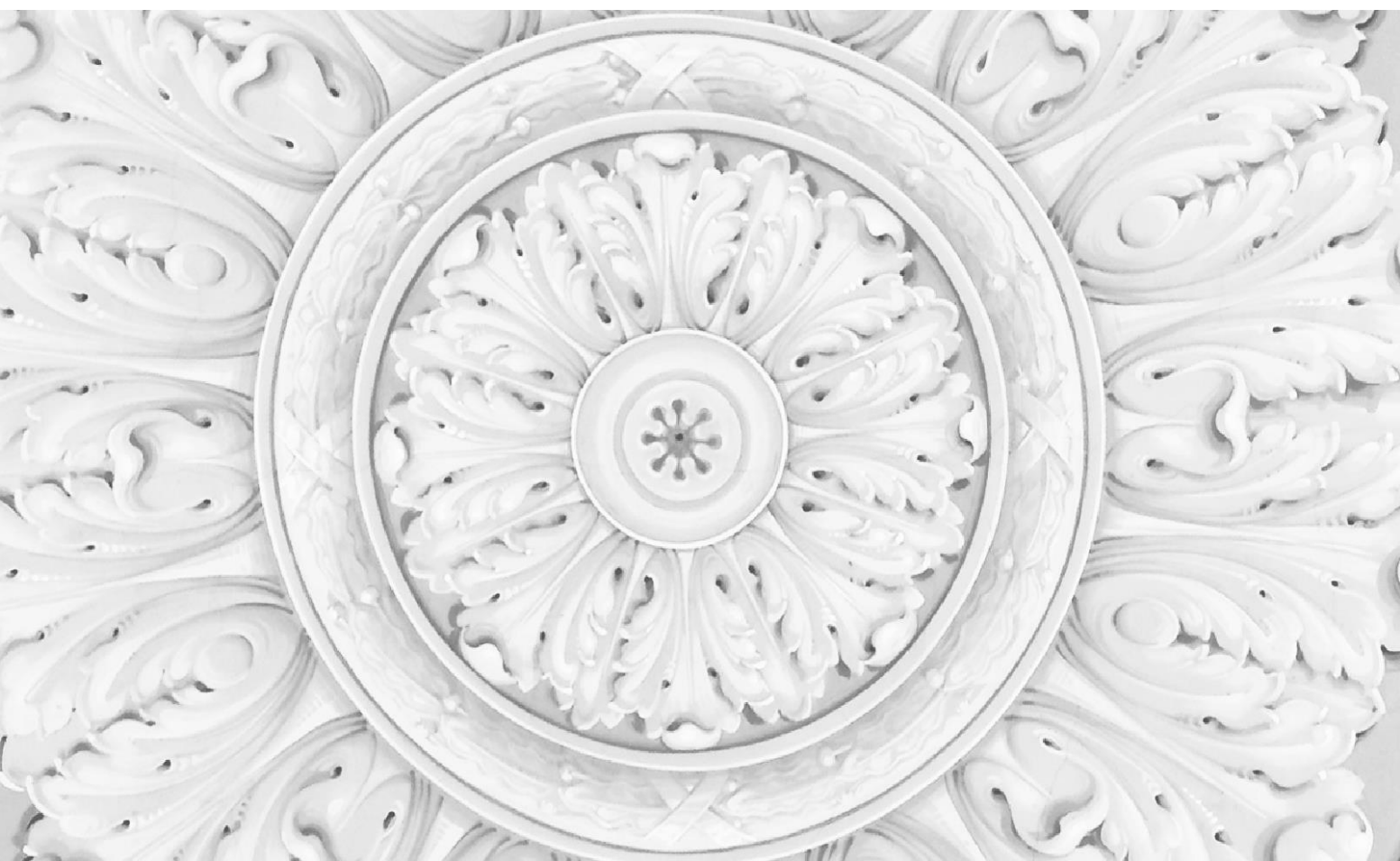




# Bank of Russia

The Central Bank of the Russian Federation



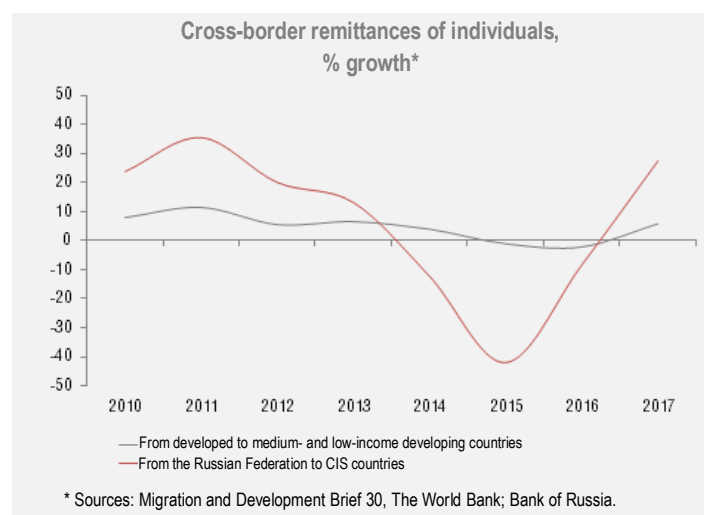
## **RESULTS OF SURVEY OF INDIVIDUALS MAKING/RECEIVING CROSS- BORDER REMITTANCES VIA PAYMENT SYSTEMS**

(BASED ON 2017 DATA)

In 2017, the global market of cross-border remittances from advanced economies to medium- and low-income developing countries<sup>1</sup> was on the recovering trend. Whereas in 2015 and 2016 the total value of transactions decreased by 1.0% and 2.4%, respectively, in 2017 remittances of individuals increased by 8.5%.

In 2017, 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 accounted for approx. 2.8% of the aggregate volume of remittances of individuals to developing countries.

The overall dynamics of cross-border remittances of individuals from the Russian Federation to the CIS countries was similar to the global trends; however, the 2014–2015 decline was deeper than in the global market, while the subsequent recovery started earlier (in 2016) and was more intensive (see the figure below).

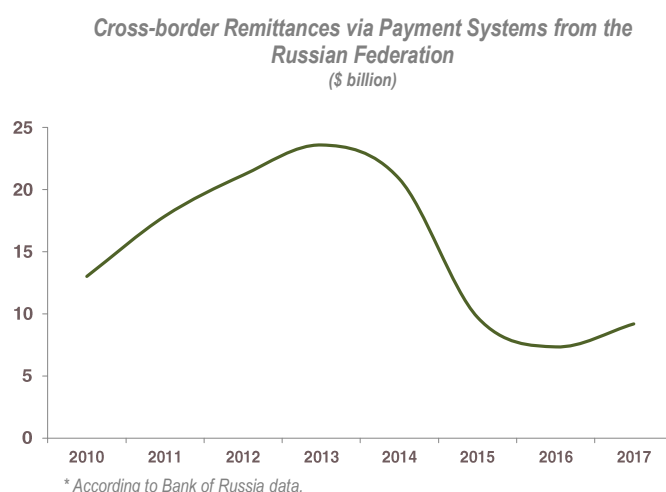


The volume of remittances of individuals from the Russian Federation to the CIS countries increased in 2017 compared to the 2016 outcome by \$2.8 billion, or by 27.4%, and reached \$12.9 billion.

The traditional form of remittances of individuals from the Russian Federation to the CIS countries is via payment systems. In 2017, such remittances accounted for over half of all transactions (54.3%) in the aggregate volume of remittances of individuals to the CIS countries, or \$7.0 billion in value terms. Payment systems are popular with labour migrants and residents of the CIS countries due to, inter alia, the relative cheapness and simplicity of money remittances. The most important recipient countries of Russian cross-border remittances to the CIS were consistently Uzbekistan, Kyrgyzstan, Tajikistan, and Azerbaijan. Their aggregate share in 2017 was \$5.2 billion, or 74.1% of the aggregate volume of cross-border remittances of individuals to the CIS countries.

At the same time, the volume of cross-border remittances sent by individuals to *non-CIS countries* is relatively low. In 2017, it amounted to \$2.2 billion accounting for 7.1% of the aggregate remittances of individuals to non-CIS countries.

In 2014–2016, a decrease in the volume of cross-border remittances of individuals from the Russian Federation was recorded; in 2017, a slight recovery was registered (see the figure below).



