



Bank of Russia

**RESULTS OF THE SURVEY OF
INDIVIDUALS MAKING/RECEIVING
CROSS-BORDER REMITTANCES VIA
PAYMENT SYSTEMS
(*BASED ON 2018 DATA*)**

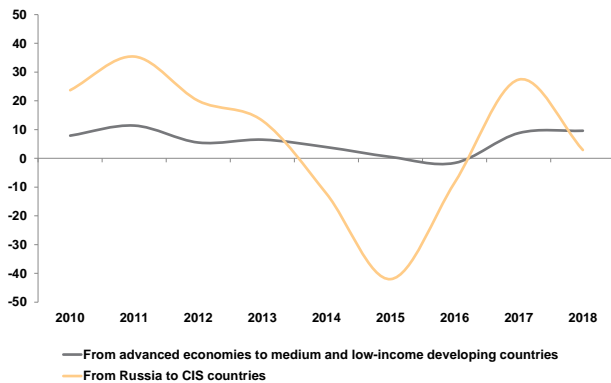
2019

2018 saw a continued recovery of cross-border remittances flow from advanced economies to medium and low-income developing countries, which had started the year before. After a 1.6% drop in the volume of transactions in 2016, the amount of money transfers increased by 8.8% in 2017 and by 9.6% in 2018.

In 2018, the Russian Federation, as in previous years, maintained a significant role in the global market of cross-border remittances being the most important source of remittances to the CIS countries. Remittances of individuals from the Russian Federation to the CIS countries accounted for approx. 2.5% of the total volume of remittances of households to developing countries.

After a deep decrease in 2015 and stagnation in 2016, 2017 saw a 27.4% growth of remittances of individuals from the Russian Federation to the CIS countries. In 2018, the growth rate was 2.9%.

DYNAMICS OF CROSS-BORDER REMITTANCES OF INDIVIDUALS, % OF GROWTH



*Sources: Migration and Development Brief 30, The World Bank; Банк России.

The volume of remittances of individuals from the Russian Federation to the CIS countries increased in 2018 compared to 2017 reaching \$13.3 billion.

During the recent years, it has become increasingly more popular for individuals to use payment systems to make remittances from the Russian Federation to the CIS countries. The share of transactions via payment systems in the total amount of cross-border remittances of individuals to the CIS countries in 2018 reached 53.2%, or \$7.5 billion. Money transfer operators are popular among labour migrants and residents of the CIS countries due to, among other

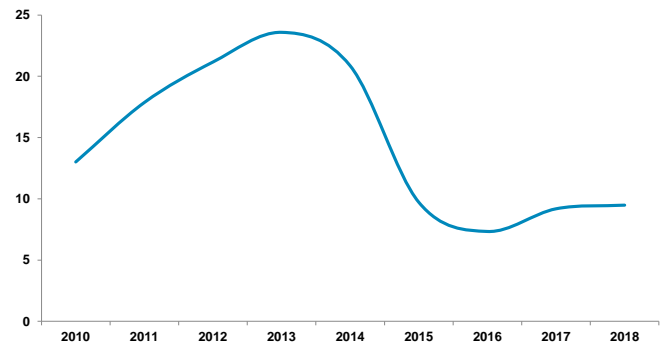
things, the relative cheapness and simplicity of money remittances.

The most important recipient countries of Russian money transfers to the CIS were Uzbekistan, Kyrgyzstan, Tajikistan, and Armenia. Their total share in 2018 was \$5.7 billion, or 76.3% of the aggregate volume of remittances of individuals to the CIS countries.

At the same time, the amount of remittances of individuals to non-CIS countries in 2018 dropped by 7.4% to \$2.0 billion, and their share in the total volume of remittances of individuals to non-CIS countries fell by 1.2 pp to 5.8%.

In general, the volume of money transfers keeps growing. In 2018, they increased by 3.2% to \$9.5 billion, however they were still much lower than before the crisis (in 2013, they stood at \$23.6 billion; in 2014, at \$20.9 billion).

