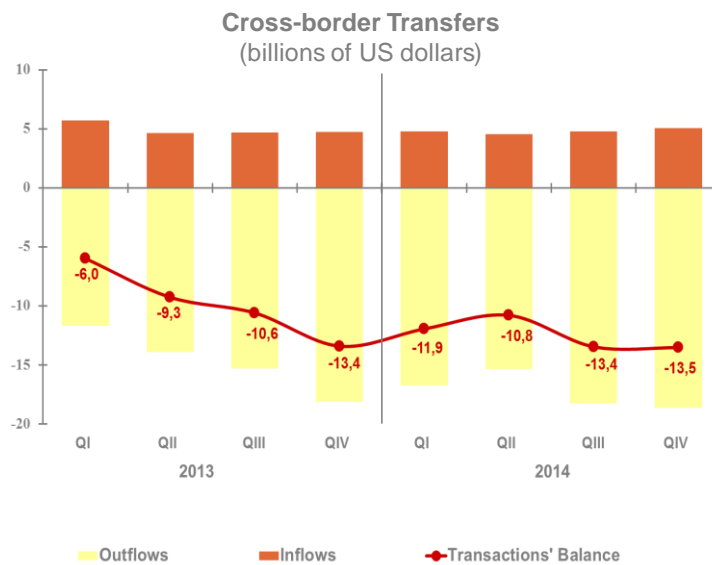




CROSS-BORDER TRANSFERS OF INDIVIDUALS IN 2014

The total turnover of **cross-border transfers of individuals** (both residents and nonresidents)¹ in 2014 increased by \$9.3 billion on the 2013 outcome reaching \$88.1 billion. In 2014, the growth resulted mostly from individuals' transfers to their foreign accounts owing to, among other factors, accelerated private capital exports and extended coverage of transactions involving electronic money transfers.

In the reporting period, cross-border transfers by individuals from the Russian Federation abroad grew by 17%, while receipts, in contrast, went down by 3%. In value terms, outflows traditionally exceeded inflows with the negative balance on cross-border, transfers of individuals, reaching a new record since 2005.

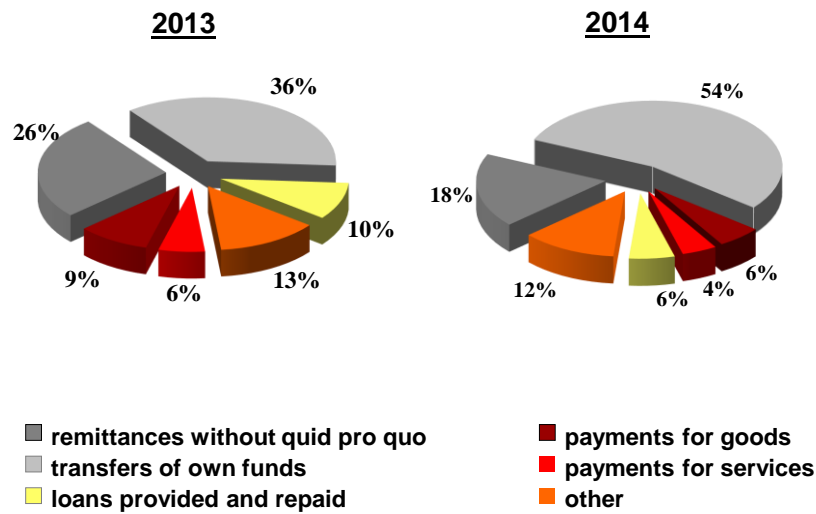


Money transfers by individuals from Russia rose from \$59.0 billion in 2013 to \$68.9 billion in 2014. Within the composition of transfers, like in the previous year, residents accounted for most transfers (growing from \$38.7 billion to \$49.7 billion), while the share of residents in outbound flows expanded from 66% to 72%. Nonresidents transferred abroad \$19.2 billion (representing 28% of total transfers).

¹ Cross-border transfers of individuals include cross-border wire money transfers (receipts) of resident and nonresident individuals to resident and nonresident individuals (in favour of resident and non-resident individuals) made through opening an account with a credit institution or without it, including remittances made via money transfer operators.



Composition of Money Transfers by Resident Individuals from the
Russian Federation in 2013 and 2014, by Purpose



In breakdown by purpose, residents' transfers abroad to their own accounts with foreign banks rose almost twofold to \$26.9 billion, with the share of such transactions growing by 18 percentage points to 54%. More than one half of all funds (\$14.8 billion) were transferred to bank accounts in Switzerland, the United Kingdom, Spain, and the United States.

