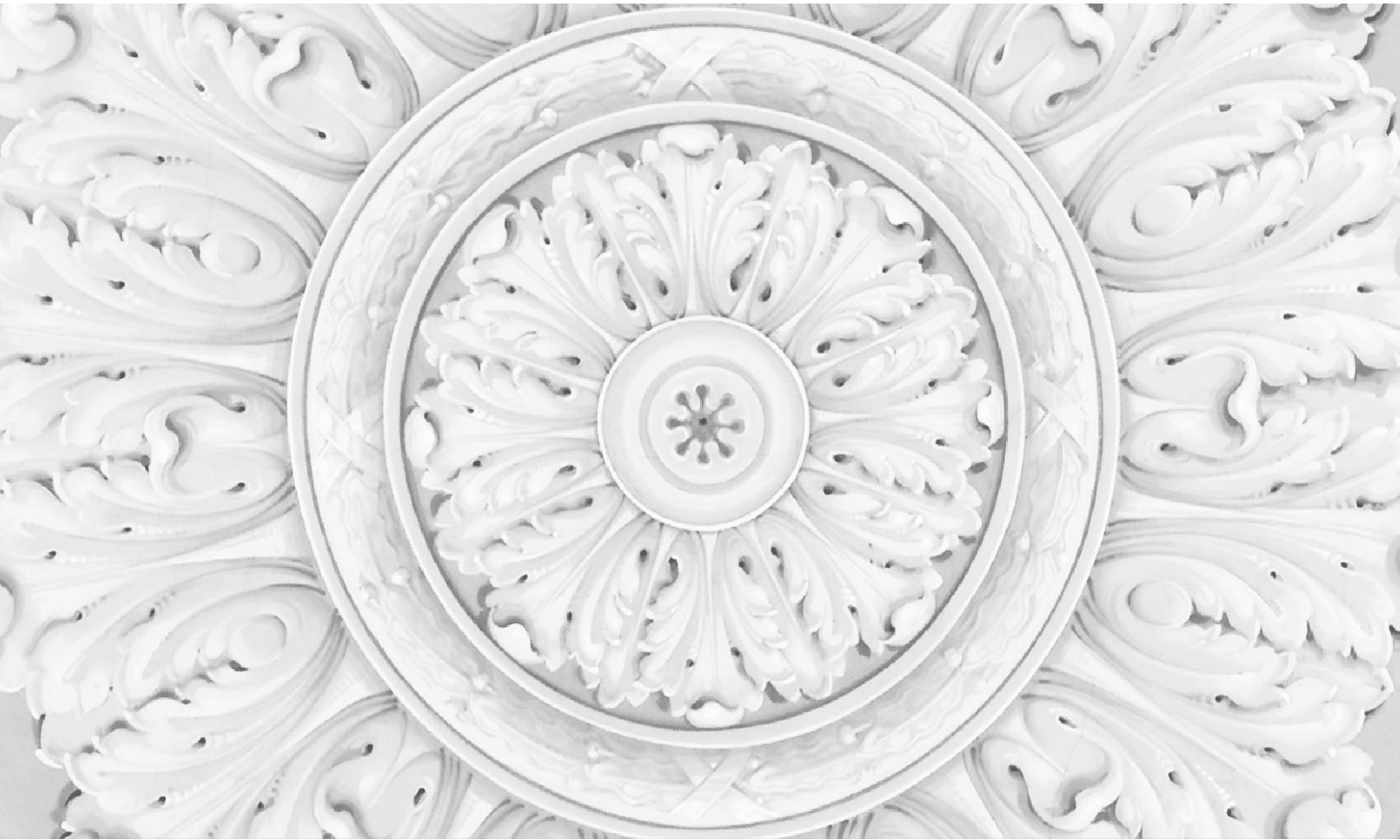




Bank of Russia

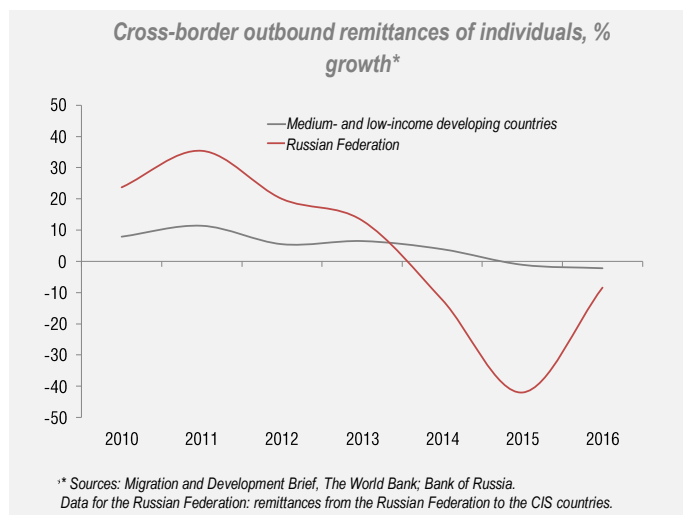
The Central Bank of the Russian Federation