CROSS-BORDER REMITTANCES OF INDIVIDUALS FROM THE RUSSIAN FEDERATION (billions of US dollars)



*According to Bank of Russia data.

According to World Bank data, in 2018, cross-border remittances of individuals from advanced economies to developing countries for the first time were nearly equal to direct investment in terms of volume in the composition of global financial flows, exceeding the size of portfolio investment, loans and resources provided to developing countries as part of official development assistance. According to the forecast of World Bank experts, in 2019, the amount of cross-border remittances will exceed that of direct investment inflows to developing countries.

In 2018, the total volume of cross-border remittances sent to medium and low-income developing countries was \$529 billion. The growth of remittances to developing countries was registered in all regions of the world. The inflow to South Asian countries saw the most dynamic growth, both in absolute and in relative terms, increasing by \$14 billion or by 12.3%.

In 2018, the main recipients of remittances were individuals in the Asia Pacific region (\$143 billion) and South Asia (\$131 billion); they accounted for over one-half of all remittances to individuals in developing countries. Remittances to recipients in Latin America and the Caribbean totalled \$88 billion; in East and North Africa – \$62 billion; in Europe and Central Asia – \$59 billion.

Amid the improving global economic situation in 2019, World Bank experts estimate that the amount of global remittances of individuals will continue to increase but at a slower pace. It is expected that the amount of remittances to individuals in developing countries will increase in 2019 by 4.0% to \$550 billion.

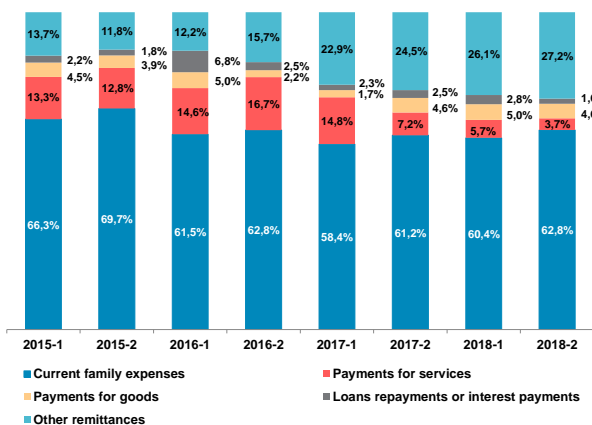
MIGRATION AND REMITTANCES, Recent Developments and Outlook, The World Bank, April 2019

I. REMITTANCES FROM RUSSIA

According to the results of the 2018 H1 and H2 survey of individuals who make cross-border remittances via payment systems (the Survey), the vast majority of respondents sent remittances from the Russian Federation (75.3%¹ of total responses). 65.2% of senders stated that they were not residents of the Russian Federation.

Transfers for current expenses of a family accounted for nearly one third of the composition of remittances from Russia by purpose. In 2018, their share increased to 62.0% from 60.4% in 2017. Most respondents who noted that purpose of remittances were non-residents of the Russian Federation (71.7%). Payments for services, including medical treatment, education, tourism, and other services, accounted for 4.3% (9.4% in 2017); loans repayments and interest payments – 1.9% (2.2%); payments for goods – 4.7% (3.9%); other remittances – 27.0% (24.1% in the previous year).²

