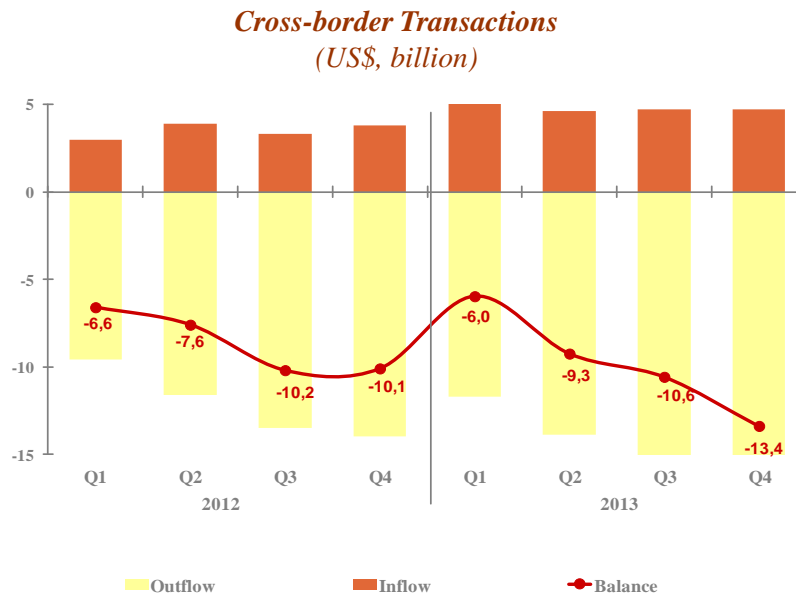


### CROSS-BORDER TRANSACTIONS OF INDIVIDUALS IN 2013

The total **turnover of cross-border transactions of individuals** (both residents and non-residents)<sup>1</sup> in 2013 amounted to \$78.8 billion, an increase of \$16.1 billion compared to 2012. Almost half of the increase resulted from expanding in 2013 the coverage of transactions to include transfers by individuals to obtain (provide) and repay loans.

In the reporting period, the growth rate of transfers in favour of individuals in Russia (141%) exceeded the respective growth rate of transfers by individuals from Russia abroad (121%). However, in absolute terms, the amount of outflows significantly exceeded the amount of inflows, and the negative balance on cross-border transactions of individuals reached \$39.2 billion, a new historical maximum since 2005.

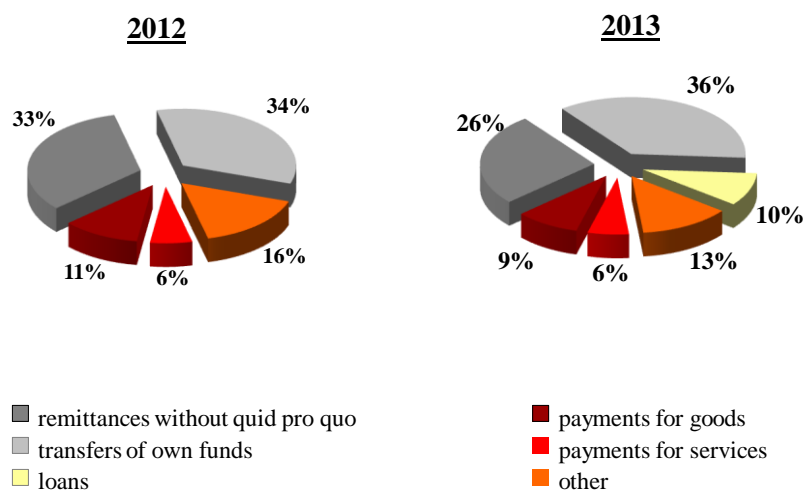


*Money transfers from Russia by individuals* rose from \$48.6 billion to \$59.0 billion. Like in the previous year, residents accounted for most of such transfers in 2013, with their total value increasing from \$30.3 billion to \$38.7 billion, while their share of transfers abroad expanded from 62% to 66%. Non-residents transferred abroad \$20.3 billion, and the share of their remittances went down to 34%.