**RESULTS OF SURVEY OF
INDIVIDUALS
MAKING/RECEIVING CROSS-
BORDER REMITTANCES VIA
PAYMENT SYSTEMS
(BASED ON 2016 DATA)**

In 2016, the Russian Federation maintained leading positions in the world market of cross-border remittances acting as the most important source of remittances of households in the CIS. In 2015–2016, there was a downturn trend in the volume of remittances of individuals from advanced economies to medium- and low-income developing countries in the global market.¹

The dynamics of cross-border remittances from the Russian Federation to the CIS countries, mainly connected with the migration of individuals from those countries, was similar to global dynamics. Although, in contrast to global trends, the decrease in volumes of remittances from the Russian Federation to the CIS countries was deeper, which reflected both the slowdown in economic activity and a certain adjustment in the model of labour migration to the Russian Federation. Thus, the volume of remittances to the CIS countries in 2016 compared to 2015 fell from \$11.1 billion to \$10.1 billion, or by 8.4%, with the preceding year's outcome declining by 42.0% (see the figure below).

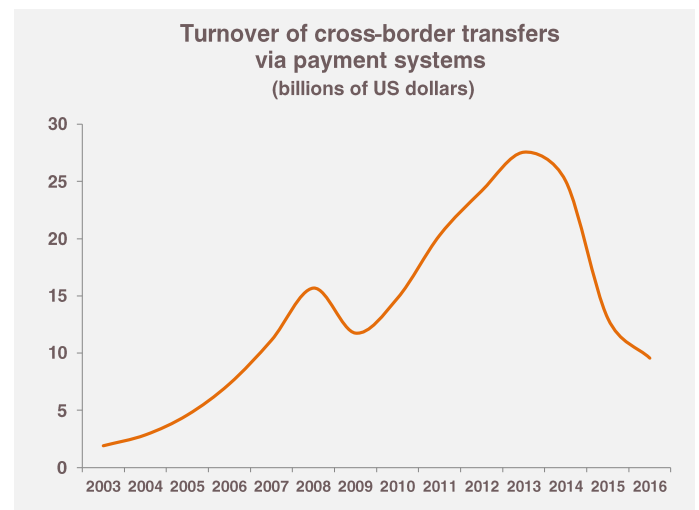


The traditional form of remittances of individuals to the CIS countries is via payment systems. In 2016, they accounted for 55.2% of the aggregate volume of remittances to the CIS countries totalling \$5.6 billion. Payment systems are popular with labour migrants and residents of the CIS countries due to,

inter alia, the relative cheapness and simplicity of money remittances. Consistently, the most important recipient countries of Russian cross-border remittances to the CIS are Uzbekistan, Tajikistan, Kyrgyzstan, and Ukraine.

At the same time, the volume of cross-border remittances sent by individuals to non-CIS countries is relatively low. It amounted to \$1.7 billion accounting for 6.7% of the aggregate remittance outflows to developed and developing countries outside the CIS.

In 2016, the rates of decline in the volume of cross-border remittances slowed down somewhat, although they remained in the negative territory (see the figure below).



¹ 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 2016, cross-border remittances maintained a significant role in forming global financial flows between developed and developing countries, being second in terms of volume only to direct investment, but exceeding the size of portfolio investment and borrowings. In 2016, the aggregate volume of cross-border remittances sent to medium- and low-income developing countries amounted to \$429.4 billion. As of year-end, remittances to developing countries continued to fall for a second consecutive year with the rate of decline accelerating in 2016 to 2.2% (against 1.1% in the preceding year). The drop was registered in remittances to all destinations, except for those sent to Latin America. Remittances to Asia Pacific region² and to South Africa contracted the most (by 8.7% and 4.4%, respectively). However, against the backdrop of the global market recovery since 2017, the volume of remittances is expected to resume growth and may increase by 4.8%, to \$450.1 billion. Geographically, in 2016, individuals sent the bulk of remittances to Asia Pacific region (\$233.1 billion) and Latin America (\$73.6 billion). Remittance flows to Europe and Central Asia amounted to \$39.5 billion, while remittances to South African states totalled \$34.4 billion.

