to Switzerland fell 2.7 times to \$3.9 billion. An overwhelming part of transactions (92%) was made by residents. The CIS top ten recipient countries of transfers from the Russian Federation were Uzbekistan, Tajikistan, and Kyrgyzstan, the main labour force exporting countries which collectively accounted for \$6.7 billion of outgoing transfers (against \$11.6 billion in the previous year).

The currency composition of transfers in 2015 was dominated by the US dollar accounting for 52% of the total outflows, as the year before; euro-denominated remittances from the Russian Federation accounted for 24% (25% in 2014), and Russian ruble transfers represented 20% (17%) of the total.

**Receipts for the benefit of individuals residing in the Russian Federation** in 2015 amounted to \$18.6 billion (against \$19.2 billion in 2014). Traditionally, the dominant share of receipts (\$15.9 billion) came for the benefit of Russian Federation residents (86% of inflows). Non-residents received in the Russian Federation \$2.6 billion (14% of the total).

The breakdown of receipts by purpose saw a growing share of transfers of own funds while the share of remittances without a quid pro quo and loan acquisition and repayment-related transactions shrank.

Composition of Money Transfers to the Russian Federation for the Benefit of Resident Individuals in 2014 and 2015, by Purpose



Money transfers into Russia made by individuals from their accounts in foreign banks grew by 36% reaching \$4.4 billion representing 27% of the total (against 20% in 2014). More than one half of the amount (\$2.6 billion) came from bank accounts in Switzerland, the USA, the United Kingdom, and Latvia, which reflected, inter alia, partial repatriation of previous capital outflows from Russia due to the growing sanctions-related risks. Russian residents transferred from their accounts in Switzerland alone to their accounts with Russian banks as much as \$1.6 billion (38% of total own funds' receipts in Russia).

Remittances without a quid pro quo for the benefit of resident individuals fell by 17% to \$2.7 billion, with their share shrinking by 3 pp to 17%. The composition of such transfers was dominated by

MTO-channelled receipts originating from CIS countries (Kazakhstan, Uzbekistan, Kyrgyzstan, and Armenia).

Remittances to the Russian Federation related to loan acquisition, outstanding debt servicing and repayment in 2015 declined to \$2.6 billion accounting for 16% of the total (against 20% in 2014). Individuals borrowed from abroad as in the previous year as much as \$1.6 billion. Major funds' source countries were Switzerland, Cyprus, and Latvia (accounting for \$1.2 billion). Repayments to resident individuals of previously extended loans stood at \$0.9 billion.

Wages/salaries and transfers of other payments under employment contracts remained unchanged at \$1.7 billion.

Geographically, the share of inflows from non-CIS countries remained at the 2014 level and totalled \$14.7 billion. Key source countries were Switzerland, Latvia, the USA, the United Kingdom, and Cyprus, collectively accounting for \$8.6 billion (representing 46% of the total). Switzerland-originated inflows of payments rose by 21% on the 2014 outcome, reaching \$3.2 billion. The transaction amount averaged \$28,000. The dominant form of the transfers from Switzerland were resident individuals' remittances of their own funds from Swiss bank accounts to the bank accounts opened in the Russian Federation.

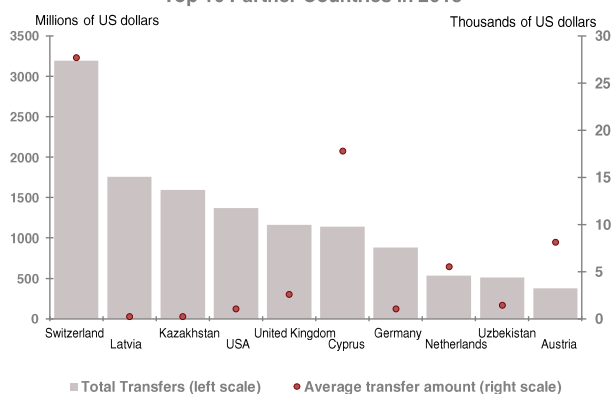
CIS-originated inflows fell by 17% to \$3.9 billion. Kazakhstan retained its position of the most important partner country within the group, with its outgoing transfers, in deviation from the general trend continuing to grow (by 15%) to \$1.6 billion (representing 41% of CIS-originated inflows). The drivers for more dynamic inflows from Kazakhstan included competitive prices for goods in the Russian market caused by the pronounced weakness of the Russian ruble against other currencies in the first half of 2015.

The currency composition of inflows was dominated by the US dollar accounting for 63% of incoming flows (against 60% in 2014). The euro and the Russian ruble accounted for 20% and 15% respectively (against 20% and 17% in 2014).

