



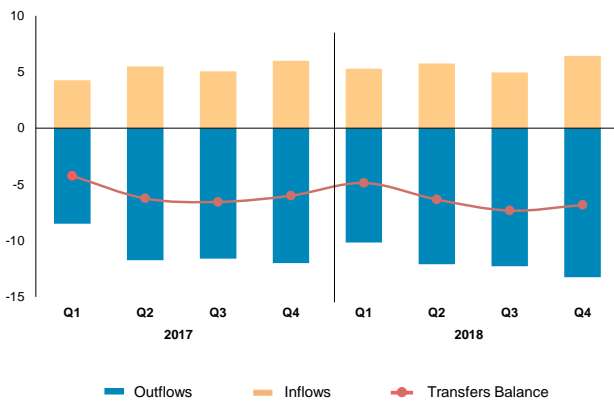
Bank of Russia

**CROSS-BORDER TRANSFERS OF
INDIVIDUALS IN 2018**

2019

In 2018, total cross-border remittances by both resident and non-resident individuals¹ increased by 8.8% on the 2017 outcome reaching \$70.3 billion. The negative balance on cross-border remittances by individuals widened by 10.2% to \$25.4 billion.

CROSS-BORDER TRANSFERS IN 2017 AND 2018
(billions of US dollars)



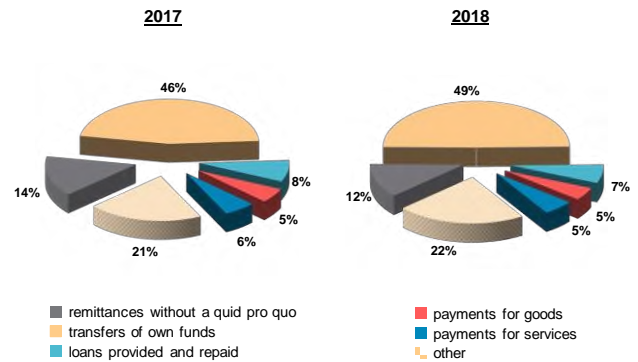
Transfers from the Russian Federation abroad by individuals increased by 9.1% from \$43.8 billion in 2017 to \$47.8 billion in 2018 due to the growth of remittances to both non-CIS (by 11.7%) and the CIS countries (by 2.9%).

Like a year earlier, remittances were mostly *sent* by *residents*, whose share in total transfers abroad grew from 71.4% in 2017 to 77.5% in the reporting period. In 2018, residents' overseas remittances totalled \$37.1 billion (against \$31.3 billion in 2017), including \$31.3 billion transferred to non-CIS countries (against \$26.6 billion in 2017). Non-residents transferred abroad \$10.8 billion (against \$12.5 billion a year earlier).

The *composition* of residents' cross-border remittances by purpose was dominated by *funds' transfers to their own accounts* in foreign banks (\$18.3 billion against \$14.4 billion in 2017). Their share in total resident individuals' transfers grew from 46.1% to 49.4%. Two thirds of the amount were transferred to banks in Switzerland, the United Kingdom, the United States of America, Spain, and Monaco.

¹ Cross-border remittances of individuals are defined as cross-border wire money transfers by resident and non-resi-

COMPOSITION OF MONEY TRANSFERS BY RESIDENT INDIVIDUALS FROM THE RUSSIAN FEDERATION IN 2017 AND 2018, BY PURPOSE



In 2018, residents' *remittances without a quid pro quo* slightly decreased to \$4.4 billion, or by 3.2%, with their share in outgoing transfers reducing from 14.5% to 11.9%. The bulk of transactions represented remittances made by labour migrants from the CIS countries, primarily Uzbekistan, Kyrgyzstan, Armenia, and Azerbaijan (a total of \$1.5 billion against \$1.3 billion a year before). The volume of individuals' remittances without a quid pro quo to China somewhat dropped (to \$0.6 billion from \$0.7 billion a year earlier). Traditionally, an overwhelming part of remittances without a quid pro quo (88.2%) was made via payment systems (88.7% in 2017).

Total remittances *in payment for goods and services* stood at \$3.6 billion (against \$3.4 billion in 2017), however, their share dropped from 11.0% of the outgoing flows in 2017 to 9.8% in the reporting year. The main recipients of remittances in payment for *goods* were Japan, Italy, Germany, and the United States of America (in aggregate, over one-half of transfers under the category). Remittances' flows to those countries were most commonly associated with purchases of automobiles, furniture, and clothes. Top recipients of remittances in payment for *services* were the United Kingdom, Cyprus, the United States of America, and Switzerland.

