



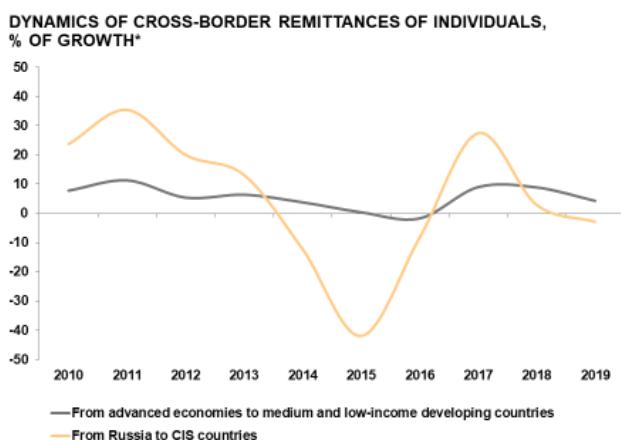
Bank of Russia

# CROSS-BORDER TRANSFERS OF INDIVIDUALS IN 2019

Moscow  
2020

In 2019, the value of cross-border remittances flow from advanced economies to low and middle-income developing countries increased by 4.4% and totalled \$554 billion. Its growth rate, however, nearly halved vs 2017 and 2018 when the comparable indicators grew by 9.1% and 9.0% respectively.

In 2019, the Russian Federation, as in the previous years, maintained a significant role in the global market of cross-border remittances being the most important source of remittances to households in the CIS countries. Remittances of individuals from the Russian Federation to the CIS countries accounted for 2.3% of the aggregate volume of remittances of households to developing countries in the reporting year. However, after a growth over the previous two years, 2019 saw a decline in the volume of remittances of individuals from the Russian Federation to the CIS countries by 2.9%, or \$0.4 billion, to \$12.9 billion. This was largely caused by the weakening of the ruble that led to a decrease in the dollar equivalent of the amount of remittances.



\*Sources: Migration and Development Brief 30, The World Bank; Bank of Russia.

According to the World Bank data, in 2019, cross-border remittances of individuals from advanced economies to developing countries remained on par with direct investment in the structure of global financial flows, exceeding that of portfolio investment, loan capital and resources provided to emerging markets as part of official development assistance. Excluding China, the amount of cross-border remittances from developed to developing countries exceeded that of the direct investment received.

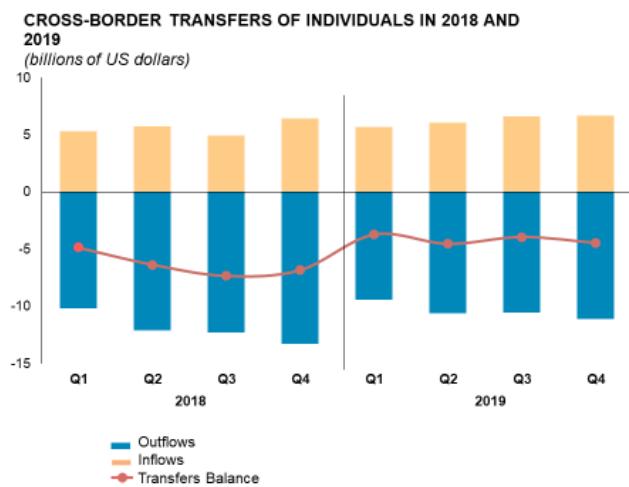
In 2019, cross-border remittances were primarily driven by such cyclical factors as: 1) growth rates of economy in the main senders; 2) oil price dynamics; and 3) changes in exchange rates of national currencies. The drop in oil prices and the consequent weakening of national currencies in energy goods exporting countries led to a decline in the US dollar equivalent of the amount of remittances from large donor economies (in particular, the Russian Federation and the countries of the Gulf) in favour of Central Asia and Eastern Europe. In 2019, the overall growth rate of cross-border remittances from advanced economies to low and middle-income developing countries nearly halved vs 2018 to 4.4%. Broken down by region, the trend towards a slowing growth in remittances was less pronounced in Latin America and the Caribbean (growth by 7.4%) and South Asia (growth by 6.1%) on the back of a continuing recovery of their main donor, the US. Remittances to Europe and Central Asia posted relatively higher growth rates (up by 6.6%). Remittance flows to the East Asia and Pacific region grew by 2.6%, driven by the offsetting influence of increasing inflows from the US and declining inflows from Europe and the Persian Gulf states. Relatively low growth rates of remittance flows to the Middle East and North Africa region (2.6%) are attributable to structural factors, such as the shift to using domestic labour force and the introduction of VAT in the Persian Gulf states.