<sup>1</sup> The category includes developing countries, except for the Russian Federation, the Bolivarian Republic of Venezuela, the Plurinational State of Bolivia, and Argentina classified by the World Bank as high-income developing countries.

According to the World Bank data, in 2017, cross-border remittances of individuals from developed to developing countries maintained a significant role in global financial flows, being second in terms of volume only to direct investment, but exceeding the size of portfolio investment, borrowings, and resources raised as part of the official development assistance. In 2017, the aggregate volume of cross-border remittances sent to medium- and low-income developing countries amounted to \$477 billion. Within the composition of remittances to developing countries, growth for all major destinations was recorded. Remittances to Europe and Central Asia recovered the most dynamically in both absolute and relative terms (increasing by 20.9%, or \$9 billion), partially, due to the significant decline in the amount of remittances to the region in 2014–2016.

Geographically, in 2017, the main recipients of remittances were individuals in Asia Pacific region (\$133 billion) and in South Asia (\$117 billion); they accounted for about half of all remittances to individuals in developing countries. Remittances to recipients in Latin America amounted to \$79 billion; to those in East and North Africa totaled \$54 billion; and to those in Europe and Central Asia reached \$52 billion.

Against the background of global revival, the volume of global remittances of individuals is expected to continue recovery and may increase in 2018 by 10.8%, to \$528 billion.

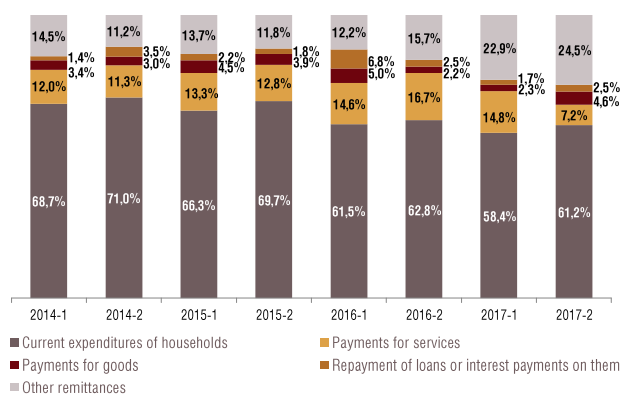
*Migration and Development Brief 30, December 2018, The World Bank.*

## I. REMITTANCES FROM RUSSIA

According to the results of the 2017 H1 and H2 survey of individuals who make cross-border remittances (the Survey), the vast majority of respondents sent remittances from the Russian Federation (68.0%<sup>2</sup> of total responses). More than half of senders (56.7%) stated that they were not residents of the Russian Federation.

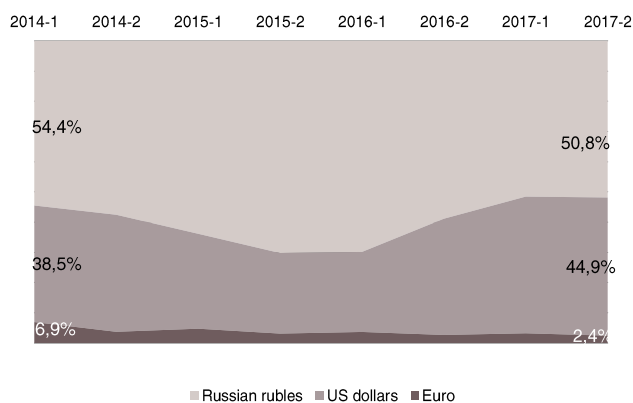
Transfers for current needs of a family remained the most widespread in the composition of remittances from Russia by purpose. At the same time, their share in 2017 continued to decrease declining from 62.4% to 60.4% on the 2016 outcome. Most respondents who noted such purpose of remittances were non-residents of the Russian Federation (62.6%). Payments for services, including medical treatment, education, tourism, and other services, accounted for 9.4% (16.1% in 2016); debt service and repayments – 2.2% (3.6%); payments for goods contributed 3.9% (2.9%); other remittances represented 24.1% (14.9% in the previous year).<sup>3</sup>

Composition of remittances from Russia  
in 2014 – 2017 by purpose



The analysis of remittance currency specified by respondents in questionnaires showed the absolute domination of three currencies: Russian rubles, US dollars, and euros (51.0%, 44.9%, and 2.6%, respectively). At the same time, the relative weight of Russian rubles decreased by 10.6 pp compared to the previous year, and euros – by 0.3 pp, whereas the share of US dollars, in contrast, increased by 9.6 pp. The share of other currencies remained low (1.4%), despite the increase from 0.1% by 1.3 pp compared to 2016.