Residents' transactions to *extend, service and repay loans* were as follows. Resident individuals provided \$2.0 billion in loans to foreign counterparties, a gain

dent individuals (receipts of resident and non-resident individuals) effected with or without opening an account via credit institutions, including remittances via payment systems.

of 5.3% on the preceding year's outcome. Loans were mostly extended to legal entities to their accounts with banks in Switzerland, the United States of America, Cyprus, and Latvia. Resident individuals transferred \$0.4 billion to repay and service previously attracted loans, which was 24.0% below the preceding year's aggregate. Total transfers under the category fell in 2018 by 1.2% to \$2.4 billion, and their share dropped from 7.8% to 6.5%.

Within the *geographic composition* of resident and non-resident individuals' remittances, transfers to non-CIS countries increased from \$30.9 billion in 2017 to \$34.6 billion in 2018.

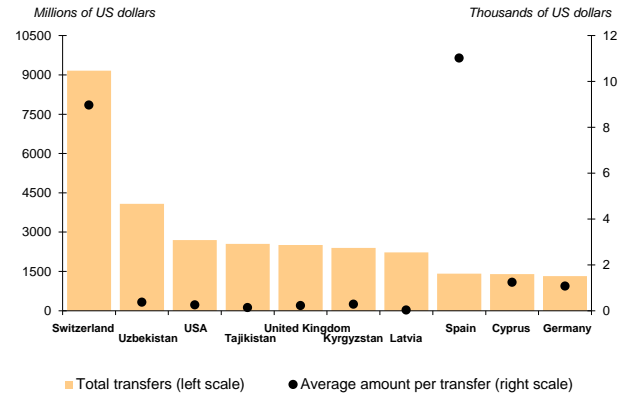
Remittances to the CIS countries totalled \$13.3 billion in the reporting period against \$12.9 billion a year earlier. Combined volume of transfers to Uzbekistan, Tajikistan and Kyrgyzstan reached \$9.0 billion, representing 68.0% of all remittances to the CIS countries.

Individuals' transfers from the Russian Federation to the EAEU countries increased by 5.9% on the 2017 outcome reaching \$4.6 billion (constituting 9.6% of outflows). Their growth was driven primarily by labour migration across the Union's territory.

The main recipients of outgoing cross-border transfers were Switzerland, Uzbekistan, the United States of America, Tajikistan, the United Kingdom, and Kyrgyzstan. Remittances to those countries accounted for 48.9% (\$23.4 billion) of total transfers.

Among the countries, Switzerland remained the largest recipient of funds from the Russian Federation. Traditionally, that was associated with individuals' depositing their own funds in bank accounts in that jurisdiction. Remittances to Switzerland rose by 47.7% to \$9.2 billion in 2018 (constituting 19.2% of outflows).

MONEY TRANSFERS OF INDIVIDUALS (RESIDENTS AND NON-RESIDENTS) FROM RUSSIA TO TOP 10 PARTNER COUNTRIES IN 2018

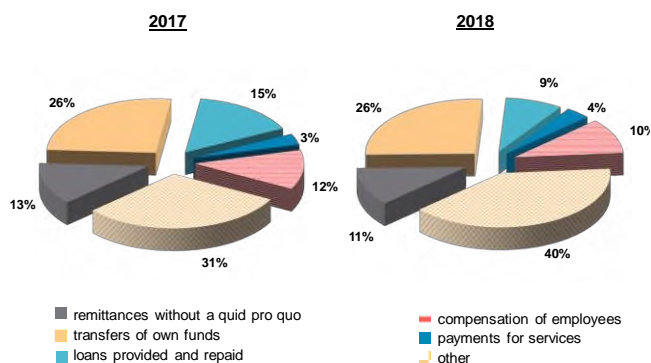


Despite the fact that the US dollar remained in 2018 the main currency in interbank cross-border remittances of individuals, its share in outgoing cross-border transfers shrank to 48.3% from 51.8% in 2017. The share of transactions in euros was 25.4% (against 23.8% a year earlier), and that in Russian rubles was 20.6% (against 19.8%).

Receipts of transfers by individuals in Russia totalled \$22.5 billion in 2018, 8.0% more than in 2017 (\$20.8 billion). Like in previous years, most funds were remitted for the benefit of *Russian Federation residents* (\$19.7 billion, or 87.9% of inflows).