In 2019, the main recipients of remittances were located in the East Asia and Pacific region (\$143 billion) and South Asia (\$132 billion); they accounted for over a half of all remittances to developing countries. Remittances to recipients from Latin America and the Caribbean amounted to \$89 billion; the Middle East and North Africa region, \$58 billion; Europe and Central Asia, \$61 billion.

The largest share of received remittances in GDP was registered in Tonga, Haiti, Nepal, Tajikistan and Kyrgyzstan (approx. 30% of GDP). India (\$83.1 billion), China (\$68.4 billion), Mexico (\$38.5 billion), the Philippines (\$35.2 billion) and Egypt (\$26.8 billion) remained the largest recipients of remittances.

According to the forecast of World Bank experts, in 2020, cross-border remittances will be affected by the COVID-19 pandemic. It is expected that the aggregate amount of cross-border remittances of individuals in favour of low and middle-income countries will experience the largest contraction in the modern history, dropping by 20% to \$445 billion. This will be primarily driven by lower wages of foreign workers in the main host countries. According to the World Bank, the largest contraction will be observed in remittances to Europe and Central Asia (27.5%), South Asia (22.1%) and Sub-Saharan Africa (23.1%).

In 2019, total cross-border remittances by both resident and non-resident individuals<sup>1</sup> fell by 5.0% compared to 2018 reaching \$66.8 billion. The negative balance on cross-border remittances by individuals decreased by 34.7% to \$16.6 billion.



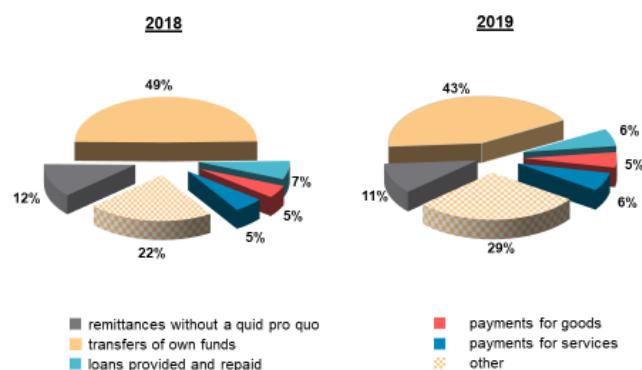
**Transfers from the Russian Federation abroad** by individuals decreased by 12.9% from \$47.9 billion in 2018 to \$41.7 billion in 2019 due to a decline in remittances to both non-CIS (by 16.7%) and the CIS countries (by 2.9%).

As a year earlier, remittances were mostly sent by residents, whose share in total cross-border transfers grew from 77.5% in 2018 to 79.2% in the reporting period. In 2019, residents' overseas remittances totalled \$33.0 billion (vs \$37.1 billion in 2018), including \$26.1 billion transferred to non-CIS countries (vs \$31.3 billion in 2018). Non-residents transferred abroad \$8.7 billion (vs \$10.8 billion a year earlier).