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

Sources: Reports of credit institutions "Data on Cross-border Transactions of Individuals", Russian Post.

**Composition of Money Transfers by Resident Individuals Abroad in 2012-2013, by Purpose**



Remittances made by Russian residents abroad to their own accounts with foreign banks represented the largest part of total transfers by resident individuals abroad (36%). Their value reached \$14.1 billion increasing by 37%. More than half of all funds were transferred to accounts with banks in Switzerland, Spain, the United Kingdom, and the United States.

Remittances without quid pro quo, which reached \$10.2 billion in value, ranked second with a share of 26% in the structure of outgoing transfers made by residents. The overwhelming majority of them (about 90%) was channeled through money transfer operators.

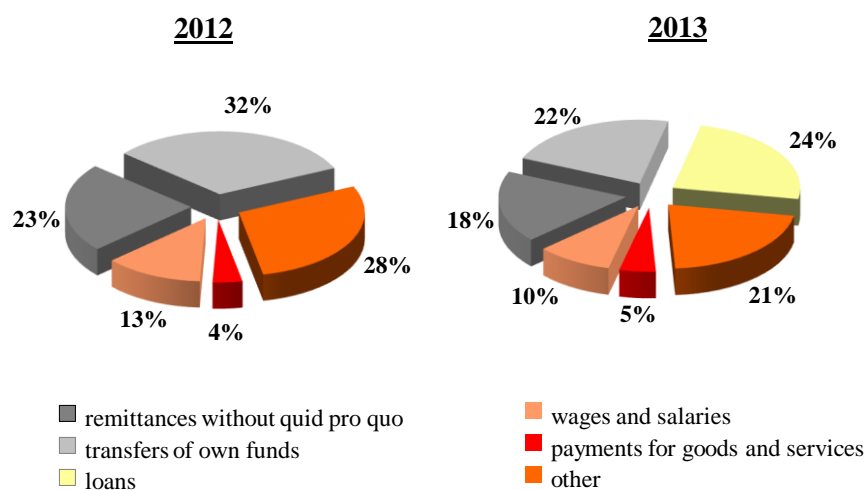
The share of payments for goods and services in the total volume of money transfers by resident individuals abroad decreased to 15%. Money transfers to Japan, largely related to the purchase of cars, made up a significant part of payments for goods (27%).

The share of loan-related transactions<sup>1</sup> was 10% of total transfers of residents from the Russian Federation. Individuals lent abroad a total of \$1.5 billion. Repayment of previously received loans by individuals amounted to \$2.2 billion.

Money transfers *to Russia* in favour of individuals amounted to \$19.8 billion in 2013 as compared with \$14.1 billion a year earlier. Most of the funds (\$16.2 billion) were transferred in favour of resident individuals whose share of total incoming remittances flows in favour of individuals increased from 77% to 82%. Transfers in favour of non-residents reached \$3.6 billion (18% of the total).

<sup>1</sup> Until 2013, information on obtained (provided) and repaid loans was not included into data on cross-border transactions of individuals.

*Composition of Money Transfers to the Russian Federation in Favour of Resident Individuals in 2012-2013, by Purpose*



Transfers to the Russian Federation associated with receipt and repayment of loans amounted to \$3.9 billion in 2013 (24% of the total). Individuals' borrowings from abroad amounted to \$3.4 billion. Repayments of loans previously provided by individuals abroad stood at \$ 0.6 billion.

About 22% of funds received by residents of the Russian Federation (\$3.6 billion) were transfers by individuals to their own accounts with Russian banks. Over \$1.2 billion came from accounts with Swiss commercial banks and another \$0.6 billion came summarily from Cyprus, the United States, and the United Kingdom.