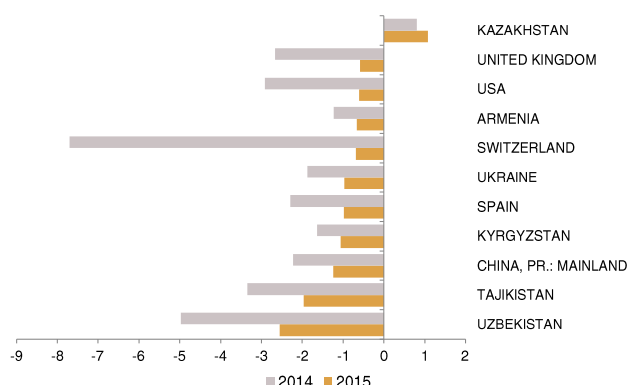
**The negative balance on cross-border transactions of individuals contracted three-fold** reaching \$16.5 billion. Net outflows from the Russian Federation to non-CIS destinations declined materially (fourfold) to \$9.4 billion (from \$35.3 billion in the previous year). The negative balance on cross-border transactions of individuals with CIS countries contracted by one half to \$7.2 billion.

The negative balance on cross-border transfers of individuals in 2015 was registered with almost all non-CIS partner countries. Net outflows to Switzerland (as the top partner country for 2014) fell eleven-fold to \$0.7 billion in 2015. Unchanged from the previous year was the negative balance on transfers with China (\$1.2 billion), Spain (\$1.0 billion) and the USA (\$0.6 billion). Among CIS countries the leaders in net outflows from Russia were Uzbekistan (\$2.5 billion), Tajikistan (\$2.0 billion), and Kyrgyzstan (\$1.1 billion). The consistently positive balance on transfers of individuals between Russia and Kazakhstan amounted to \$1.1 billion.

Money Transfers for the Benefit of Individuals  
(Residents and Non-residents) in Russia by  
Top 10 Partner Countries in 2015



Cross-border Transactions of Individuals  
(Residents and Non-residents) by Select Partner Country  
in 2014 and 2015  
(billions of US dollars)



In 2015 the turnover of remittances via money transfer operators (MTOs)<sup>2</sup> included within cross-border transfers by individuals fell almost two-fold declining to \$13.0 billion (against \$25.0 billion in 2014). MTO-channelled transfers accounted for 28% of total outflows (against 30% in the previous year) and for 18% (22%) of total inflows. The key reason for the shrinking transactions turnover was a noticeable reduction in labour migration-related transactions as well as a drop in the dollar equivalent transfer amount due to the strengthened US dollar vis-à-vis major currencies.

Transfers from the Russian Federation overseas via MTOs fell in 2015 to \$9.7 billion while those to Russia declined to \$3.3 billion (against \$20.9 billion and \$4.2 billion in 2014, respectively).

In both outflows and inflows, inter-CIS transactions via MTOs prevailed: \$8.0 billion, or 82%, of the outbound flows and \$2.4 billion, or 72% of the inbound flows. Individuals transferred to non-CIS countries via MTOs \$1.7 billion and received \$0.9 billion.

Money transfers' breakdown by partner country was marked by high concentration. Five major transfer recipient countries (Uzbekistan, Tajikistan, Kyrgyzstan, Ukraine, and Armenia) collectively

accounted for 66% of total outflows (against 72% in the previous year). The top transfer to Russia originating countries were: Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Armenia, collectively accounting for 55% of total receipts of individuals in the Russian Federation (down from 57% in the previous year).

The average value of a Russian transfer via MTOs diminished from \$434 in 2014 to \$363 in 2015. The average amount of a remittance for the benefit of individuals in Russia also declined from \$843 in 2014 to \$628 in 2015. The amount of a non-CIS-bound transfer exceeded that of a CIS-bound transfer almost threefold reaching \$876 in 2015 against \$322 in the previous year. At the same time, the average inbound transfer amount from CIS countries exceeded by one third the similar average receipt from non-CIS countries: \$686 against \$516 respectively.

The average cross-border transfer  
amount made via MTOs  
in 2014-2015 (USD)

	2014	2015
Remittances from Russia	434	363
To non-CIS countries	933	876
To CIS countries	404	322
Total transfers to Russia	843	628
From non-CIS countries	644	516
From CIS countries	934	686

Tough competition among MTOs stipulated that transaction fees remained at an extremely low level. Nevertheless, in 2015 the weighted average fee for overseas remittances from Russia rose on 2014 to 1.9% of transaction amount. Thus, the average remittance from Russia of \$363 was subject to an average service charge of \$7. The service charges of MTOs in the Russian Federation remained the lowest among the G20 countries.

<sup>2</sup> The data on MTO-channelled transfers include those effected via the following payment systems: Anelik, BLIZKO, Contact, InterExpress, UNISTREAM, Western Union, Sberbank (Colibri), Golden Crown, LEADER, Russian Post.