The composition of residents' cross-border remittances by purpose was dominated by fund transfers to their own accounts with foreign banks (\$14.2 billion vs \$18.3 billion in 2018). Their share in total resident individuals' transfers declined from 49.4% to 43.0%. More than half of funds were transferred to banks in Switzerland, the United Kingdom, the

United States of America, Spain, and the Netherlands.

COMPOSITION OF MONEY TRANSFERS BY RESIDENT INDIVIDUALS FROM THE RUSSIAN FEDERATION IN 2018 AND 2019, BY PURPOSE



In 2019, residents' remittances without a quid pro quo declined to \$3.5 billion, or by 21.1%, with their share in outgoing transfers falling from 11.9% to 10.5%. The bulk of transactions represented remittances made by labour migrants from the CIS countries, primarily Armenia, Uzbekistan and Azerbaijan (a total of \$1.0 billion against \$1.1 billion a year before). The volume of individuals' remittances without a quid pro quo to China halved (from \$0.6 billion to \$0.3 billion). As usual, an overwhelming part of remittances without a quid pro quo (87.8%) was made via payment systems (88.2% in 2018).

Total remittances in payment for goods and services stood at \$3.8 billion (against \$3.7 billion in 2018); however, their share increased from 9.8% of the outgoing flows in 2018 to 11.6% in the reporting year. The main recipients of remittances in payment for goods were Japan, Italy, the US, Germany and the United Kingdom (in aggregate, over one-half of transfers of this category). Flows of remittances to these countries are most commonly associated with purchases of automobiles, furniture and clothes. Top recipients of remittances in payment for services

<sup>1</sup> Cross-border remittances of individuals are defined as cross-border wire money transfers by resident and non-resident individuals (receipts of resident and non-resident individuals) effected with or without opening an account via

credit institutions, including remittances via payment systems.

were Switzerland, the United States of America, Cyprus, the US and Italy.

The amount of residents' transactions *to extend, service and repay loans* in 2019 declined by 17.5% to \$2.0 billion with its share decreasing from 6.5% to 6.1%. Resident individuals provided \$1.7 billion in loans to foreign counterparties, 17.8% less than in 2018. Loans were mostly extended to legal entities to their accounts with banks in Switzerland, Cyprus, the United States of America, Germany and Luxembourg. Resident individuals transferred \$0.3 billion to repay and service previously attracted loans, which was 16.3% below the preceding year's aggregate.

In the *geographic composition* of resident and non-resident individuals' remittances, transfers to non-CIS countries reduced from \$34.6 billion in 2018 to \$28.8 billion in 2019.

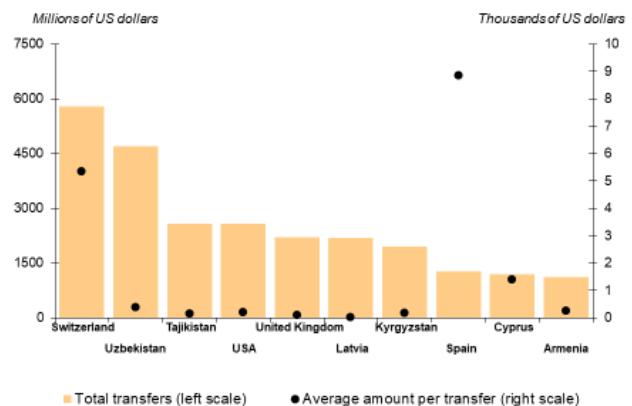
Remittances to the CIS countries totalled \$12.9 billion in the reporting year vs \$13.3 billion a year earlier. Combined volume of transfers to Uzbekistan, Tajikistan and Kyrgyzstan reached \$9.2 billion, representing 71.7% of all remittances to the CIS countries (vs 68.0% in 2018).

Individuals' transfers from the Russian Federation to the EAEU countries decreased by 16.3% compared to 2018 reaching \$3.8 billion (9.2% of outflows).

The main recipients of outgoing cross-border transfers were Switzerland, Uzbekistan, Tajikistan, the United States of America, the United Kingdom and Kyrgyzstan. Remittances to these countries accounted for 47.5% (\$19.8 billion) of total transfers.