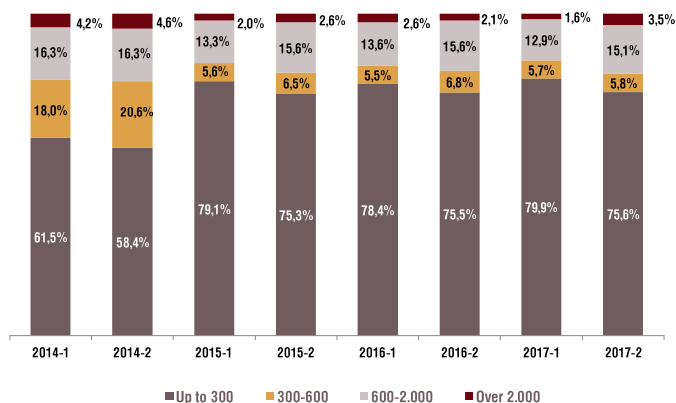
Currency composition of remittances from Russia



Based on the results of the 2017 survey, the majority of respondents who made remittances in Russian rubles stated that the amount of their transaction did not exceed the equivalent of \$300 (76.9%), which is similar to the 2016 outcome. The range of \$300-600 accounted for 5.7% of remittance outflow (6.1% in the previous year); \$600-2,000 – 14.4% (14.6%); over \$2,000 – 3.0% (2.3% in 2016).

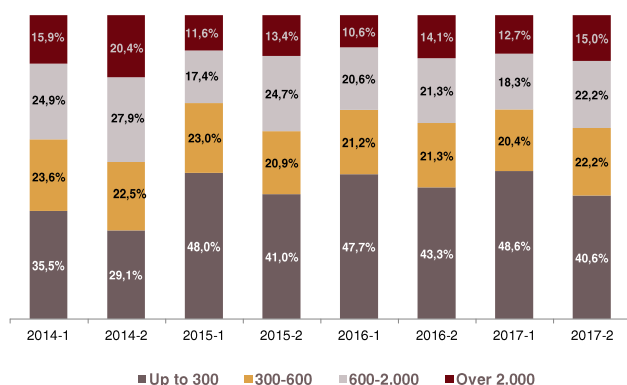
<sup>2</sup> Here and elsewhere in the text, the weighted average values for two surveys conducted in 2017 are provided. The weighted average values for two surveys performed in 2016 were used for comparison. The number of questionnaires received for each survey was used for weights.

<sup>3</sup> In certain cases, there may be discrepancies between the total and the sum of the components due to rounding of data.

Remittances from Russia in Russian rubles by size  
(in US dollar terms)

Like in the year before, amounts of US dollar remittances outflow were significantly larger. The range of up to \$300 accounted for 43.0% of remittances from the country (45.5% in 2016). The range of \$300-600 accounted for 21.7% of remittances outflow (21.2% in 2016). Large remittances (over \$600) amounted to about one-third of all transactions made in US dollars (35.3%).

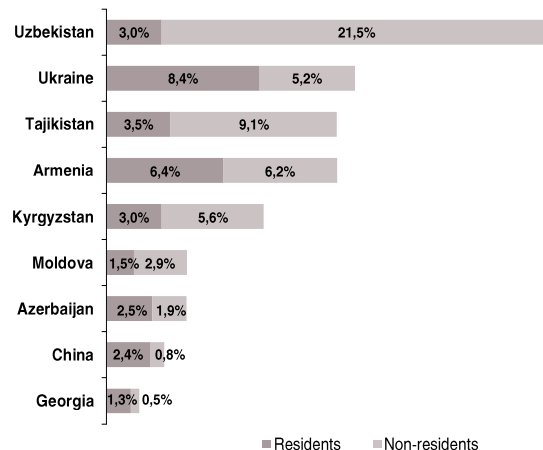
Remittances from Russia in US dollars by size



