

1. Cross-Border Transactions of Individuals in 2008

As compared to the previous year cross-border transactions carried out by individuals¹ (money transfers to Russia and from Russia) increased by 30% to \$51.9 billion.

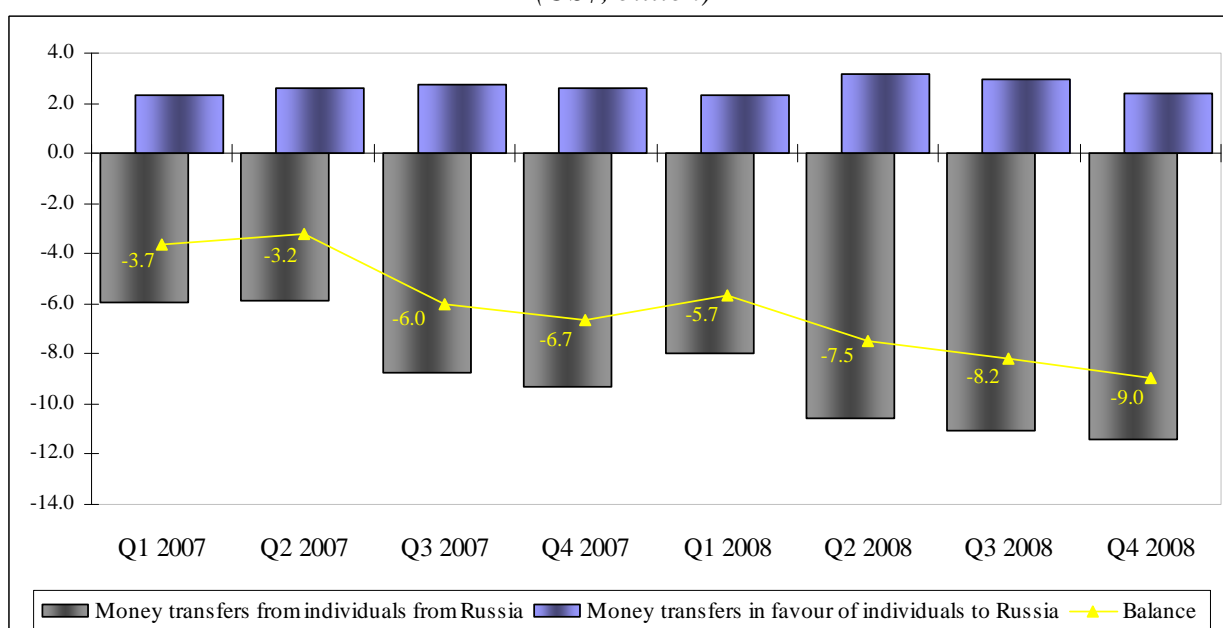
US\$, billion

	2008	Memorandum:
		2007
Money transfers in favour of individuals to Russia	10.8	10.2
Money transfers from individuals from Russia	41.1	29.8
Balance	-30.3	-19.6
Turnover	51.9	40.0

As payments abroad grew faster, the deficit of cross-border transactions increased by 55% in 2008.

Cross-Border Transactions in 2007-2008

(US\$, billion)