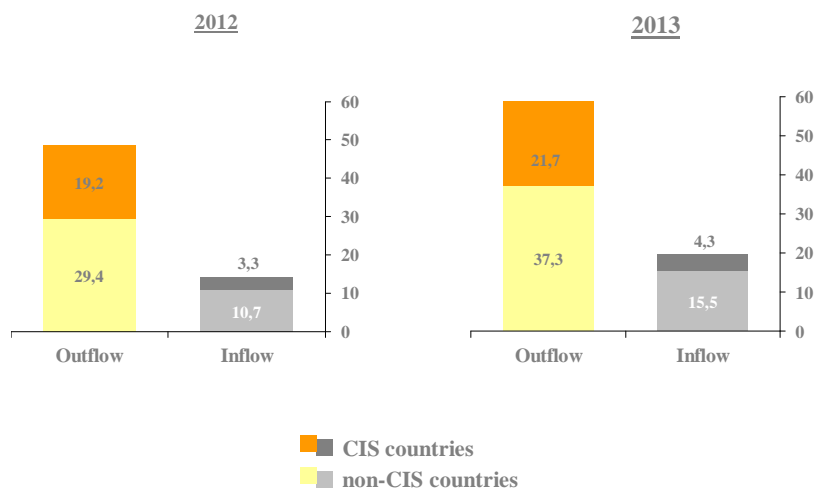
Remittances without quid pro quo ranked third with \$2.9 billion. Their share dropped from 23% to 18%. As was the case with remittances from Russia, the vast majority of such transactions (92%) were channeled via money transfer operators.

Wages and salaries and other transfers under employment contracts reached \$1.6 billion. The share of the category went down to 10% from 13% a year earlier.

Geographically, transactions with non-CIS countries traditionally dominated in the structure of cross-border transactions of individuals. Their turnover increased by 32% on the base period, exceeding \$52.8 billion. A similar indicator pertaining to transactions with CIS countries reached \$26.0 billion with a growth rate of 115%.



**Regional Breakdown of Cross-border Transactions in 2012-2013**  
(US\$, billion)

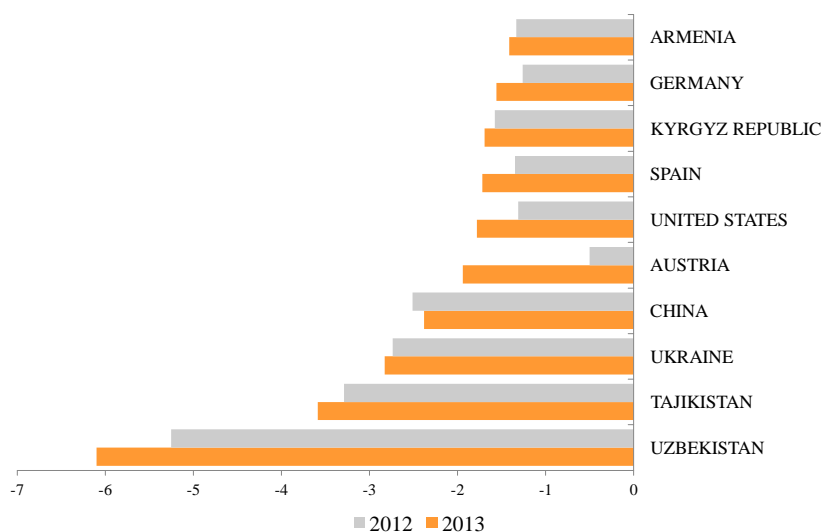


As in the previous years, the balances on transactions of individuals both with non-CIS countries (\$21.7 billion) and CIS countries (\$17.5 billion) showed deficits. Net outflows of funds from the Russian Federation to non-CIS countries grew much faster than those to CIS countries (increasing by 27% and 13% respectively).