According to the survey results, in the geographical composition of the remittances outflow, the main recipient countries of remittances from Russia were Uzbekistan (24.5%), Ukraine (13.6%), Tajikistan and Armenia (12.6% each), Kyrgyzstan (8.6%), Moldova and Azerbaijan (4.4% each), China (3.2%), and Georgia (1.8%). Other countries together accounted for 14.3% of remittances outflow. Respondents who stated that they were not residents of Russia, primarily, made remittances to

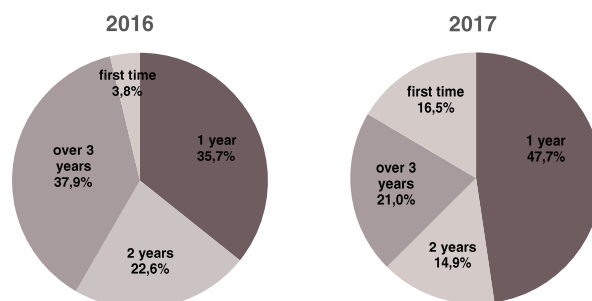
Uzbekistan (21.5% of total remittances to the country), Tajikistan (9.1%), and Armenia (6.2%).

Remittances from Russia by country in 2017



Among the respondents to the 2017 survey, the relative share of remittance senders who used payment systems for one year decreased from 35.7% in 2016 to 33.1%. In contrast, the share of survey participants who used payment systems for two years increased over the same period from 22.6% to 25.9%. The share of remittance senders using the services of payment systems for more than three years fell from 37.9% to 35.3%. The smallest group of respondents (5.7%) stated that they used payment systems for the first time (3.8% in the previous year).

Length of use of payment systems by sender respondents



In 2017, the questionnaire was supplemented with the questions about how often respondents visit their family and relatives abroad and how much

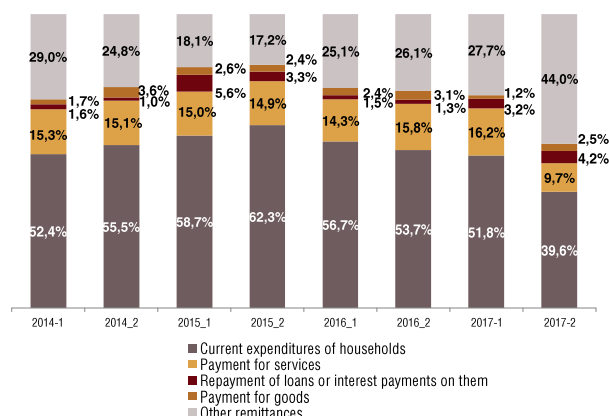
cash they take with them. Based on the results of the survey, 28.6% of remittance senders stated that they visited a family abroad at least once a month; 15.7% came once in six months; 36.4% visited once a year; and 19.2% came once in two years and less frequently. When visiting their family and relatives, 25.5% of respondents stated that they took up to ₺ 3,000 in cash with them; 25.4% carried ₺3,000-10,000; 22.7% brought ₺10,000-30,000; 13.3% took ₺30,000-50,000; and 6.0%, carried over ₺50,000. Nevertheless, 7.1% of survey participants stated that they did not carry any cash with them.

## II. TRANSFERS TO RUSSIA

Within the composition of participants of the 2017 survey, the relative share of remittance recipients in the Russian Federation accounted for 32.0% of the total number of responses received (35.2% in the previous year). Most of them (55.6%) were non-residents.

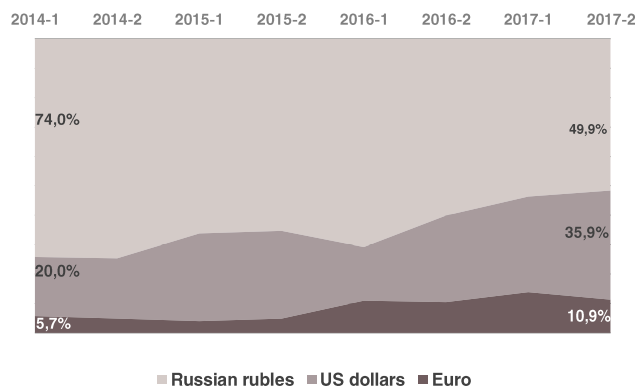
Within the composition of remittances inflow by purpose, as in the outflow, the main purpose of remittances was financing current expenses of a family. In 2017, the share of such remittances continued to fall reaching 44.3% (against 54.3% in the preceding year). Remittances to individuals as payment for services (education, medical treatment, tourism, and other services) also declined to 12.2% from 15.5% in 2016. At the same time, the share of remittances inflow to pay for goods increased to 3.8% (from 2.9% in 2016); debt service and repayments rose to 2.0% (from 1.3%); other remittances reached 37.7% (against 25.9% in the previous year).