The second most important category in residents' outbound transfers (constituting 18% of the total) were remittances without quid pro quo related to labour migration across the CIS. They totalled almost \$9.1 billion, with the bulk of such transfers (around 90%) made via money transfer operators. The major recipient countries were Ukraine, Kyrgyzstan, Tajikistan, China, and Uzbekistan.

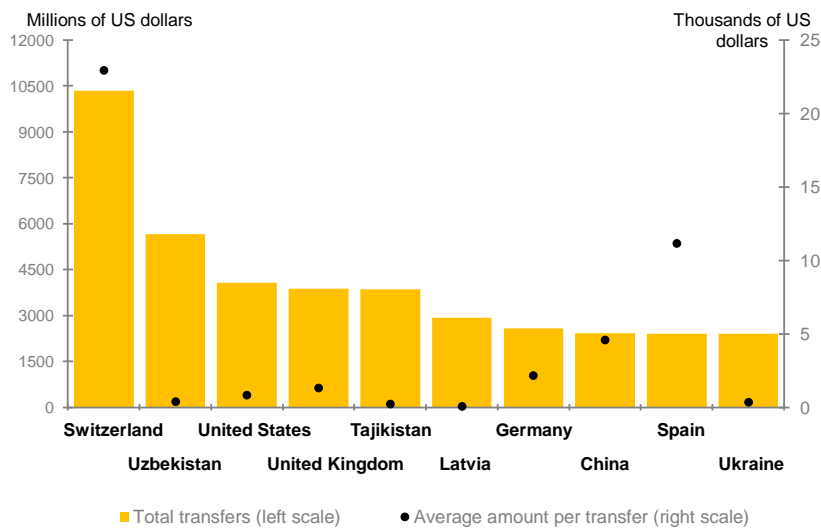
The share of payments for goods and services in the total volume of money transfers by resident individuals abroad notably declined to 10% (equivalent to \$4.9 billion). Money transfers to Japan, largely related to car purchases, made up a significant part of payments for goods (representing 27%).

Residents' transactions related to loan acquisition, servicing and repayment amounted to \$2.8 billion, with the share of such transfers in the total composition declining to 6%. Individuals lent abroad as much as \$1.9 billion, with loans mainly granted to individuals in Switzerland, Latvia, the United States, and Cyprus. Repayments of loans previously extended to resident individuals stood at \$0.9 billion.

Geographically, transfers to Switzerland, Uzbekistan, the United States, the United Kingdom, Tajikistan, Latvia, and Germany prevailed in total transfers of individuals (residents and nonresidents) abroad. Transfers to each of these countries exceeded \$2.5 billion, accounting for one half of total cross-border transfers (equivalent to \$33.3 billion).



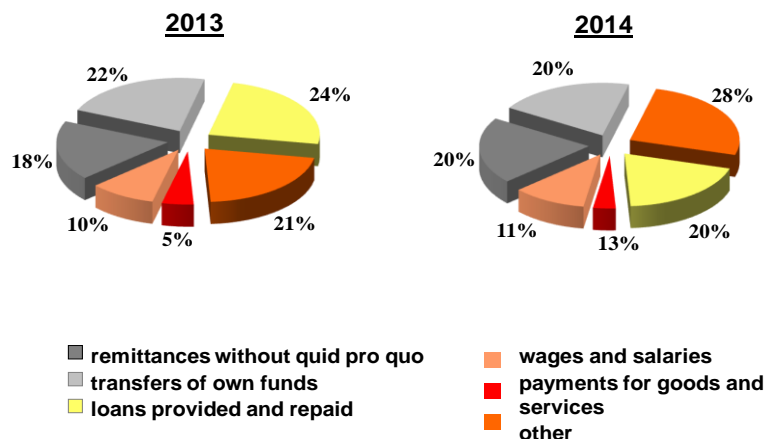
Money Transfers of Individuals (Residents and Nonresidents) from Russia to Top 10 Partner Countries in 2014



Switzerland retained its top ranking among Russian transfers' recipients, due to its traditional status as a safe haven in attracting Russian citizens' foreign savings. The volume of transfers to the country grew 2.4 times reaching \$10.3 billion, with the bulk of them (94%) made by resident individuals. The Top 10 destination countries included the CIS countries Uzbekistan, Tajikistan, and Ukraine, collectively accounting for \$11.9 billion (as compared with \$14.3 billion in the year earlier).

Transfers to the Russian Federation in favour of individuals in 2014 fell to \$19.2 billion (as compared with \$19.8 billion in the previous year). Most of the funds (\$16.0 billion) were transferred for the benefit of Russia's resident individuals (representing 83% of total inflows). Nonresidents in Russia received \$3.2 billion (a 17% share of the total).