COMPOSITION OF REMITTANCES FROM RUSSIA IN 2015–2018 BY PURPOSE

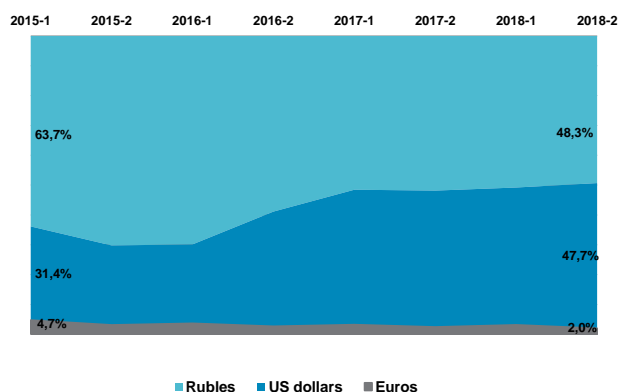


The analysis of remittances currency composition based on the results of the survey showed, as in previous years, the domination of three currencies: Russian rubles, US dollars and euros (48.5%, 47.3% and 2.3% respectively). At the same time, the relative weight of Russian rubles and euros continued to fall:

¹ Here and elsewhere the average weighted values for two surveys performed in 2018 are provided. The weighted average values for two surveys performed in 2017 are used for comparison. The number of questionnaires received for each survey is used for determining weights.

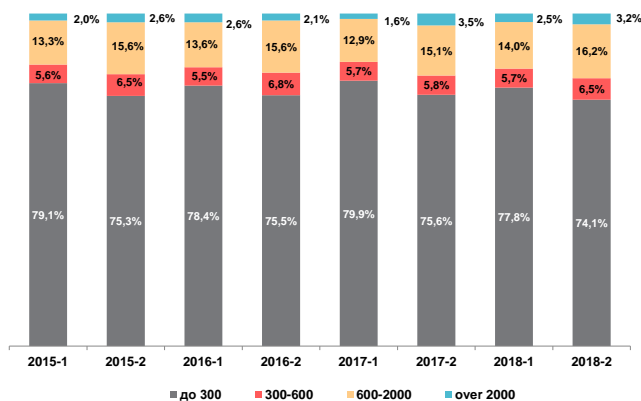
in 2018, their shares declined compared to the preceding year by 2.5 pp and 0.4 pp respectively, while the share of the US dollar grew by 2.4 pp. The share of other currencies also increased (by 0.5 pp), but still remained low at 1.9%.

CURRENCY COMPOSITION OF REMITTANCES FROM RUSSIA IN 2015–2018



Based on the results of the 2018 survey, the majority of respondents who made remittances in Russian rubles (75.5%) stated that the amount of their transaction did not exceed the equivalent of \$300 (76.9% in 2017). The range of \$300–600 accounted for 6.2% of remittances (5.7% in the previous year); \$600–2,000 – 15.3% (14.4%); the relative weight of remittances over \$2,000 remained at the 2017 level of 3.0%.

RUBLE-DENOMINATED REMITTANCES FROM RUSSIA IN 2015–2018 (in US dollar equivalent)

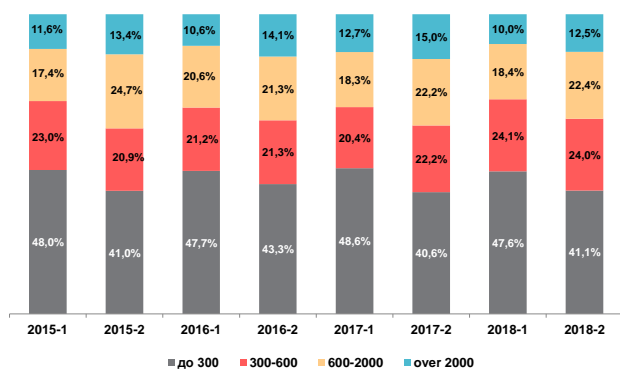


As the year before, amounts of US dollar remittances outflows were significantly larger. The range of up to

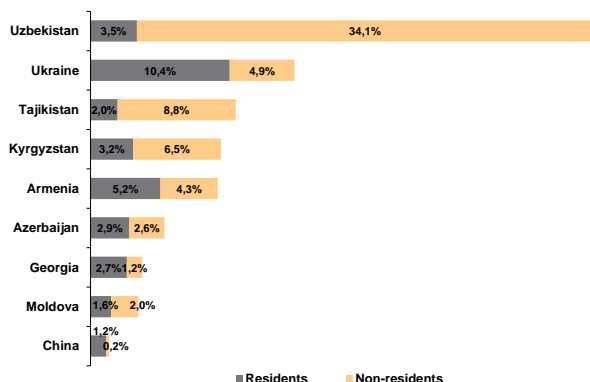
² In certain cases, there may be discrepancies between the total and the sum of the components due to rounding.