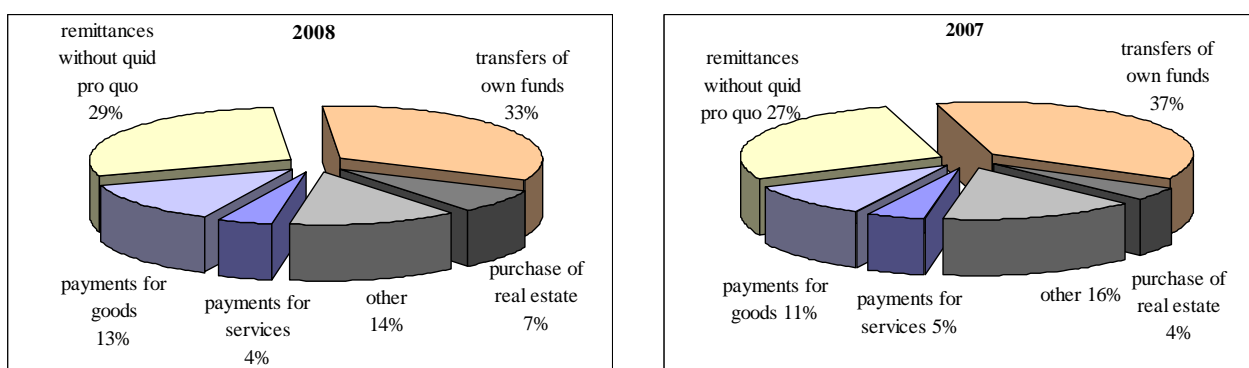


1.1 Remittances from Russia

The share of resident individuals in the volume of funds transferred abroad, which reached \$41.1 billion in 2008, totalled 62%. In terms of value, their transactions grew from \$18.5 billion in 2007 to \$25.6 billion in 2008.

¹ In this survey, the term 'cross-border transactions of individuals' is defined as non-cash Money transfers to Russia in favor of resident and nonresident individuals and money transfers from Russia made by resident and nonresident individuals via credit institutions (with/without opening an account) including remittances via money transfer systems and post offices.

Target Structure of Money Transfers from Resident Individuals from Russia in 2007-2008



As in the previous years, transfers related to the accumulation of foreign assets abroad were made up the major part of operations carried out by residents. In 2008, Russian citizens transferred \$8.5 billion to their accounts with foreign banks, of which \$1.5 billion was transferred to accounts with Dutch banks, with an average transfer sum of \$5.2 million. Significant transfers were made to countries, which offered tax benefits and did not require the disclosure and provision of information during the conduct of financial transactions. For example, transfers for the purpose of account replenishment averaged \$2.0 million in Luxembourg, \$1.1 million in Switzerland and \$0.5 million in Monaco.

The value of remittances without quid pro quo¹ sent abroad by resident individuals increased from \$5.1 billion in 2007 to \$7.3 billion in 2008. Over 80% of these transfers included remittances via money transfer operators². The value of such transfers grew due to an increase in remittances by Russian citizens to their relatives abroad.

Payments for goods and services accounted for about 17% of money transfers abroad. A total of \$3.3 billion was transferred as payment for goods, or 67% more than a year earlier. This amount largely involved payments for cars. Individuals spent \$62.0 million in 2008 (\$41.1 million in 2007) on the purchase of goods through catalogues.

The value of personal remittances to pay for services stood at \$1.1 billion, with payments for the services of travel agencies and tour operators accounting for two-thirds of that amount. Payments for education-related services contributed about 10%.

The share of money transfers by non-resident individuals from Russia was unchanged in 2008 from the previous year. In terms of value, these remittances increased from \$11.3 billion in 2007 to \$15.5 billion in 2008.

1.2 Money Transfers to Russia

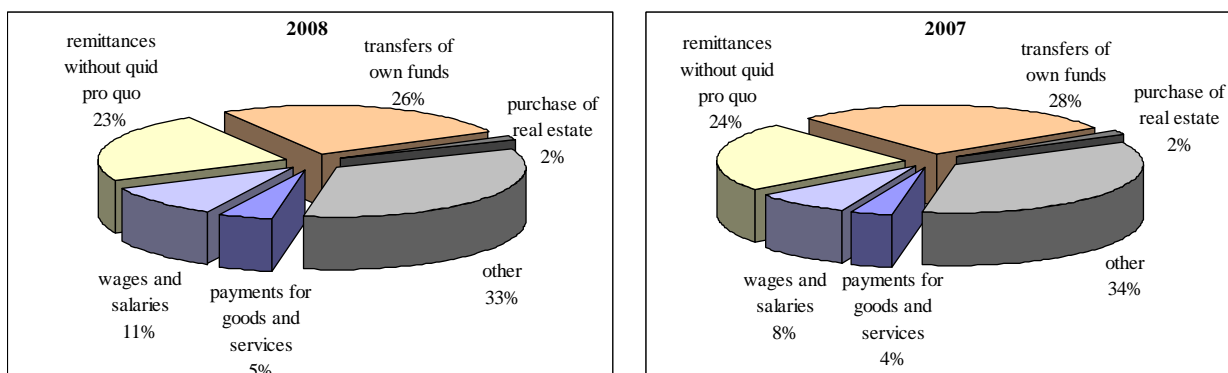
Money transfers to Russia amounted to \$10.8 billion in 2008, with most of the funds transferred in favour of resident individuals who accounted for 75% (\$8.1 billion) of transactions