The composition of inflows by purpose was dominated by transfers of resident individuals from their accounts in foreign banks (*own funds transfers*). They grew in the reporting period by 7.2% to \$5.2 billion. The share of that category of receipts in inflows remained unchanged at 26.4%. In the reporting year, more than one-half of receipts (\$3.1 billion) came from resident individuals' accounts with banks in Switzerland, Italy, Cyprus, the United Kingdom, and the United States of America.

COMPOSITION OF MONEY TRANSFERS TO THE RUSSIAN FEDERATION FOR THE BENEFIT OF RESIDENT INDIVIDUALS IN 2017 AND 2018, BY PURPOSE



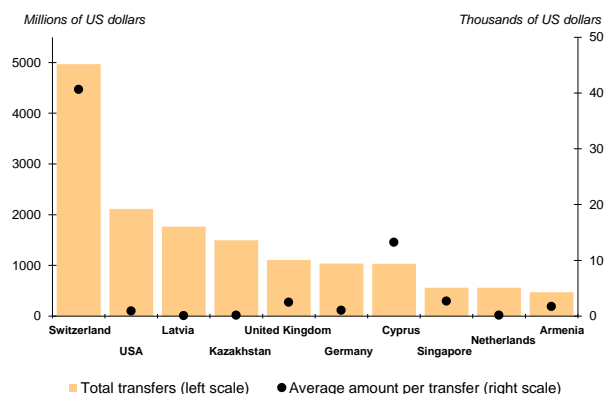
In 2018, cross-border *remittances without a quid pro quo* for the benefit of resident individuals declined by 2.8% to \$2.2 billion, with their share contracting by 1.2 pp to 11.4%. Remittances without a quid pro quo were received primarily from the EAEU countries, i.e. Kazakhstan (\$0.5 billion), Kyrgyzstan (\$0.2 billion), and Armenia (\$0.1 billion).

Inflows to the Russian Federation associated with *attracting, servicing and repayment of previously received loans* fell in 2018 by 40.9% to \$1.7 billion (representing 8.5% of inflows). Resident individuals received \$0.9 billion in borrowings from abroad, 22.9% less than in the previous year. Switzerland, Latvia, and the Netherlands were the main lenders with their transfers totalling \$0.6 billion. Principal and interest payments by non-resident individuals dropped by 52.9% to \$0.8 billion.

Compensation of employees and other labour contracts-related receipts by Russian residents fell in 2018 by 4.5% to \$2.1 billion, with the share of the category in inflows dropping to 10.5%.

In the geographic composition of inflows, remittances from non-CIS countries grew by 8.0% to \$18.9 billion. The bulk of inflows came from Switzerland, the United States of America, Latvia, the United Kingdom, and Germany totalling \$11.0 billion, contributing 58.3% of all transfers to Russian resident and non-resident individuals. The inflow of transfers from Switzerland, accounting for the largest share, rose by 36.0% to \$5.0 billion.

MONEY TRANSFERS FOR THE BENEFIT OF INDIVIDUALS (RESIDENTS AND NON-RESIDENTS) IN RUSSIA BY TOP 10 PARTNER COUNTRIES IN 2018



Remittances from the CIS countries also increased in 2018 by 8.0% from \$3.3 billion to \$3.6 billion. Remittances from the EAEU countries increased by 6.5% to \$2.5 billion (representing 11.3% of total receipts). Traditionally, Kazakhstan remained the main counterparty. In the reporting period, the amount of remittances from that country continued to grow totalling \$1.5 billion, which was partly associated with payments for goods and services in Russia. However, its share in aggregate inflows from the CIS and the EAEU countries decreased to 41.5% from 44.0% in 2017 and to 58.7% from 61.5% respectively.

The US dollar dominated *the currency composition* of inflows, though its share declined to 52.3% from 57.3% in 2017. The euro and the Russian ruble accounted for 26.2% and 16.8% of incoming transfers respectively (against 23.9% and 15.9% in 2017).

The negative balance on cross-border remittances by resident and non-resident individuals widened in 2018 to \$25.4 billion from \$23.0 billion a year earlier. The deficit in the balance on individuals' cross-border remittances with non-CIS countries (\$15.7 billion) expanded by 16.6% on the 2017 outcome, and with the CIS countries it gained 1.1% reaching \$9.7 billion.