\$300 accounted for 43.8% of remittances from the country (43.0% in 2017). The range of \$300–600 accounted for 24.1% of remittances outflows (21.7% in 2017). Large remittances (over \$600) amounted to about one third of all transactions in US dollars (32.1%).

DOLLAR-DENOMINATED REMITTANCES FROM RUSSIA IN 2015–2018

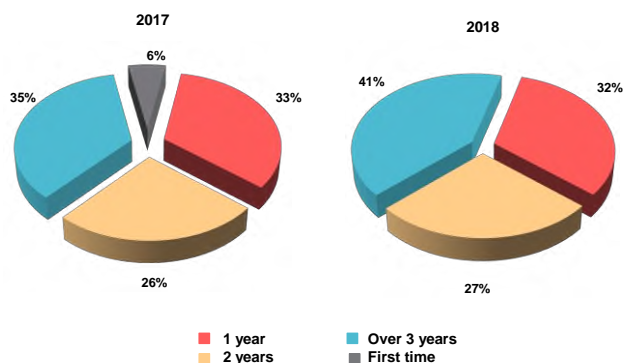


According to the survey results, in the geographical structure of the remittances outflows, the main recipient countries of remittances from Russia were: Uzbekistan (37.6%); Ukraine (15.3%); Tajikistan (10.9%); Kyrgyzstan (9.8%); Armenia (9.5%); Azerbaijan (5.5%), Georgia (3.9%), Moldova (3.6%), and China (1.4%). Other countries together accounted for 2.6% of remittances outflows. Respondents who stated that they were not residents of Russia primarily made remittances to Uzbekistan (34.1% of the total volume of remittances to the country), Tajikistan (8.8%), and Kyrgyzstan (6.5%).

REMITTANCES FROM RUSSIA BY COUNTRY
(in % of the outflows)

Among the respondents of the 2018 survey, the relative share of remittances senders using payment systems' services for one year decreased, compared to 2017, from 33.1% to 32.0%. In contrast, the share of survey participants who carried out remittances' transactions for two years increased over the same period from 25.9% to 27.2%. The share of remittance senders using the services of payment systems for more than three years increased from 35.3% to 40.9%. None of the respondents who took part in the 2018 survey stated that they had been using payment systems' services for the first time.

PERIOD OF PAYMENT SYSTEMS USE BY SENDERS



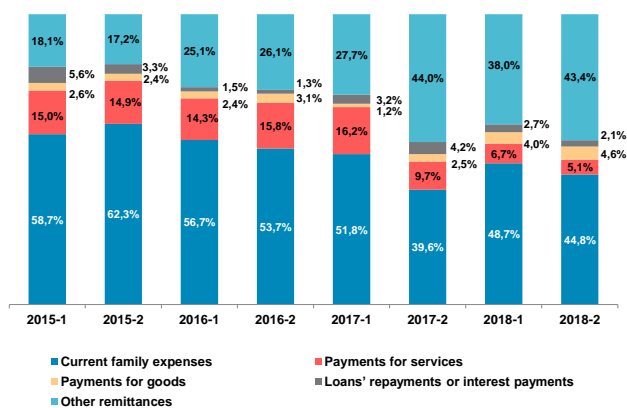
Based on the results of the survey, 25.4% of remittances' senders stated that they visited a family abroad at least once a month (28.6% the year before); 21.8% – once in six months (15.7%); 37.7% – once a year (36.4%); and 15.1% – once in two years and less frequently (19.2%). When visiting their family and relatives, 14.8% of respondents stated that they took up to ₺3,000 in cash with them (25.5% in 2017); 27.7% – ₺3,000–10,000 (25.4%); 25.7% – ₺10,000–30,000 (22.7%); 15.6% – ₺30,000–50,000 (13.3%); and 7.8% over ₺50,000 (6.0%). That said, 8.4% of survey participants stated that they did not carry any cash with them (7.1% in 2017).