¹ Remittances without quid pro quo include grants, donations, compensation payments, scholarships, pensions, alimonies, inheritance payments, gifts, and also all remittances made through money transfer operators conducted by resident individuals.

² Here and below money transfer operators include Anelik, BLIZKO, Coinstar Money Transfer, Contact, InterExpress, Migom, MoneyGram, PrivatMoney, UNISStream, Western Union, AsiaExpress, ALLURE, Blitz, Bystraya Pochta, Guta Sprint, Zolotaya Korona, LEADER, and also the Postal Service of Russia.

to Russia in favour of individuals (residents and non-residents) as compared with 73% (\$7.5 billion) in 2007.

Target structure of Money Transfers in favour of Resident Individuals to Russia in 2007-2008



In 2008, resident individuals transferred \$2.1 billion of their own funds (money transfers from individuals' accounts abroad to the accounts of the same individuals with Russian banks), including the repatriation of their own funds brought out of Russia earlier. The share of these transfers dropped from 28% in 2007 to 26% in 2008. Transfers from accounts with Swiss banks (\$1.0 billion) accounted for half of these receipts.

Remittances without quid pro quo ranked 2nd (24%) in the structure of money transfers from abroad. In terms of value, they increased by \$0.1 billion (by 7%) as compared with 2007 to \$1.9 billion. Transfers via MTOs accounted for 86% of this amount (\$1.6 billion).

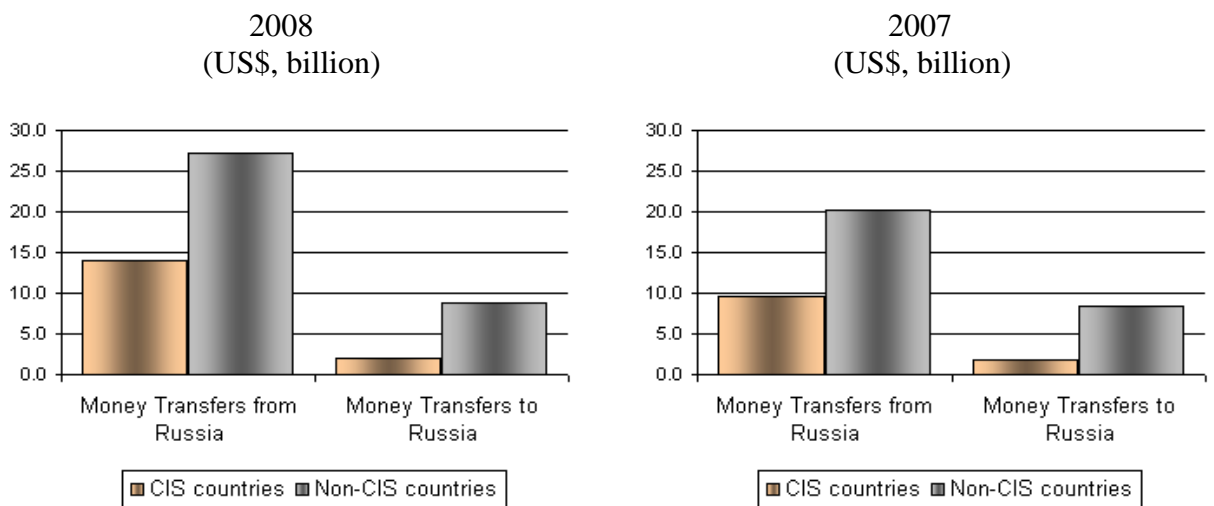
Annual wages and salaries to Russia from abroad directly to resident personal accounts equalled \$0.9 billion. According to estimates, operations by foreign shipping companies, which paid wages to sailors through the transfer of corresponding sums to Russian banks, accounted for about 15% of this amount.