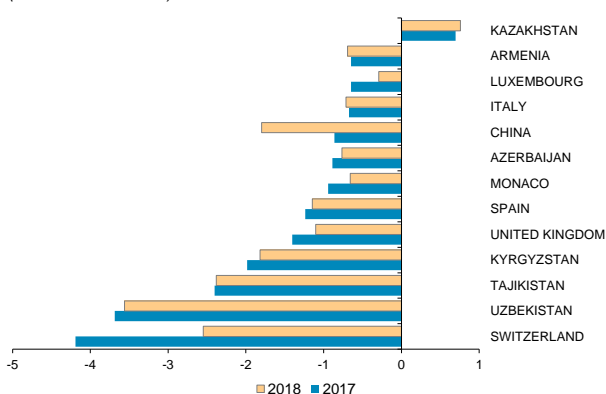
Like in the year before, in 2018 the negative balance on cross-border remittances of individuals was registered with nearly all key non-CIS counterparties, except for the Netherlands, the UAE, and Singapore. Traditionally, Switzerland was the leading transfers' recipient with the deficit on transfers expanding 1.6-

times to \$4.2 billion. The negative balances on remittances reached \$1.4 billion with the United Kingdom, \$1.2 billion with Spain, and \$1.0 billion each with Monaco and China.

Like in the previous years, among the CIS countries, the most tangible deficits in the balance on cross-border remittances were registered with Uzbekistan (\$3.7 billion), Tajikistan (\$2.4 billion), and Kyrgyzstan (\$2.0 billion). The positive balances on individuals' cross-border remittances were registered with Kazakhstan (\$0.7 billion) and Turkmenistan (\$0.03 billion).

The combined negative balances on individuals' cross-border remittances with the EAEU countries widened in 2018 by 7.4% to \$2.1 billion.

BALANCES ON CROSS-BORDER TRANSFERS OF INDIVIDUALS (RESIDENTS AND NON-RESIDENTS) BY SELECT PARTNER COUNTRY IN 2017 AND 2018
(billions of US dollars)



Turnover of cross-border transfers via payment systems² within cross-border remittances by resident and non-resident individuals expanded in 2018 by 2.9% to \$12.1 billion. Transfers via payment systems accounted for 19.8% of cross-border outflows (against 21.0% a year earlier) and 11.8% of inflows (against 12.5% in 2017).

Money transfers' receipts of individuals in the Russian Federation rose by 1.7% to \$2.7 billion, whereas outgoing remittances increased by 3.2% to \$9.5 billion. Thus, the negative balance on cross-border

transfers via payment systems totalled \$6.8 billion, gaining 3.8% on the previous year's level.

Transactions with the CIS countries dominated incoming and outgoing remittances via payment systems, totalling \$7.5 billion or 78.7% of outflows and \$1.7 billion or 62.9% of inflows. Individuals transferred \$2.0 billion to non-CIS countries and received from them \$1.0 billion.

In the geographical composition of remittances via payment systems from Russia, top recipient countries in 2018 included Uzbekistan, Kyrgyzstan, Tajikistan, China, and Armenia. In aggregate, they accounted for 67.2% of outgoing remittances via payment systems.

Like in the preceding year, inflows from the major remitting countries to Russia (Kazakhstan, Kyrgyzstan, Armenia, the United States of America, and Uzbekistan) together accounted for more than one-half of all funds received by individuals in Russia (52.0%).

An average amount of remittance via payment systems from Russia declined by 7.4% from \$472 in 2017 to \$437 in 2018. An average incoming remittance for the benefit of an individual in Russia decreased from \$544 in 2017 to \$536 in 2018. Average amounts of outgoing remittances to non-CIS and the CIS countries in 2018 were \$970 and \$380 respectively. At the same time, average amounts of receipts from the CIS countries and non-CIS countries were \$568 and \$490 respectively.

According to the Bank of Russia's estimate, in 2018 a weighted average fee for a cross-border transfer via payment systems totalled 1.9% of the remittance amount, which was considerably below the global average of 7.01%.³ Thus, on average, an \$8.5 fee was charged for an average outgoing remittance amount of \$437. Fees of Russian payment systems operators remained the lowest among the G20 countries.

² The remittances data include transfers made via the following payment systems: BLIZKO, CONTACT, Western Union, Zolotaya Korona, UNISTREAM, LEADER Payment System (from January to March 2018), and data of Russian Post.

³ Remittance prices worldwide – Issue 28, December 2018, p.8

AVERAGE REMITTANCE FEES IN SELECT G20 COUNTRIES