II. REMITTANCES TO RUSSIA

In the composition of participants of the 2018 survey, the relative share of recipients of remittances to the Russian Federation amounted to 24.7% (32.0% in the previous year). Most of them (42.6%) were non-residents.

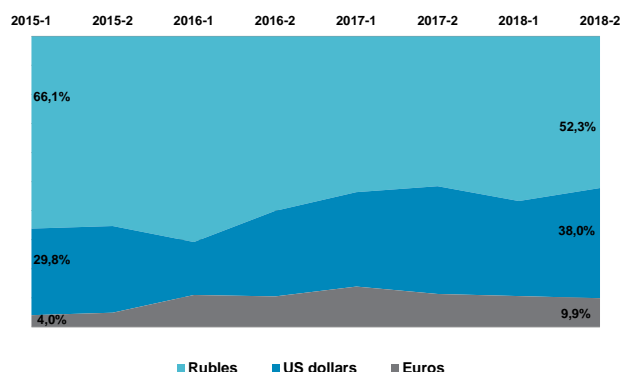
In the composition of the inflows by purpose, like with the outflows, daily households expenses remained the key purpose: in 2018, its share rose to 46.0% (compared to 44.3% the year before). Remittances received by individuals as payments for goods increased to 5.0% (3.8% in 2017); other remittances increased to 41.4% (compared to 37.7% the year before). At the same time, remittances received as payment for services (education, medical, tourism and other services) fell to 5.8% compared to 12.2% in 2017; loans' repayments and interest payments fell to 1.8% (2.0%).

COMPOSITION OF REMITTANCES TO RUSSIA IN 2015–2018 BY PURPOSE



In the currency composition of remittances received, the relative weight of transactions in Russian rubles amounted to 53.7%, in US dollars – 36.8% and in euros – 7.0%. Compared to the previous year, the share of ruble and US dollar remittances grew by 2.4 pp and 2.3 pp respectively while the share of euro remittances fell by 5.1 pp. In other currencies, 0.4% of remittances were received against 2.1% in 2017.

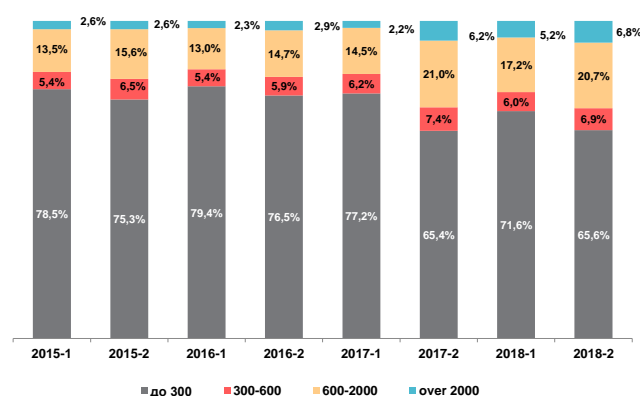
CURRENCY COMPOSITION OF REMITTANCES TO RUSSIA IN 2015–2018



Similar to remittances from the Russian Federation, payments in the amounts not exceeding \$300 prevailed in the composition of remittances inflows.