In 2013, net deficit outcomes from cross-border transfers by individuals were incurred in transactions with almost all major partner countries, with the exception of Cyprus and Kazakhstan. The greatest imbalances in bilateral transactions were recorded with certain CIS countries such as Uzbekistan (\$6.1 billion), Tajikistan (\$3.6 billion), and Ukraine (\$2.8 billion). Among non-CIS countries, the largest deficit was registered in transactions with China (about \$2.4 billion). A significant deficit also resulted in transactions with Austria (\$1.9 billion), Spain (\$1.7 billion), and Germany (\$1.6 billion).

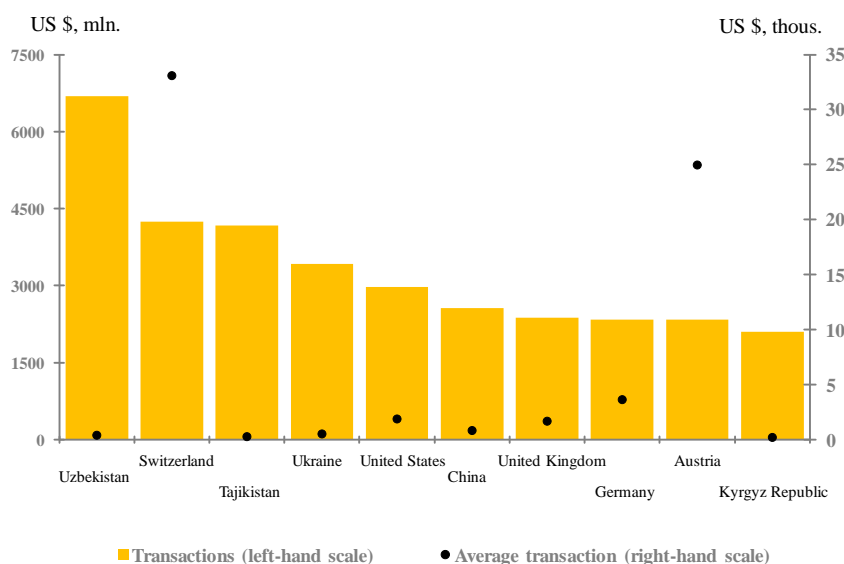


**Cross-border Transactions of Individuals (Residents and Non-residents) by Country in 2012-2013 (US\$, billion)**



The main recipients of money transfers from individuals from the Russian Federation were Uzbekistan, Switzerland, Tajikistan, Ukraine, the United States, and China. Transfers to each of those countries exceeded \$2.5 billion, and their combined share was approximately 41% of all transfers abroad (totaling \$24.1 billion in absolute terms).

**Top 10 Recipient Countries of Transfers from Individuals in Russia (Residents and Non-residents) in 2013**





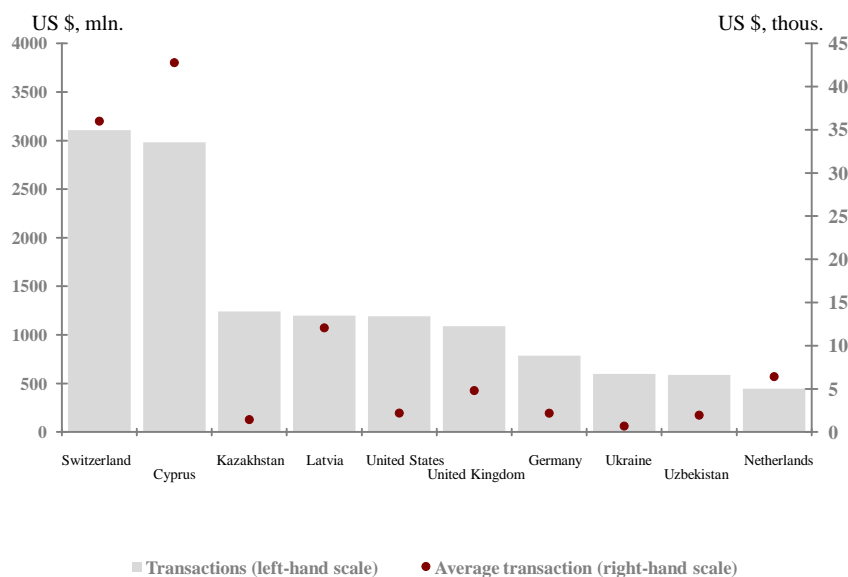
Uzbekistan remained the largest recipient country of money transfers from the Russian Federation, with the outflow of remittances to that country increasing 1.2 times reaching \$6.7 billion. Transfers were made mainly by non-resident individuals with their share of transactions rising to 87% in the reporting period from 86% in 2012.