Cross-border remittances of individuals maintain their role as the main channel of resource reallocation in the CIS area. The highest share of remittances in GDP was recorded in Kyrgyzstan (37.1%), Tajikistan (28.0%), and Moldova (21.1%).

Migration and Development Brief, October, 2017 The World Bank.

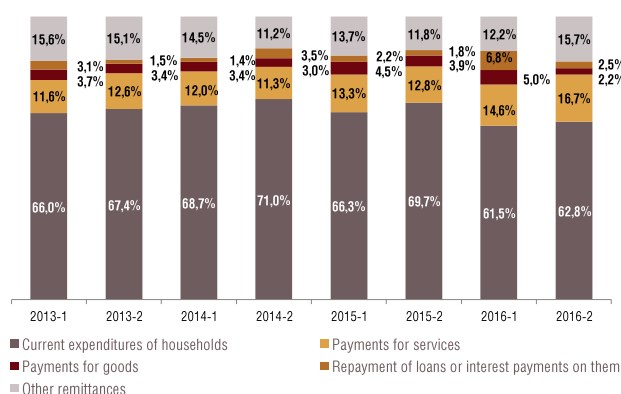
² The aggregate data of the World Bank for South and East Asia, and the Pacific Region were used.

I. REMITTANCES FROM RUSSIA

According to the results of the 2016 H1 and H2 surveys of individuals who make cross-border remittances (the Survey), cross-border remittances from the Russian Federation were mentioned in 64.8%³ of the received responses. Residents sent 61.8% of remittances, while non-residents sent 38.2%.

Transfers for a family's current spending remained the most widespread in the composition of remittances from Russia by purpose (62.4%); however, compared to the previous year, their share decreased by 6.0 pp. Payment for services, including medical treatment, education, tourism, and other services, accounted for 16.1% (against 13.0% in 2015); debt service and repayments constituted 3.6% (2.0%); payments for goods represented 2.9% (4.2%); other remittances accounted for 14.9% (against 12.4% in the preceding year).⁴

Composition of remittances from Russia in 2013 – 2016 by purpose



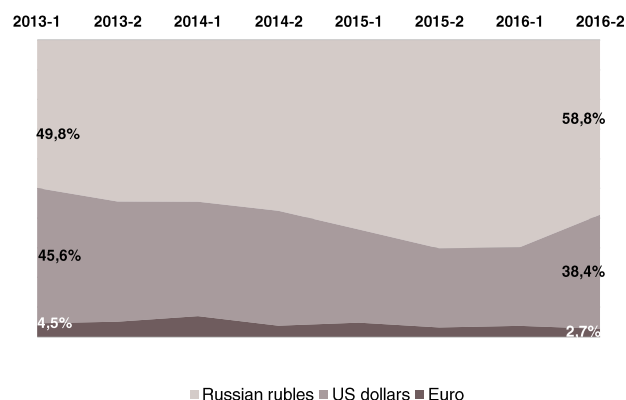
Compared to 2015, the currency composition of remittances has not changed significantly. Remittances were mainly made in three currencies: Russian rubles, US dollars, and euros (61.6%, 35.3%, and 2.9%, respectively). At the same time,

³ Here and elsewhere in the text, the weighted average values for two surveys conducted in 2016 are provided. The weighted average values for two surveys performed in 2015 are used for comparison. The number of questionnaires received for each survey was used for weights.

⁴ In certain cases, there may be discrepancies between the total and the sum of the components due to rounding of data.

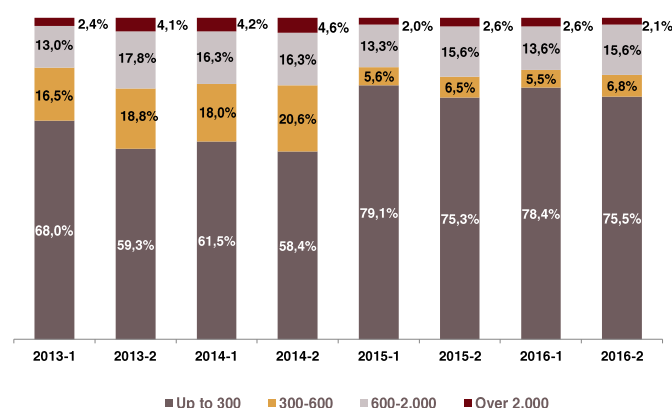
the relative weights of Russian rubles and euros decreased by 6.0 pp and 0.8 pp, respectively, compared to the previous year, whereas the relative weight of the US dollar increased. The share of other currencies remained consistently low(0.1%)

Currency composition of remittances from Russia



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 0.3 pp below the similar indicator of 2015. Like the year before, 6.1% of remittance outflow were in the range of \$300–600; 14.6% ranged from \$600 to \$2,000 (against 14.4%); and 2.3% of remittances exceeded \$2,000, similar to the 2015 outcome.