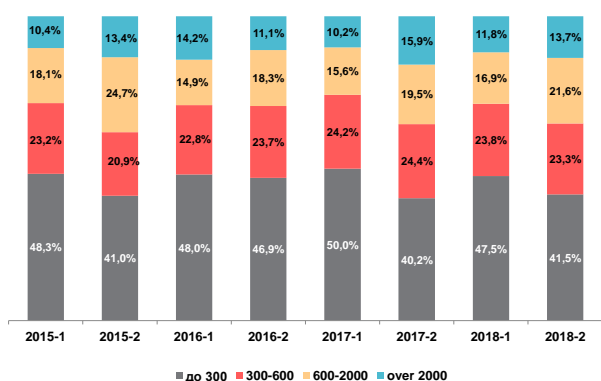
In ruble inflows, the relative weight of remittances in the US dollar equivalent not exceeding \$300 amounted to 68.2% (70.1% in 2017). The share of remittances in the range of \$300–600 was 6.5% (6.9%). The range of \$600–2,000 saw a slight increase of remittances to 19.1% (18.4% the year before); and the share of remittances over \$2,000 rose to 6.2% (4.6% in 2017).

RUBLE-DENOMINATED REMITTANCES TO RUSSIA IN 2015–2018 (in us dollar equivalent)

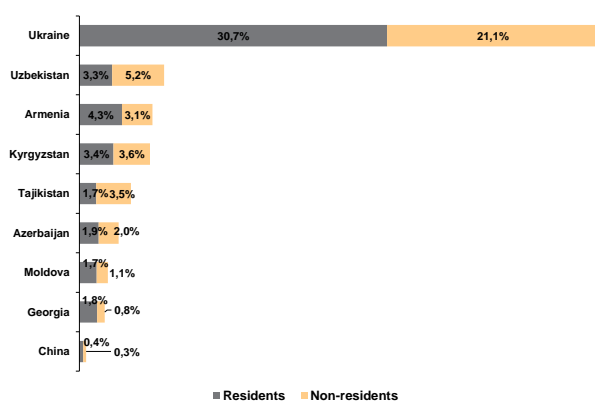


In the composition of US dollar remittances to Russia, in 2018, 44.0% of respondents (43.7% in the previous year) received amounts less than \$300. The relative share of transfers in the range of \$300–600 fell from 24.3% to 23.5%. The share of remittances over \$600 increased from 31.9% up to 32.4%.

DOLLAR-DENOMINATED REMITTANCES TO RUSSIA IN 2015–2018



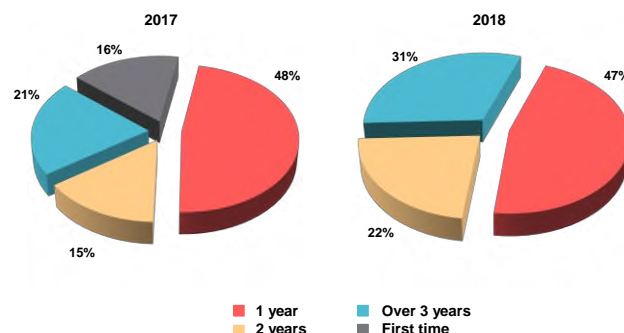
During 2018, the most important remittances' sender countries, according to the results of the survey, were Ukraine (51.8% of all remittances) with other countries far behind, in particular, Uzbekistan (8.5%), Armenia (7.3%), Kyrgyzstan (7.0%), Tajikistan (5.1%), Azerbaijan (3.9%), Moldova (2.9%), Georgia (2.5%), and China (0.7%). Other countries in aggregate accounted for 10.2% of remittances received. Remittances to non-residents were mainly received from Ukraine (21.1% of the total volume of remittances from the country), Uzbekistan (5.2%), Kyrgyzstan (3.6%), and Tajikistan (3.5%).

COMPOSITION OF REMITTANCES BY COUNTRY
(in % of the inflows)

The share of respondents who received remittances via payment systems for one year declined in 2018 to 46.5% compared to 47.7% in 2017. In contrast, the relative weight of survey participants who used payment systems' services for two years significantly increased from 14.9% to 22.4%, with the share of those using such services

for three years and more increased from 21.0% to 31.2%. None of the respondents who took part in the 2018 survey stated that they used payment systems to receive transfers for the first time.