Payments for goods and services accounted for an insignificant share in the structure of money receipts (5%). These receipts largely involved proceeds from the sale of individuals' personal property (antiques, cars and other goods) and payments for financial, legal, consulting and other services rendered by individuals, and also the payment of royalties.

Money transfers in favour of non-resident individuals totalled \$2.7 billion in 2008. Their share in the structure of money receipts dropped from 27% in 2007 to 25% in 2008.

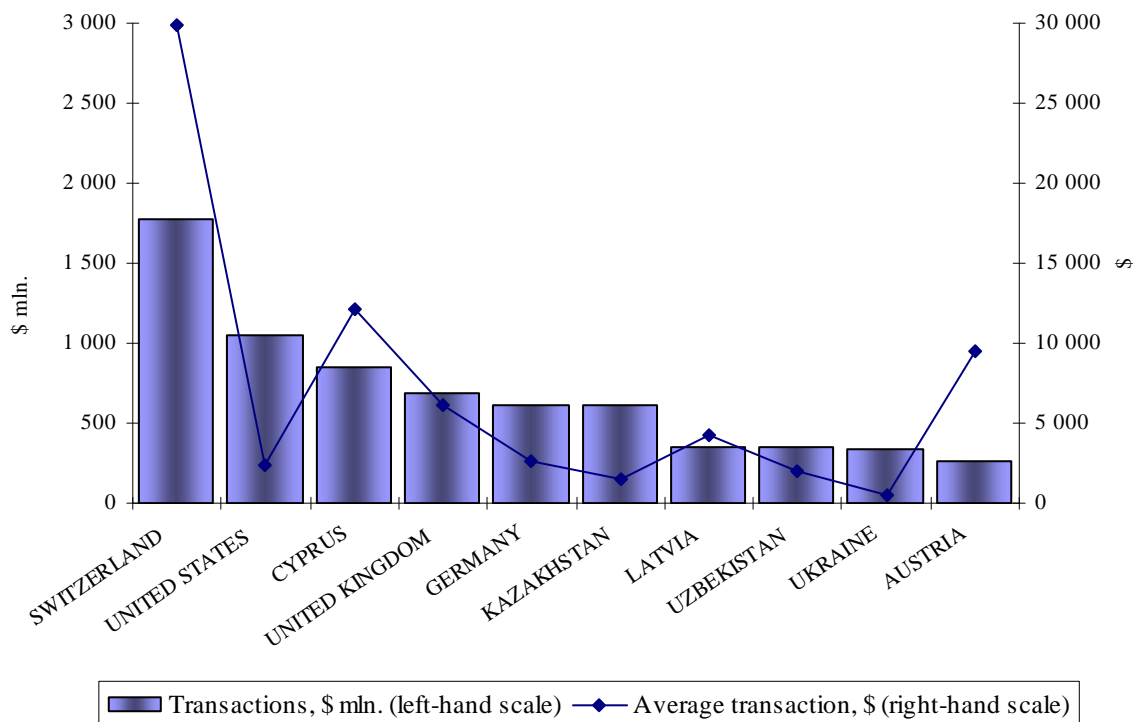
1.3 Geographical Allocation of Cross-Border Transactions

Geographically, transactions with non-CIS countries prevailed in the structure of cross-border transactions: their value totalled \$35.9 billion in 2008 (\$28.5 billion in 2007) whereas the value of operations with CIS countries stood at \$15.9 billion (\$11.5 billion in 2007). Transactions with both groups of countries registered a deficit. Net outflow of money from Russia to non-CIS countries increased by 55% to \$18.3 billion. Net outflow of money to CIS countries registered a similar increase.