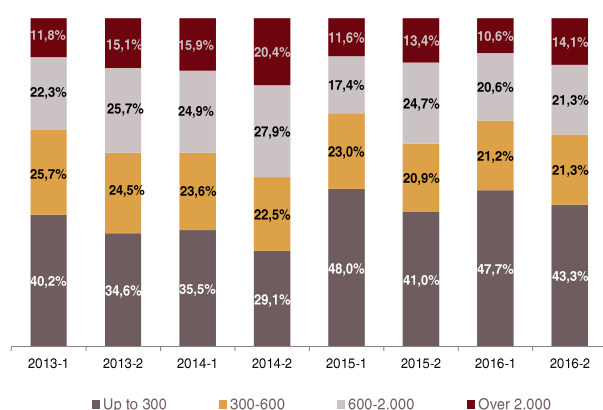
Remittances from Russia in Russian rubles by size (in US dollar terms)



Like the preceding year, US dollar remittances were relatively larger. The range of up to \$300 accounted for 45.5% of remittances from the country (against 44.5% in 2015). The range of \$300–600 represented 21.2% of total remittances (against 21.9% in 2015). Large remittances (over \$600)

amounted to about one-third of all transactions in US dollars.

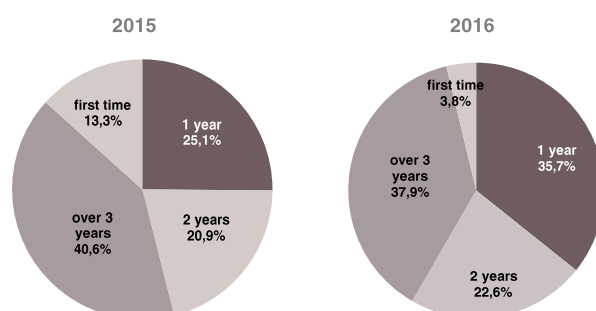
Remittances from Russia in US dollars by size



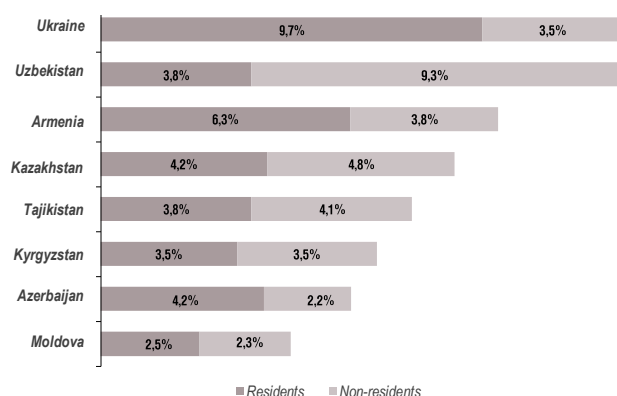
According to the survey results, in the geographical composition of remittance outflow, the main recipient countries of remittances from Russia were Ukraine (13.2%), Uzbekistan (13.1%), Armenia (10.1%), Kazakhstan (9.0%), Tajikistan (7.9%), Kyrgyzstan (7.0%), Azerbaijan (6.4%), and Moldova (4.8%). Other countries accounted for 28.5% of remittance outflow. Respondents who stated that they were not Russian residents primarily made remittances to Uzbekistan, Kazakhstan, and Tajikistan.

same period from 25.1% to 35.7%; and that for two years rose from 20.9% to 22.6%, respectively. The smallest group of respondents (3.8%) said that they used payment systems for the first time (13.3% in the previous year).