Composition of Money Transfers to the Russian Federation in Favour of Resident Individuals in 2013 and 2014, by Purpose





Within *the composition* of transfers for the benefit of resident individuals, transfers without quid pro quo and own funds' transfers prevailed.

Individuals' remittances without quid pro quo increased to \$3.3 billion, and their share increased to 20%. Remittances via money transfer operators dominated the inflows (representing 93% of the total).

Transfers in favour of resident individuals from their accounts in foreign banks totalled \$3.2 billion (constituting a 20% share of the total). More than one half of the total amount (equivalent to \$1.7 billion) came from accounts with commercial banks in Switzerland, the United States, Latvia, and the United Kingdom, reflecting, inter alia, a partial repatriation of previously exported capitals from Russia due to the sanctions-related risks.

Transfers to the Russian Federation related to loans obtained, and to servicing and repayments of previously granted loans in 2014 declined to \$3.1 billion (equivalent to 20% of the total). Individuals from abroad raised \$1.7 billion worth of loans (as compared with \$3.4 billion in the previous year), and they received \$1.4 billion in repayment for previously granted loans. Major source countries were Latvia, Switzerland, Cyprus, and the Netherlands.

Wages and salaries and other transfers under employment contracts increased to \$1.7 billion (as compared with \$1.6 in the year earlier). The share of the category grew to 11%. In geographical breakdown, dominant positions were held by transfers originating from the United Kingdom, Germany, Cyprus, and the Netherlands.

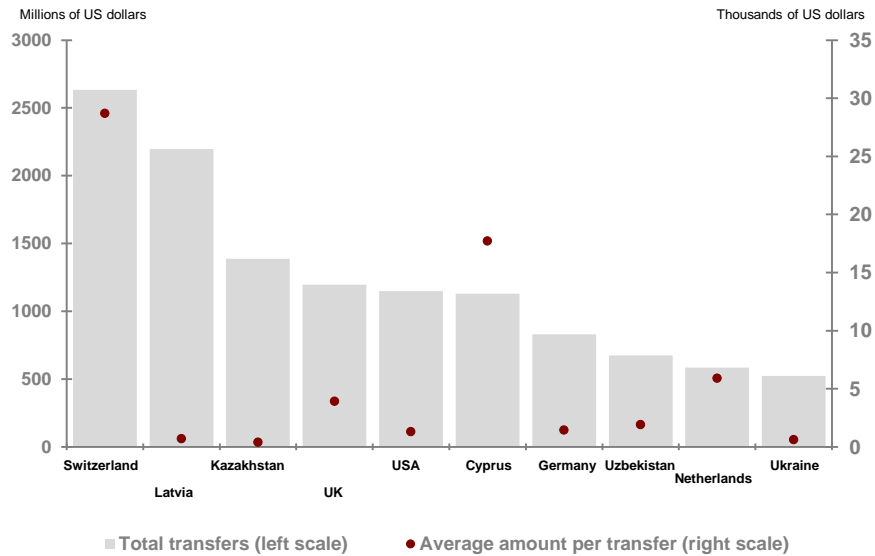
Geographically, non-CIS countries traditionally accounted for the bulk of transfers. This category grew by 22% year on year, exceeding \$64.4 billion. Key source countries were Switzerland, Latvia, the United Kingdom, the United States, and Cyprus, collectively accounting for \$8.3 billion. Nevertheless, Switzerland-originated payments went down by 15% on the 2013 outcome, reaching \$2.6 billion. Most of those transfers from Switzerland (88% of the total) were own funds' transfers by residents from accounts in Swiss banks to accounts in the Russian Federation. The average amount of one transaction stood at \$29,000.

The CIS-originated receipts contracted by 9% to \$23.7 billion. Kazakhstan remained the most important partner country, with transfers from it, deviating from the general trend, growing by 16.7% to \$1.4 billion.