Switzerland, the United States, Cyprus, the United Kingdom, Germany and Kazakhstan were the main countries, from which money was transferred in favour of individuals in Russia. Overall, these countries accounted for over 50% of all receipts.

Top 10 Countries Made Money Transfers in favour of Individuals (Residents and Non-residents) in Russia in 2008



Remittances from Switzerland amounted to \$1.8 billion. Transfers from the accounts of resident individuals opened with Swiss banks to their accounts in Russia made up more than half of these receipts, with an average sum per transaction being close to \$0.5 million.

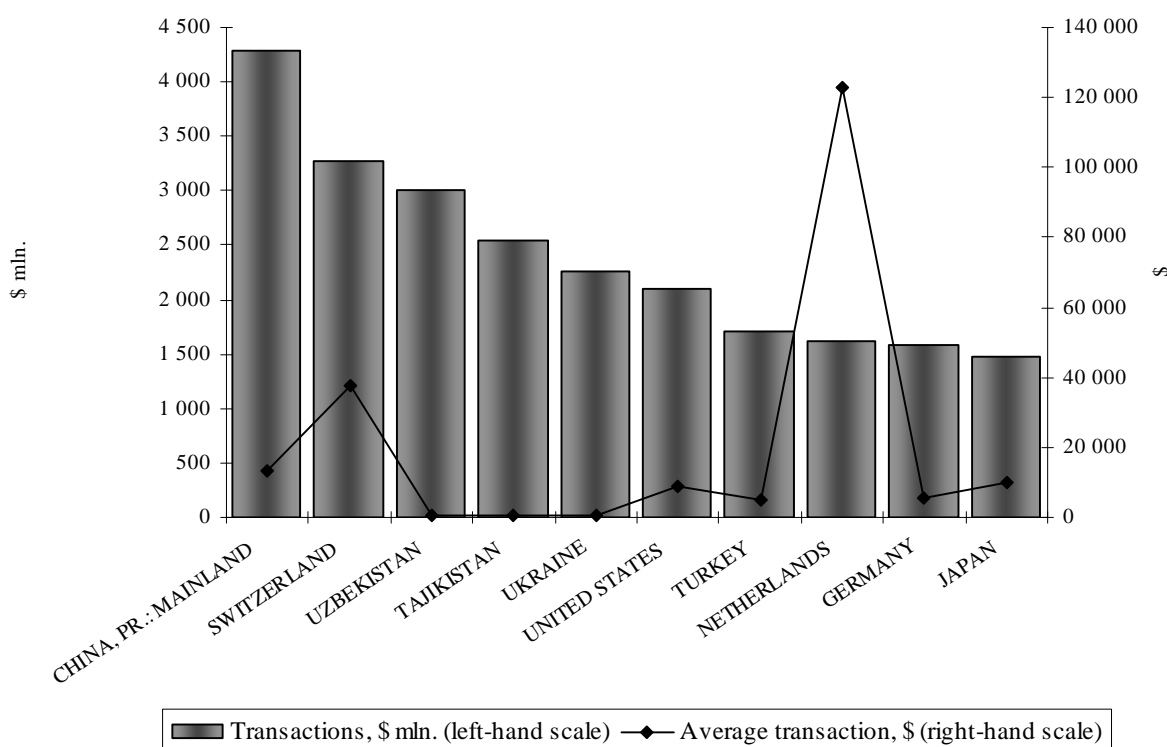
The United States ranked 2nd in terms of the value of money transfers to Russia (\$1.1 billion). These operations largely involved remittances without quid pro quo. About 16% of these remittances were made through money transfer operators.

Kazakhstan was the only CIS country, which remitted more money to Russia than it received.

Transactions with an average sum of over \$5,000 were carried out with Switzerland, Cyprus, the United Kingdom and Austria. Most frequently, these operations involved the repatriation of resident individuals' money.

The main recipients of money from individuals from Russia were China, Switzerland, Uzbekistan, Tajikistan, Ukraine and the United States. The share of remittances in the structure of payments to each of the above six countries accounted for more than 5% of the total value. Overall, they contributed over 43% of all remittances abroad.