Switzerland remained the largest recipient of funds from the Russian Federation. As usual, this is associated with individuals depositing their own funds in bank accounts in that jurisdiction. However, remittances to Switzerland dropped by 36.9% to \$5.8 billion in 2019 (13.9% of outflows).

MONEY TRANSFERS OF INDIVIDUALS (RESIDENTS AND NON-RESIDENTS) FROM RUSSIA TO TOP 10 PARTNER COUNTRIES IN 2019

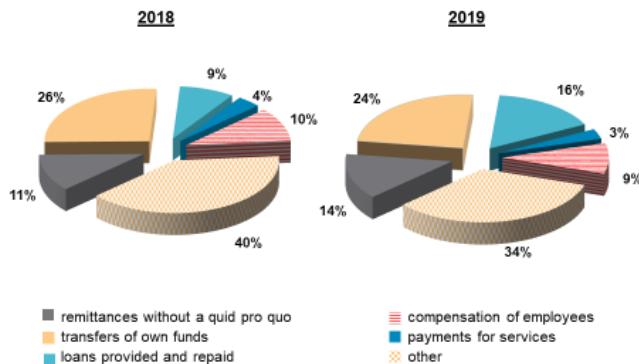


Despite the fact that the US dollar remained the main currency in interbank cross-border remittances of individuals in 2019, its share in outgoing cross-border transfers shrank to 45.3% from 48.3% in 2018. The share of transactions in euros was 25.0% (vs 25.4% a year earlier), and that in Russian rubles was 23.8% (vs 20.6%).

**Receipts of transfers by individuals in Russia** totalled \$25.1 billion in 2019, 11.7% more than in 2018 (\$22.5 billion). As before, most funds were remitted for the benefit of *Russian Federation residents* (\$22.5 billion, or 89.7% of inflows).

The *composition of inflows by purpose* was dominated by transfers of resident individuals from their accounts with foreign banks (*own funds transfers*). In the reporting period, they grew by 5.1% to \$5.5 billion. At the same time, the share of this category of receipts in inflows declined by 2.2 pp to 24.3%. In the reporting year, over a half of receipts (\$3.2 billion) came from resident individuals' accounts with banks in Switzerland, the United States of America, the United Kingdom, the Netherlands and Latvia.

**COMPOSITION OF MONEY TRANSFERS TO THE RUSSIAN FEDERATION FOR THE BENEFIT OF RESIDENT INDIVIDUALS IN 2018 AND 2019, BY PURPOSE**



In 2019, cross-border remittances without a quid pro quo for the benefit of resident individuals rose by 38.0% to \$3.1 billion, with their share growing by 2.4 pp to 13.8%. The bulk of such transfers were received from Kazakhstan (\$0.5 billion), the United Kingdom and Latvia (\$0.4 billion each), the United States of America (\$0.3 billion) and Kyrgyzstan (\$0.2 billion).

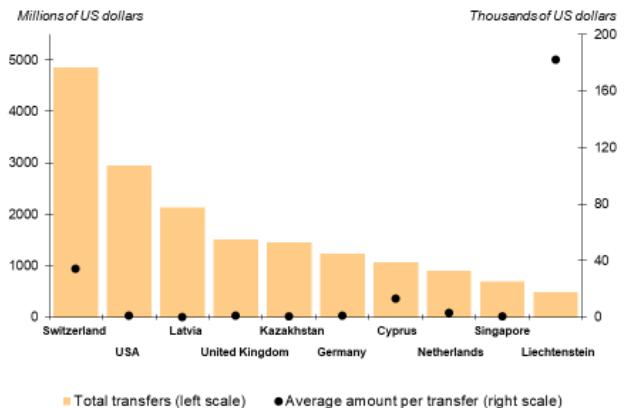
Inflows to the Russian Federation associated with *attracting, servicing and repayment of previously received loans* increased in 2019 nearly twofold to \$3.6 billion (16.1% of inflows). Resident individuals received \$1.4 billion in borrowings from abroad, 58.7% more than in the previous year. Switzerland, the United States of America, Cyprus, Liechtenstein and Latvia were the main lenders with their transfers totalling \$1.1 billion. Principal and interest payments by non-resident individuals increased almost threefold to \$2.2 billion.