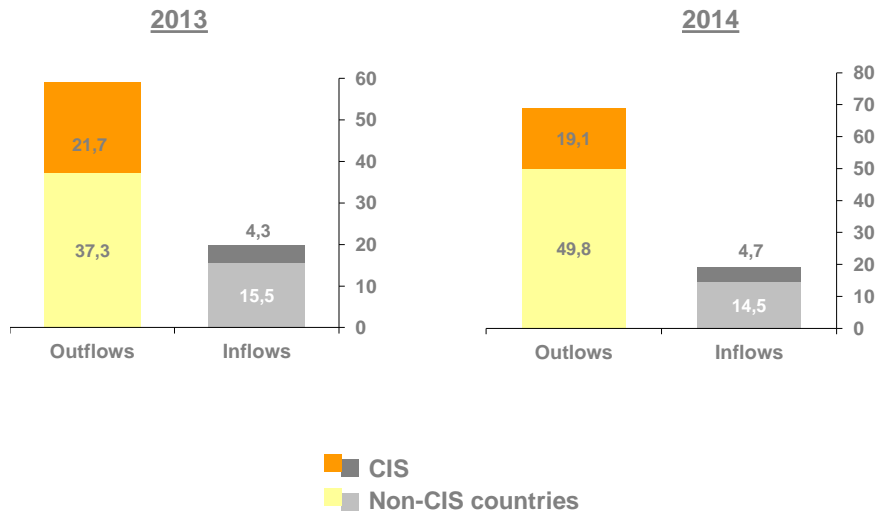


CROSS-BORDER TRANSFERS
OF INDIVIDUALS IN 2014

Money Transfers in Favour of Individuals (Residents and Nonresidents)
in Russia by Top 10 Partner Countries in 2014



Regional Breakdown of Cross-border Transactions in 2013 and 2014
(billions of US dollars)

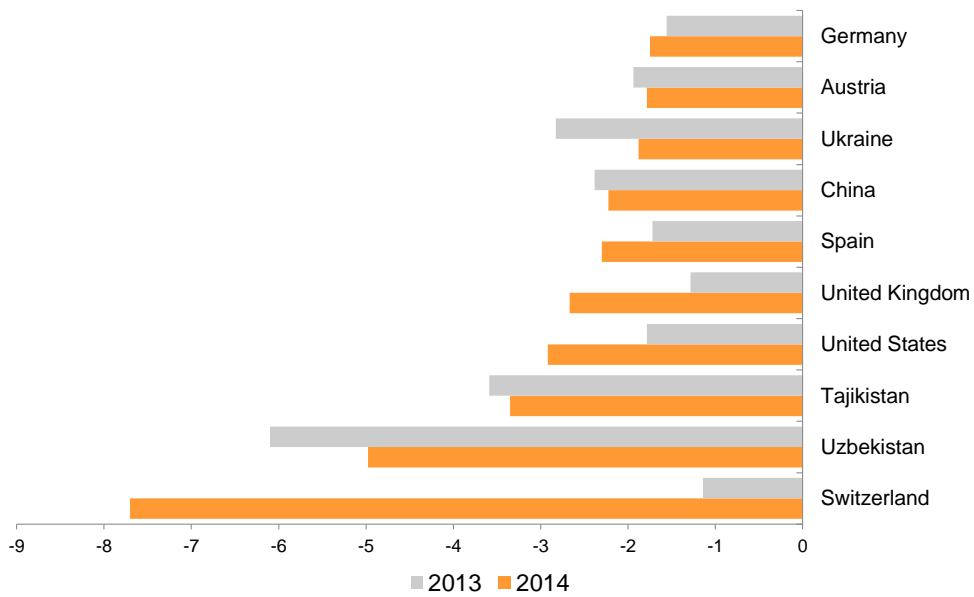


The negative balance on **cross-border transfers of individuals** widened by 27% to \$49.7 billion. The net outflow of funds from Russia to non-CIS countries increased by 62% to \$35.3 billion against the background of an 18% reduction in the negative balance on transactions with the CIS countries to \$14.4 billion.



In 2014, Russia registered a deficit on cross-border transfers of individuals with almost all of its counterparty countries, with the exception of Kazakhstan. The top non-CIS countries with maximum negative balances included Switzerland (\$7.7 billion), the United States (\$2.9 billion), the United Kingdom (2.7 billion), and Spain (\$2.3 billion). The leading recipients of net funds' outflows from Russia to the CIS countries were Uzbekistan (\$5.0 billion), Tajikistan (\$3.3 billion), and Ukraine (\$1.9 billion).

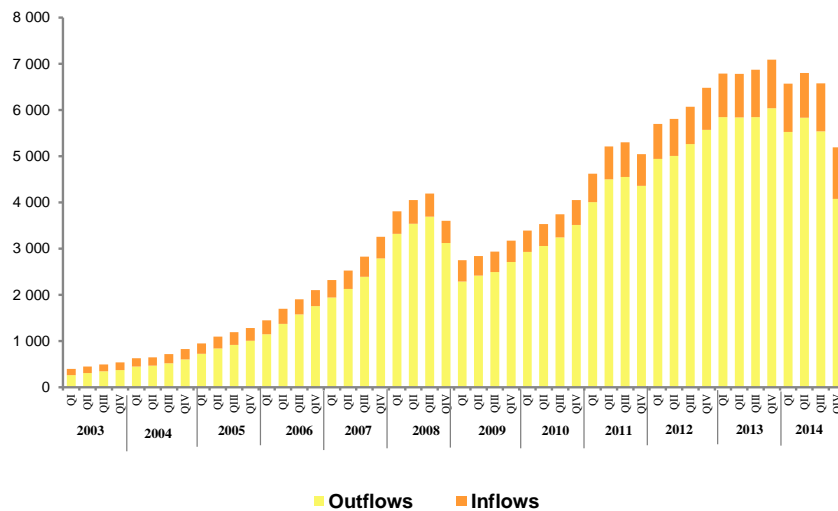
**Cross-border Transactions of Individuals
(Residents and Nonresidents) by Select Partner Country
in 2013 and 2014**
(billions of US dollars)