Top 10 Countries Received Money Transfers from Individuals (Residents and Non-residents) from Russia in 2008

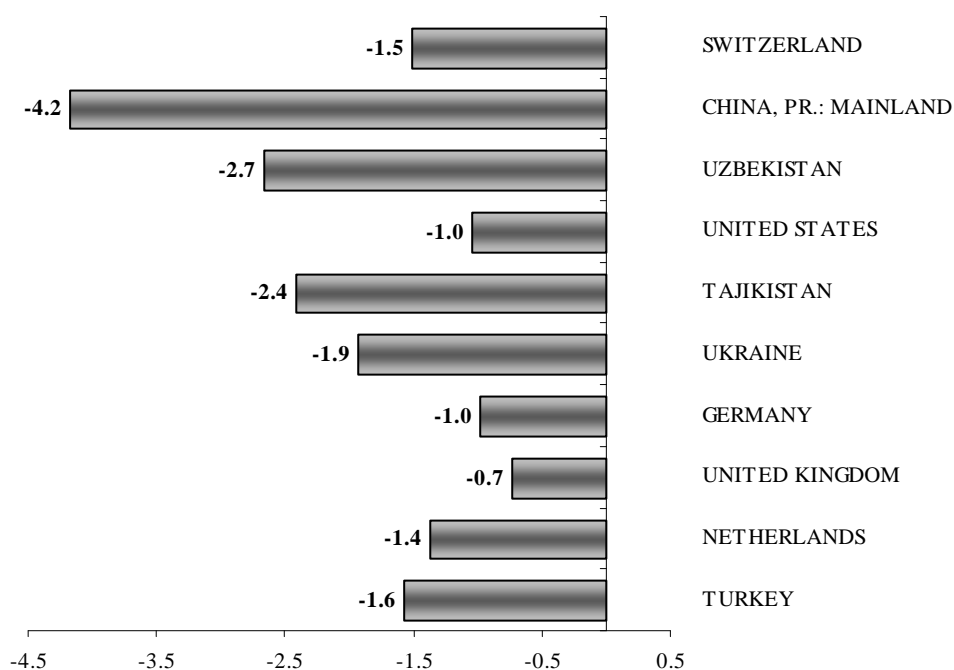


The largest amount of money transfers from Russia went to China (\$4.3 billion) as compared with other countries. These transactions were largely performed by non-residents, with an average transaction (\$24,000) being larger than the amount of money transfers by residents and exceeding 30 times the average amount of a non-resident's transaction to CIS countries. Over a half of money transfers to China came from two federal districts: the Far Eastern and Urals Federal Districts, with an average transaction from the Amur Region exceeding \$180,000. According to estimates, these transaction are related not so much to grant transfers as to payments for goods imported into Russia without due customs clearance.

A considerable part of transactions from Russia to Switzerland (85% of the total value of transfers to that country) was linked with the placement of financial resources by resident individuals with Swiss banks.

Small amounts in favour of households were largely transferred to Uzbekistan (with an average remittance of \$766), Tajikistan (\$637) and Ukraine (\$718).

***Cross-Border Transactions by Individuals (Residents and Non-residents) by countries¹
in 2008
(US\$, billion)***



Russia registered a deficit with ten leading countries in terms of cross-border transactions. The deficit with Uzbekistan, Tajikistan and Ukraine (a total of \$7 billion) arose partially created due to remittances in favour of relatives by individuals temporarily or permanently working in Russia, the deficit with China and Turkey (\$5.8 billion) resulted from transactions related to the imports of goods and the deficit with Switzerland, the Netherlands and the United Kingdom (\$3.6 billion) was attributable to residents' transfers from their accounts with Russian banks to their accounts abroad.

¹ The data are given for ten main countries in terms of the turnover of cross-border transactions. The deficit means larger remittances from Russia than remittances to Russia.