The top ten recipient countries also included such CIS countries as Tajikistan, Ukraine and Kyrgyz Republic. Together they accounted for \$9.7 billion compared with \$8.7 billion a year earlier.

Remittances from the Russian Federation to Switzerland amounted to \$4.2 billion, an increase of 41% on 2012, including \$3.9 billion transferred by resident individuals for deposits with Swiss banks.

The bulk of transfers to the Russian Federation came from non-CIS countries such as Switzerland, Cyprus, Latvia, the United States, and the United Kingdom, totaling together \$9.6 billion.

### Top 10 Donor-Countries in 2013



Transfers from Switzerland reached \$3.1 billion in 2013 (one third more than in 2012), of which 87% were own funds' remittances from the accounts of resident individuals opened with Swiss banks to their accounts in the Russian Federation. The average amount per transaction was equal to \$36,000.

Other major donors sending money to the Russian Federation (Cyprus, Latvia, the United States, and the United Kingdom) together accounted for \$6.5 billion, representing about one-third of total transfers to the Russian Federation. The fastest growth was demonstrated by transfers from Cyprus and Latvia, increasing more than twofold.

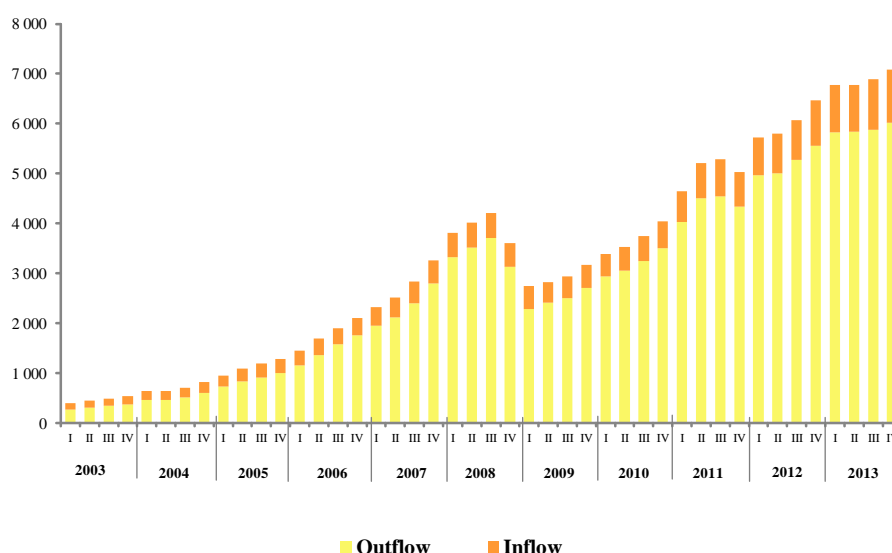




Among CIS countries, the most important partner was Kazakhstan, with total amount of incoming remittances valued at \$1.2 billion.

**Remittances via money transfer operators (MTOs)**<sup>1</sup>, being an integral part of cross-border transactions of individuals, in 2013 accounted for 40% of total money transfers by individuals abroad and for 20% of incoming money transfers from abroad. In 2013, the turnover of remittances via MTOs reached \$27.6 billion, a new historical maximum for the entire period of observation, increasing by 14% on 2012.