Composition of remittances to Russia in 2014 – 2017  
by purpose



In the currency composition of remittances received, the relative weight of transactions in Russian rubles represented 51.3%, 34.5% were in US dollars, and 12.0% were in euros. Compared to the previous year, the share of ruble remittances decreased by 10.9 pp, whereas the share of US dollar and euro remittances went up by 7.4 pp and 1.5 pp, respectively. In other currencies, 2.1% of remittances were received against 0.2% in 2016.

Currency composition of remittances to Russia



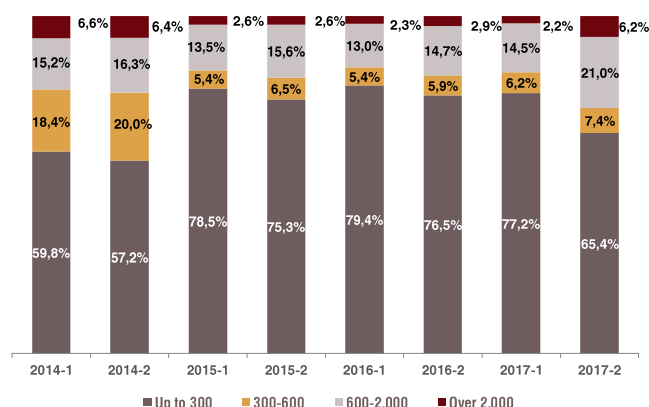
Similar to remittances outflow, the largest share in the composition of remittances inflow to the Russian Federation was made in small amounts (not exceeding \$300), and was shrinking.

In ruble inflows, the relative weight of remittances not exceeding \$300 in the US dollar equivalent reached 70.1% (against 78.0% in 2016). The share of remittances in the range of \$300-600 increased to 6.9% (from 5.6% in 2016); in the range of \$600-



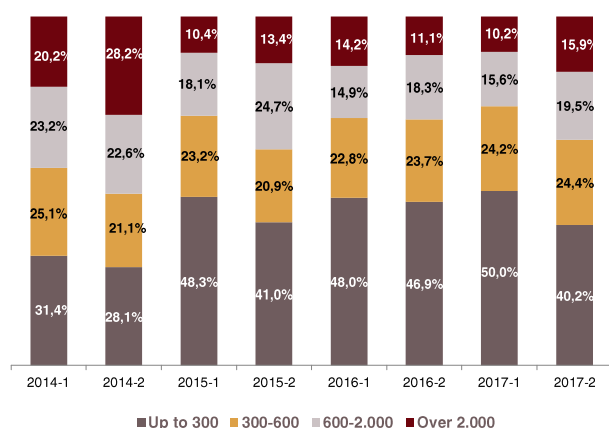
2,000 it rose to 18.4% (from 13.8%); in the range exceeding \$2,000 it reached 4.6% (against 2.6% in 2016).

Remittances to Russia in Russian rubles by size  
(in US dollar terms)



In the composition of US dollar remittances to Russia, in 2017, 43.7% of respondents (47.5% in the previous year) received amounts less than \$300. The number of remittances in the range of \$300-600 grew from 23.3% to 24.3%. The share of remittances over \$600 increased from 29.3% to 31.9%.