2. Cross-Border Remittances via money transfer operators

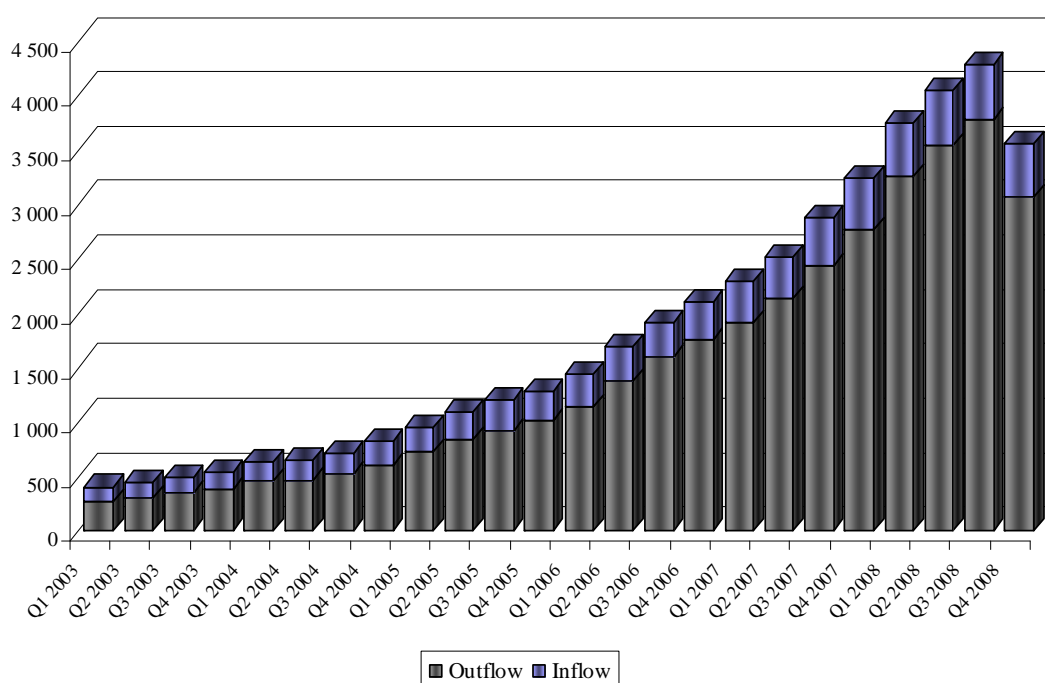
Cross-border remittances made through money transfer operators and the Postal Service of Russia (hereinafter, MTOs) are an integral part of cross-border transactions.

They accounted for 33% money transfers from individuals from Russia in 2008 (32% in 2007) and for 18% of money transfers in favour of individuals to Russia (16% in 2007).

Since 2003, the volume of remittances via MTOs increased eightfold to reach \$15.7 billion in 2008. The annual growth rate amounted to about 150%. This rapid growth was largely maintained by transfers from Russia.

In the fourth quarter of 2008, financial crisis considerably lowered money remittances from Russia¹, which was caused by both a decrease in the average remittance amount in dollar terms and a reduction in the number of transactions.

Cross-Border Remittances via MTOs
(seasonally adjusted)
US\$, million



As compared to the previous year the value of money remittances from Russia increased by 45% to \$13.7 billion. Remittances to Russia did not grow at such a rapid pace. In 2008, they increased by 18% and stood at \$2.0 billion.

The major part of remittances from Russia (92%) went to CIS countries and amounted to \$12.6 billion. Remittances to Russia came from both the CIS (\$1.2 billion) and non-CIS countries (\$0.8 billion).

An average remittance from Russia increased by 12% to \$698. An average remittance to non-CIS countries was twice as large as an average remittance to CIS countries (\$1,495 and \$667, respectively).

¹ Excluding the seasonal factor.

Average Amount of one Remittance via MTOs

	2008	US\$ <i>Memorandum:</i> 2007
Remittances from Russia	698	623
to non-CIS countries	1,495	1,407
to CIS countries	667	589
Remittances to Russia	671	579
from non-CIS countries	647	583
from CIS countries	689	575

In 2008, the main recipients of money remittances from Russia via MTOs were Uzbekistan (21.7%), Tajikistan (18.4%), Ukraine (12.3%), Armenia (9.1%) and Kyrgyzstan (8.4%).