PERIOD OF PAYMENT SYSTEMS' USE BY RECIPIENTS



Respondents who received remittances in the Russian Federation answered the questions about the frequency of visits by relatives and bringing cash as follows: family members visited 18.5% of respondents at least once a month (12.9% the year before); 18.8% – once in six months (9.8%); 26.1% – once a year (37.2%); 36.7% – once in two years and less frequently (40.1%). Relatives of 34.5% of respondents brought up to ₺3,000 (60.6% the year before); 20.8% – ₺3,000–10,000 (12.9%); 17.1 – ₺10,000–30,000 (9.2%); 9.7% – ₺30,000–50,000 (6.2%); 6.5% – over ₺50,000 (4.1%); and 11.3% of survey participants stated that their family members did not bring any cash with them (7.0% in 2017).

Appendix

Survey procedure

Since 2012, the Bank of Russia and major payment systems have conducted a survey of cross-border remittance senders and receivers twice a year. This review looks at the results of the survey conducted in 2018: between 12 and 16 February and between 20 and 24 August.

The main purpose of the survey is determining the composition of remittances by purpose and receiving additional information about senders/recipients to improve the methodology of calculation of aggregates of cross-border transactions of individuals³ that are reflected in the balance of payments of the Russian Federation within the categories of personal transfers⁴ and personal remittances⁵.

The survey was voluntary and targeted at individual residents and non-residents sending money transfers from the Russian Federation abroad and receiving money transfers from abroad.

The survey was carried out strictly over the course of five business days in the service units of customers who send or receive international remittances.

For the purposes of each survey, senders/recipients filled in paper forms, either themselves or with the assistance of employees of credit institutions in the service units of which the survey was conducted.

The period of the survey (the first and the third quarters of the year) was chosen to receive the most representative cross-section of transactions given the seasonal nature of remittances.

The questionnaire contained questions in the following categories:

1. Remittance direction
2. Residential status of an individual

3. Remittance purpose
4. Remittance currency
5. Remittance amount range
6. Country of sender/recipient
7. Period of use of payment systems
8. Frequency of entries/departures for visiting a family
9. Range of cash sums taken when visiting a family or brought by their family members when visiting relatives

The following credit institutions, participants of payment systems, took part in the survey:

1. PJSC Asia-Pacific Bank
2. PJSC JSC Ak Bars Bank
3. JSC JSCB Alef-Bank
4. Vozrozhdenie Bank
5. JSC Voronezh Bank
6. JSC Genbank
7. PJSC Krayinvestbank
8. PJSC Uralsib Bank
9. PJSC SKB-Bank
10. TKB Bank PJSC
11. PJSC Promsvyazbank
12. JSC CB Unistream
13. JSCB Fora-Bank (JSC)
14. JSC GLOBEXBANK
15. JSC JSCB CentroCredit Bank
16. PJSC Bank VVB
17. CB Crocus-Bank (LLC)
18. PJSC JSCB Sviaz-Bank
19. PJSC Social Commercial Bank of Primorye Primotsbank

The 2018 survey covered nearly twice as many individuals who made remittances than in 2017.

The correlation in the composition of remittances' senders and recipients corresponded to the similar

³ Cross-border transfers of individuals - cross-border non-cash transfers of individual residents and non-residents (receipts to the account of individual residents and non-residents) effected via / without an open account by a credit institution, including transfers via payment systems.

⁴ Personal transfers cover both transfers without a quid pro quo from households residing abroad for the benefit of households residing in the

reporting country and similar transfers from residing households to recipients abroad.

⁵ Personal transfers are household incomes from their family members residing abroad and non-resident households, which are related, as a rule, to temporary or permanent migration.

composition based on data about cross-border transactions of individuals collected by the Bank of Russia as part of regular bank reporting.⁶

⁶ Information on transfers is based on reports of credit institutions submitted under Form 0409407 'Data on cross-border transfers of individuals'.