In 2019, *compensation of employees and other labour contract-related receipts* by Russian residents remained virtually unchanged compared to 2018 at \$2.1 billion, with the share of the category in inflows dropping to 9.3%.

*In the geographic composition* of inflows, remittances from non-CIS countries grew by 14.6% to \$21.6 billion. The bulk of inflows came from Switzerland, the United States of America, Latvia, the United Kingdom and Germany totalling \$12.7 billion, or

50.5% of all transfers to Russian resident and non-resident individuals. The inflow of transfers from Switzerland, accounting for the largest share, declined by 2.2% to \$4.9 billion.

**MONEY TRANSFERS FOR THE BENEFIT OF INDIVIDUALS (RESIDENTS AND NON-RESIDENTS) IN RUSSIA BY TOP 10 PARTNER COUNTRIES IN 2019**



Remittances from the CIS countries decreased in 2019 by 3.7% to \$3.5 billion. Remittances from the EAEU countries dropped by 4.1% to \$2.5 billion (9.8% of total receipts from the CIS countries). As usual, Kazakhstan remained the main counterparty, which was in part related to payments for goods and services in Russia. The amount of remittances of this country slightly declined in the reporting period to \$1.5 billion. However, its share in aggregate inflows from the EAEU countries rose to 59.4% from 58.7% in 2018.

The US dollar dominated *the currency composition* of inflows, with its share growing from 52.2% to 54.0% in 2019. The euro and the Russian ruble accounted for 24.2% and 18.6% of incoming transfers respectively (26.1% and 16.8% in 2018).

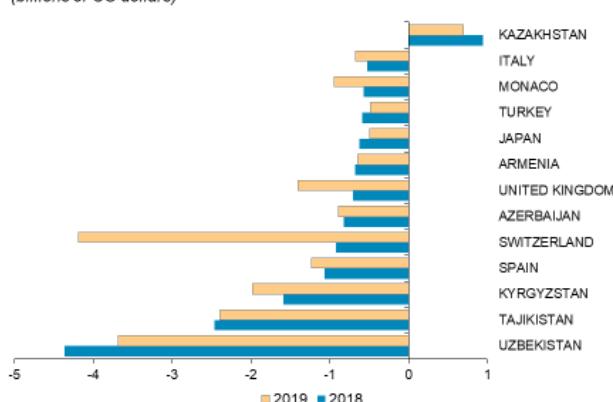
**The negative balance on cross-border remittances by resident and non-resident individuals** decreased in 2019 to \$16.6 billion from \$25.4 billion a year earlier. The deficit in the balance on individuals' cross-border remittances with non-CIS countries (\$7.2 billion) contracted by 54.3% compared to 2018, while with the CIS countries it declined by 2.6% reaching \$9.4 billion.

As in the previous year, the negative balance on individuals' cross-border remittances was registered with respect to most principal non-CIS counterparties reaching \$1.1 billion with Spain, \$0.9 billion with Switzerland, \$0.7 billion with the United Kingdom and \$0.6 billion each with Japan, Turkey and Monaco.

As before, among the CIS countries, the most tangible deficit in the balance on cross-border remittances was registered with Uzbekistan (\$4.4 billion), Tajikistan (\$2.5 billion) and Kyrgyzstan (\$1.6 billion). The positive balance on individuals' cross-border remittances was registered with Kazakhstan (\$1.0 billion) and Turkmenistan (\$0.1 billion).