The main donor countries were Uzbekistan (14.5%), Kazakhstan (11.9%), Ukraine (10.4%), the United States (8.7%) and Armenia (4.8%).

The geography of remittances to Russia and from Russia differed by concentration. The three largest donor countries contributed one-third of money received by individuals in Russia while the top three recipient countries accounted for more than a half of money remitted from Russia.

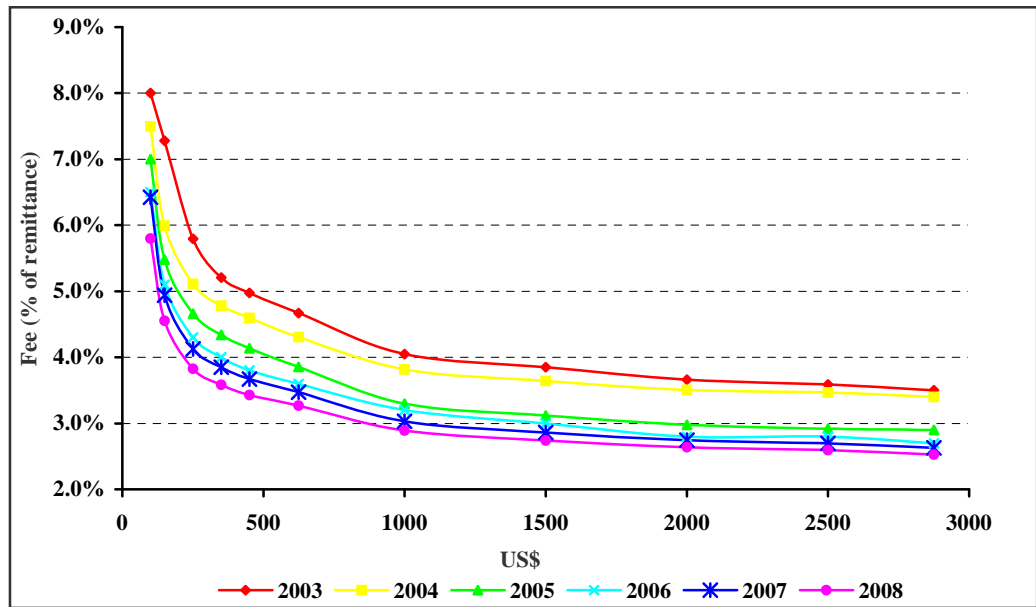
Remittances via MTOs by Country in 2008

Remittances from Russia	US\$, million	Share, %	Remittances to Russia	US\$, million	Share, %
Total	13,707	100%	Total	1,977	100%
UZBEKISTAN	2,978	22%	UZBEKISTAN	287	15%
TAJKISTAN	2,516	18%	KAZAKHSTAN	236	12%
UKRAINE	1,690	12%	UKRAINE	206	10%
ARMENIA	1,249	9%	UNITED STATES	172	9%
KYRGYZSTAN	1,157	8%	ARMENIA	96	5%
MOLDOVA	1,114	8%	TAJKISTAN	88	4%
AZERBAIJAN	887	6%	KYRGYZSTAN	81	4%
GEORGIA	683	5%	ITALY	55	3%
CHINA	473	3%	AZERBAIJAN	49	2%
KAZAKHSTAN	187	1%	CHINA	47	2%
Other countries	772	6%	Other countries	659	33%

According to estimates, the average fee charged from a client for a money remittance via MTOs abroad was 3.3% of the remittance sum in 2008. With the average remittance of \$700, the average fee equalled \$23.

The size of remittance fee has dropped considerably in the past few years. The largest reduction was registered for remittances ranging from \$100 to \$200. The remittance fee fell by 6% on average in 2008 year.

*Average fee
(for remittances from Russia via MTOs¹)*



¹ Taking into account the share of a particular MTO in the annual volume of remittances from Russia.