In 2014, remittances via money transfer operators (MTOs)¹, included as a component in cross-border transfers of individuals, contracted by 9% on the 2013 outcome, totalling \$25.0 billion. MTO-transferred funds represented 30% of total outflows and 22% of total inflows. The downward trend was mainly caused by a drop in remittances related to labour migration.

Cross-border Remittances of Individuals
via Money Transfer Operators
(seasonally adjusted, millions of US dollars)



In 2014, remittances from the Russian Federation abroad via MTOs amounted to \$20.9 billion, and those received from abroad reached \$4.2 billion (in 2013, they stood at \$23.6 billion and \$4.0 billion respectively).

In both payments' and receipts' flows transactions with the CIS countries prevailed with \$18.3 billion, representing 88% of the total in the outbound flows and \$3.2 billion, accounting for 76% of the total in the inbound flow. Non-CIS countries received via MTOs \$2.6 billion worth of individuals' transfers; while receipts from those countries reached \$1.0 billion.

The breakdown by partner country was characterized by a high degree of concentration, as the top five donor countries (Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, and Ukraine) accounted for 60% of total receipts by individuals in the Russian Federation (as compared with 67% in a year earlier). The top five recipient countries (Uzbekistan, Tajikistan, Ukraine, Kyrgyzstan, and Armenia) collectively represented 72% of the total (down from 84% in the previous year).

¹ Data on money transfers include transactions via the following MTOs: Anelik, BLIZKO, Contact, InterExpress, UNIStream, Western Union, Kolibri, Zolotaya Korona, LEADER and FGUP "Pochta Rossii".



Remittances via MTOs in 2014 by Country

Remittances from Russia	Millions of US dollars	Share, %	Remittances to Russia	Millions of US dollars	Share, %
Total	20 856	100	Total	4 174	100
UZBEKISTAN	5 581	27	KAZAKHSTAN	676	16
TAJIKISTAN	3 831	18	UZBEKISTAN	658	16
UKRAINE	2 247	11	TAJIKISTAN	467	11
KYRGYZSTAN	2 026	10	KYRGYZSTAN	388	9
ARMENIA	1 416	7	UKRAINE	319	8
AZERBAIJAN	1 221	6	ARMENIA	195	5
MOLDOVA	1 215	6	AZERBAIJAN	188	5
CHINA	824	4	MOLDOVA	117	3
GEORGIA	696	3	BELARUS	114	3
Other countries	1 799	9	Other countries	1 052	25

The average value of a remittance from Russia diminished from \$487 in 2013 to \$434 in 2014. The average amount of a remittance in favour of individuals in Russia also went down from \$876 in 2013 to \$843 in 2014. The average amount of a remittance to non-CIS destinations maintained its twofold dominance over the average remittance to the CIS with the former equivalent to \$933 versus the size of the latter equivalent to \$404. At the same time, the average amount received from the CIS was 1.5-times larger than that from non-CIS countries (\$934 as compared with \$644, respectively).

Average Amount of a Cross-border Remittance via MTOs in 2013 and 2014

	2013	2014
Total remittances from Russia (US dollars)	487	434
to non-CIS countries	929	933
to CIS countries	458	404
Total remittances to Russia (US dollars)	876	843
from non-CIS countries	664	644
from CIS countries	984	934

High levels of competition among MTOs, coupled with relatively low costs related to money recipients' identification in the CIS, were key to sustaining a downward trend in transaction fees' tariffs. According to Bank of Russia's estimate, the average fee charged for a transfer of funds abroad was in 2014 at a minimum level for the entire period of observation declining to just 1.4% of the remittance amount. Correspondingly, for the average remittance from Russia (valued at \$434) an average commission charge was equivalent to \$6. The level of commissions charged by MTOs for their services in the Russian Federation was the lowest among the G20 countries.



CROSS-BORDER TRANSFERS OF INDIVIDUALS IN 2014

Average Fee