The combined negative balance on individuals' cross-border remittances with the EAEU countries decreased in 2019 by 31.6% to \$1.4 billion.

BALANCES ON CROSS-BORDER TRANSFERS OF INDIVIDUALS (RESIDENTS AND NON-RESIDENTS) BY SELECT PARTNER COUNTRY IN 2018 AND 2019  
(billions of US dollars)



**Turnover of cross-border transfers via payment systems<sup>2</sup>** within cross-border remittances by resident and non-resident individuals contracted in 2019 by 10.5% to \$10.9 billion. Transfers via payment systems declined to 18.1% of cross-border outflows (vs 19.8% a year earlier) and rose to 13.3% of inflows (vs 11.9% in 2018).

Money transfer receipts of individuals in Russia via payment systems rose by 24.9% to \$3.3 billion,

whereas outgoing remittances decreased by 20.5% to \$7.5 billion. Thus, the negative balance on cross-border transfers via payment systems totalled \$4.2 billion, which is 38.2% lower than in the previous year.

Transactions with the CIS countries dominated outgoing transfers, totalling \$6.1 billion or 80.8% of remittances via payment systems; remittances to non-CIS countries amounted to \$1.4 billion. Non-CIS countries prevailed in incoming remittances, totalling 55.0% of the 2019 inflow, or \$1.8 billion; incoming remittances from the CIS countries amounted to \$1.5 billion.

In the *geographical composition* of remittances via payment systems from Russia, top recipient countries in 2019 included such CIS countries as Uzbekistan, Tajikistan, Kyrgyzstan, Armenia, Kyrgyzstan and Azerbaijan. They accounted for 71.3% of outgoing remittances via payment systems.

As in the previous year, inflows from the major remitting countries to Russia (Kazakhstan, the United Kingdom, Latvia, Kyrgyzstan and the United States of America) in aggregate accounted for more than a half of all funds received by individuals in Russia (53.3%).

An average remittance via payment systems from Russia declined by 6.7% from \$437 in 2018 to \$407 in 2019. An average incoming remittance to an individual in Russia decreased by 55.4% from \$533 in 2018 to \$238 in 2019. Average amounts of outgoing remittances to non-CIS and the CIS countries in 2019 were \$749 and \$368 respectively. At the same time, the average amount of receipts from the CIS countries was \$416 vs \$176 from non-CIS countries.

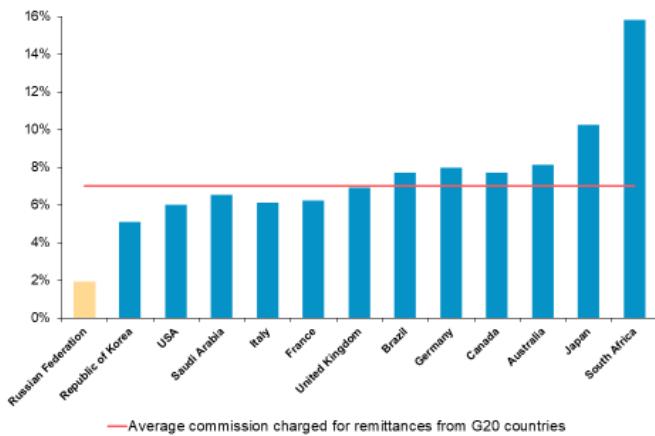
According to the Bank of Russia's estimate, in 2019 a weighted average fee for a cross-border transfer via payment systems totalled 1.9% of the remittance amount, which was considerably below the global

<sup>2</sup> 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.

average of 6.82%.<sup>3</sup> Thus, an average fee of \$7.7 was charged for an average outgoing remittance of \$407. Fees of Russian payment system operators remained the lowest among the G20 countries.

AVERAGE REMITTANCE FEES IN SELECT G20 COUNTRIES



---

<sup>3</sup> Remittance prices worldwide – Issue 32, December 2019.