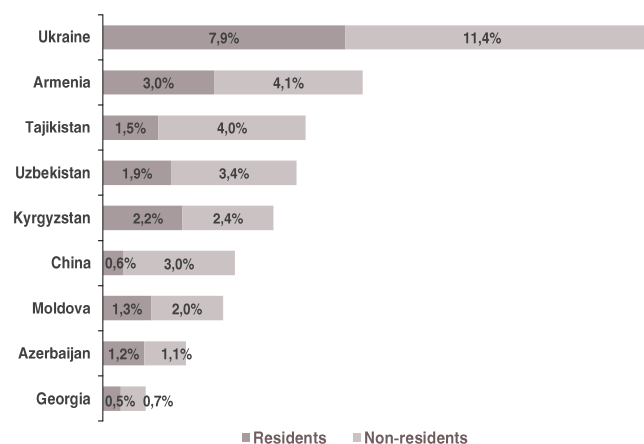
Remittances to Russia in US dollars by size



During 2017, the most important remittance sender countries, according to the results of the survey, were Ukraine (19.3%), Armenia (7.1%), Tajikistan (5.5%), Uzbekistan (5.3%), Kyrgyzstan (4.6%), China (3.6%), Moldova (3.3%), Azerbaijan (2.3%), and Georgia (1.2%). Other countries in aggregate accounted for 47.8% of remittances received.

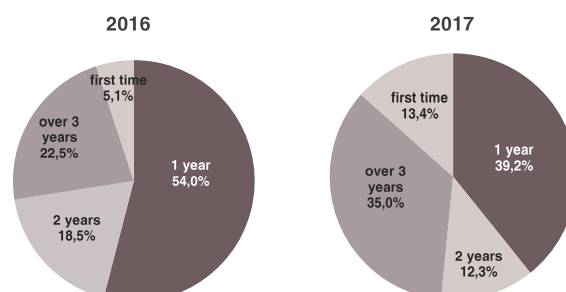
Remittances to non-residents were mainly received from Ukraine (11.4% of the total volume of remittances from the country), Armenia (4.1%), Tajikistan (4.0%), and Uzbekistan (3.4%).

Remittances to Russia from select countries



In 2017, the number of respondents who received remittances for the first time increased: their relative weight, compared to the previous year, increased by 8.4 pp, to 13.4%. In contrast, the share of individuals who used payment systems for one year declined from 54.0% to 39.2%, for two years' users it fell from 18.5% to 12.3%. The share of respondents who used payment systems for three years and more increased to 35.0% (from 22.5% in 2016).

Length of use of payments systems by recipient respondents



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 12.9% of

respondents at least once a month; 9.8% came once in six months; 37.2% visited once a year; 40.1% came once in two years and less frequently. Relatives of 60.6% of respondents usually bring up to ₱ 3,000; 12.9% carry ₱ 3,000-10,000; 9.2% take ₱ 10,000-30,000 with them; 6.2% bring ₱ 30,000-50,000; 4.1% carry more than ₱ 50,000; and 7.0% of survey participants stated that their family members did not bring any cash with them.



## 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 2017: from February 13 through February 17 and from August 21 through August 25.

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 indicators of cross-border transactions of individuals<sup>4</sup> that are reflected in the balance of payments of the Russian Federation in the categories personal transfers<sup>5</sup> and personal remittances<sup>6</sup>.

The survey was voluntary and targeted 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 sent or received cross-border 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. Length of payment systems' use
8. Frequency of entries/departures for visiting a family
9. The amount range of cash brought from abroad when visiting a family or brought abroad 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 Bars Bank
3. JSC JSCB Alef-Bank
4. Vozrozhdenie Bank
5. JSC Voronezh Bank
6. JSC Genbank
7. PJSC Krayinvestbank
8. JSCB Master-Capital
9. PJSC Uralsib Bank
10. UralCapitalBank LLC
11. PJSC SKB-Bank
12. JSCB Intercoopbank
13. TKB Bank PJSC
14. PJSC Promsvyazbank
15. JSC CB Unistream
16. CB Finance Business Bank LLC

<sup>4</sup> Cross-border remittances mean cross-border non-cash transfers by resident and non-resident individuals (receipts of resident and non-resident individuals) effected via / without opening an account by a credit institution, including payment systems.

<sup>5</sup> 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 overseas recipients.

<sup>6</sup> Personal remittances are household incomes from their family members residing overseas and non-resident households, which are related, as a rule, to temporary or permanent migration.

The correlation in the composition of remittance senders and recipients corresponded to the similar composition based on data about cross-border transactions of individuals collected by the Bank of Russia as part of regular bank reporting.<sup>7</sup>

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<sup>7</sup> Information on transfers is based on reports of credit institutions "Data on Cross-border Transfers of Individuals".