Length of use of payment systems by sender respondents



Remittances from Russia by country in 2016



Among the respondents to the 2016 survey, the relative share of remittance senders who used payment systems for more than three years decreased to 37.9% from 40.6% in 2015. In contrast, the share of survey participants who used payment systems for one year increased over the

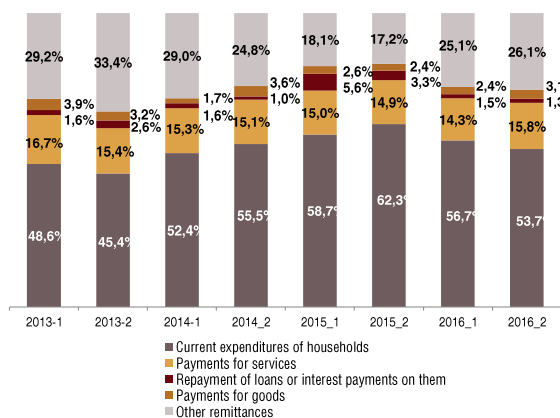
increased by 6.1 pp. 0.2% of remittances were received in other currencies (against 0.1% in 2015).

II. TRANSFERS TO RUSSIA

In the composition of participants of the 2016 survey, the relative share of remittance recipients in the Russian Federation amounted to 35.2% of the total number of responses received. Like in the year before, most of them were residents (65.1%). Non-residents accounted for 34.9% of the total.

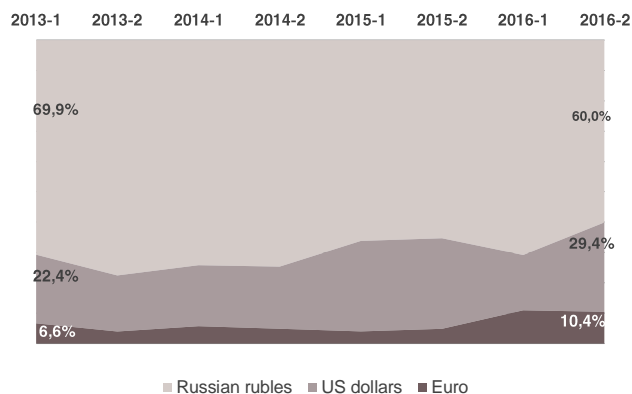
In the composition of remittance inflow by purpose, as in the outflow, the main purpose of remittances was financing current expenses of a family, although, compared to 2015, the share of such transfers decreased by 6.3 pp, to 54.3%. Remittances to individuals to pay for services (education, medical treatment, tourism, and other services) amounted to 15.5% (15.0% in 2015); payments for goods represented 2.9% (2.5%); loan and interest payments contributed 1.3% (4.4%); with other remittances accounting for 25.9% (against 17.5% in the previous year).

Composition of remittances to Russia in 2013 - 2016



In the currency composition of remittances received, the relative weight of transactions in Russian rubles amounted to 62.2%, with 27.1% in US dollars, and 10.5% in euros. Compared to the previous year, the shares of ruble and US dollar remittances decreased by 3.5 pp and 2.7 pp, respectively, while the share of euro remittances

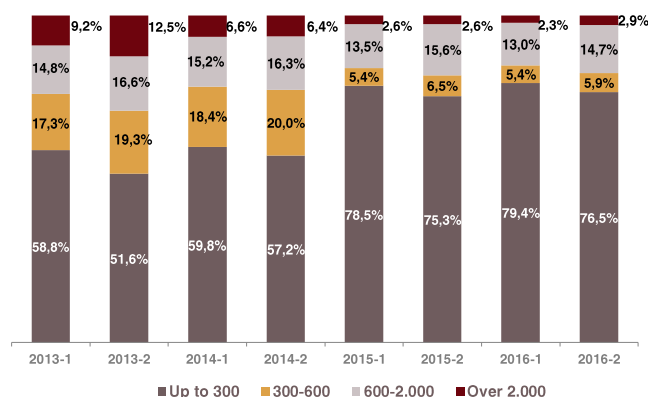
Currency composition of remittances to Russia



Similar to remittance outflow, the largest share in the composition of remittance inflow to the Russian Federation was made in the range not exceeding \$300.

The relative weight of Russian ruble remittances in the US dollar equivalent not exceeding \$300 stood at 78.0% (against 76.9% in 2015). Remittances in the range of \$300–600 accounted for 5.6% (6.0% in 2015); 13.8% were in the range \$600–2,000 (14.5%); while 2.6% ranged over \$2,000, which corresponded to the 2015 level.