*Cross-border Remittances by Individuals via MTOs  
(Seasonally Adjusted, US\$, million)*



In 2013, remittances from the Russian Federation abroad and remittances to the Russian Federation from abroad increased to \$23.6 billion and \$4.0 billion respectively, with their growth rates standing at 113% and 121%.

Transactions with CIS countries dominated both in remittances abroad and in receipts from abroad, with remittances outflows of \$20.8 billion from Russia (representing 88% of total outflows via MTOs), and inflows of \$3.0 billion in Russia (accounting for 74% of the total). Individuals transferred \$2.8 billion to non-CIS countries and received \$1.0 billion from them.

The breakdown of remittances by partner country was characterized by a high degree of concentration, as the top five donor countries accounted for 60% of total receipts by individuals in the Russian Federation. The combined share of the five recipient countries reached 74% of total outgoing transfers from the Russian Federation. The main recipient countries were

<sup>1</sup> Data on money transfers include transactions made via the following systems: Anelik, BLIZKO, Coinstar Money Transfer, Contact, InterExpress, Migom, MoneyGram, PrivatMoney, UNISStream, Western Union, AsiaExpress, ALLUR, Kolibri, Bystraya Pochta, Zolotaya Korona, LEADER, Russian Post, Faster, Caspian Money Transfer.





Uzbekistan (28%), Tajikistan (18%), Ukraine (13%), Kyrgyz Republic (9%), and Armenia (7%). Among donor countries, the leading positions belonged to Kazakhstan (15%), Uzbekistan (14%), Tajikistan (14%), Kyrgyz Republic (9%), and Ukraine (8%).

### Remittances via MTOs by Country in 2013

Remittances from Russia	US\$ million	Share, %	Remittances to Russia	US\$ million	Share, %
Total	23,589	100	Total	3,972	100
UZBEKISTAN	6,633	28	KAZAKHSTAN	602	15
TAJKISTAN	4,155	18	UZBEKISTAN	563	14
UKRAINE	3,078	13	TAJKISTAN	537	14
KYRGYZ REPUBLIC	2,080	9	KYRGYZ REPUBLIC	366	9
ARMENIA	1,597	7	UKRAINE	331	8
MOLDOVA	1,261	5	AZERBAIJAN	182	5
AZERBAIJAN	1,232	5	ARMENIA	171	4
CHINA	797	3	UNITED STATES	135	3
GEORGIA	789	3	CHINA	107	3
Other countries	1,967	9	Other countries	978	25

The average amount per remittance from the Russian Federation fell from \$502 in 2012 to \$487 in 2013. On the contrary, the average amount per transfer to the Russian Federation in favour of individuals went up from \$779 in 2012 to \$876 in 2013. An average remittance amount to non-CIS countries remained twice as large as an average remittance amount to CIS countries, standing at \$929 versus \$458 respectively. At the same time, the average amount per transfer received from CIS countries (valued at \$984) exceeded 1.5 times that from non-CIS countries (with \$664 value).

### Average Amount of a Cross-border Transaction via MTOs in 2012-2013

	2012	2013
Remittances from Russia, total (US\$)	<u>502</u>	<u>487</u>
to non-CIS countries	936	929
to CIS countries	470	458
Remittances to Russia, total (US\$)	<u>779</u>	<u>876</u>
from non-CIS countries	644	664
from CIS countries	859	984

High levels of competition among money transfer operators contributed to maintaining the downward trend in transaction fees' tariff rates. According to the Bank of Russia's estimate, in 2013 the weighted average fee charged from a client for making a transfer abroad went down to 1.7% of the remittance value, representing a minimum commission size for the entire period of observation. Thus, with the average remittance size from Russia valued at \$487, the





corresponding average service charge stood at about \$8. The size of commissions charged by payment systems' operators in the Russian Federation is the lowest among the G20 countries.

*Average Fee*