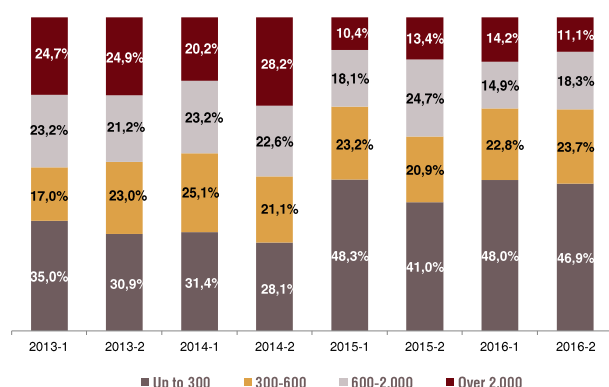
Remittances to Russia in Russian rubles by size
(in US dollar terms)



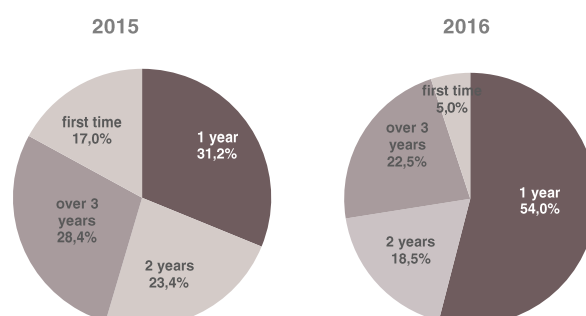
Within the composition of US dollar remittances to Russia, the share of small remittances also increased: in 2016, 47.5% of respondents received amounts less than \$300 (against 44.7% in the previous year). The share of \$300–\$600 remittances grew from 22.0% to 23.3%. At the

same time, the share of remittances over \$600 declined from 33.3% to 29.3%.

Remittances to Russia in US dollars by size

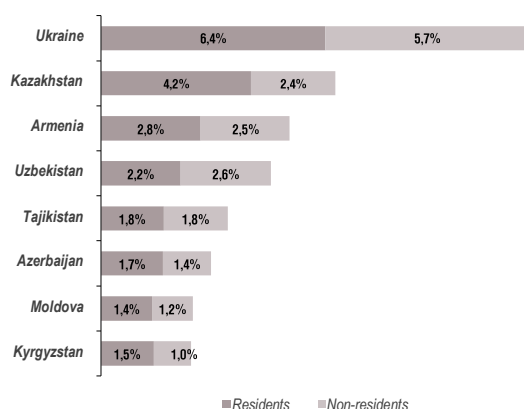


Length of use of payments systems
by recipient respondents



During 2016, the most important remittance sender countries, according to the results of the survey, were Ukraine (12.1%), Kazakhstan (6.6%), Armenia (5.3%), and Uzbekistan (4.8%). Remittances to non-residents were mainly received from Ukraine, Uzbekistan, Armenia, and Kazakhstan.

Remittances to Russia by certain country in 2016



In 2016, the number of respondents who received cross-border remittances for one year rose. Their relative share, as compared to the previous year, increased by 22.9 pp, to 54.0%. In contrast, the share of individuals who used payment systems for two years decreased from 23.4% to 18.5%, and that of those who used them for three years dropped from 28.4% to 22.5%. 5.0% of respondents (against 17.0% in 2015) used payment systems to receive remittances for the first time.

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 2016: from February 15 through February 19 and from August 22 through August 26.

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 individuals⁵ that are reflected in the balance of payments of the Russian Federation in the categories *personal transfers*⁶ and *personal remittances*.⁷

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.

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 survey was carried out over the course of five business days.

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. Sender/recipient country
7. Length of payment systems' use

In February 2016, seven credit institutions, operators of primary payments systems performing remittances of individuals, took part in the survey.

In August 2016, credit institution participants of payment systems joined the survey. Over 30 agent banks took part in the survey.

Credit institution that took part in distribution of questionnaires	Payment Systems
OJSC CB UNISTREAM	Unistream
JSCB RUSSLAVBANK (CJSC)	Contact
JSCB INTERCOOPBANK (OJSC)	InterExpress
OJSC JSCB Svyaz-Bank	Blizko
NCI WESTERN UNION DP VOSTOK LLC	Western Union
CB Anelik RU LLC	Anelik
NCI CJSC LEADER	Leader

The correlation in the composition of remittance senders and recipients corresponded to the similar structure based on data about cross-border transactions of individuals collected by the Bank of Russia as part of regular bank reporting.⁸

⁵ 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.

⁶ 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.

⁷ 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.

⁸ Information on transfers is based on reports of credit institutions submitted under Form 0409407 'Data on cross-border transfers of individuals'.