

Main Findings from a Global Survey of Central Banks

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Objectives of the survey

Part of a larger cross-country data and information gathering exercise by the World Bank's Migration & Remittances Team

A main aim of the central banks survey is to gain a better understanding of:

- the regulatory environment for remittance flows;
- how central banks collect data and other information on migrant remittance flows.

Survey questions – some main themes

- Which institutions collect data?
- What are the methods?
- What RSPs are covered?
- How are these changing?
- How are RSPs regulated?
- How does regulation affect costs?
- What factors affect the choice of remittance channel?

Current status of survey

- Two main versions: focusing on inflows and outflows
- Sent to 176 countries worldwide (52 in Africa)
- 105 countries have submitted survey responses:
 - Of which 32 countries are in Africa
- Final findings analysis paper to be disseminated (imminently) to central banks for their comments and is a key input to a larger Africa Migration flagship

Main findings

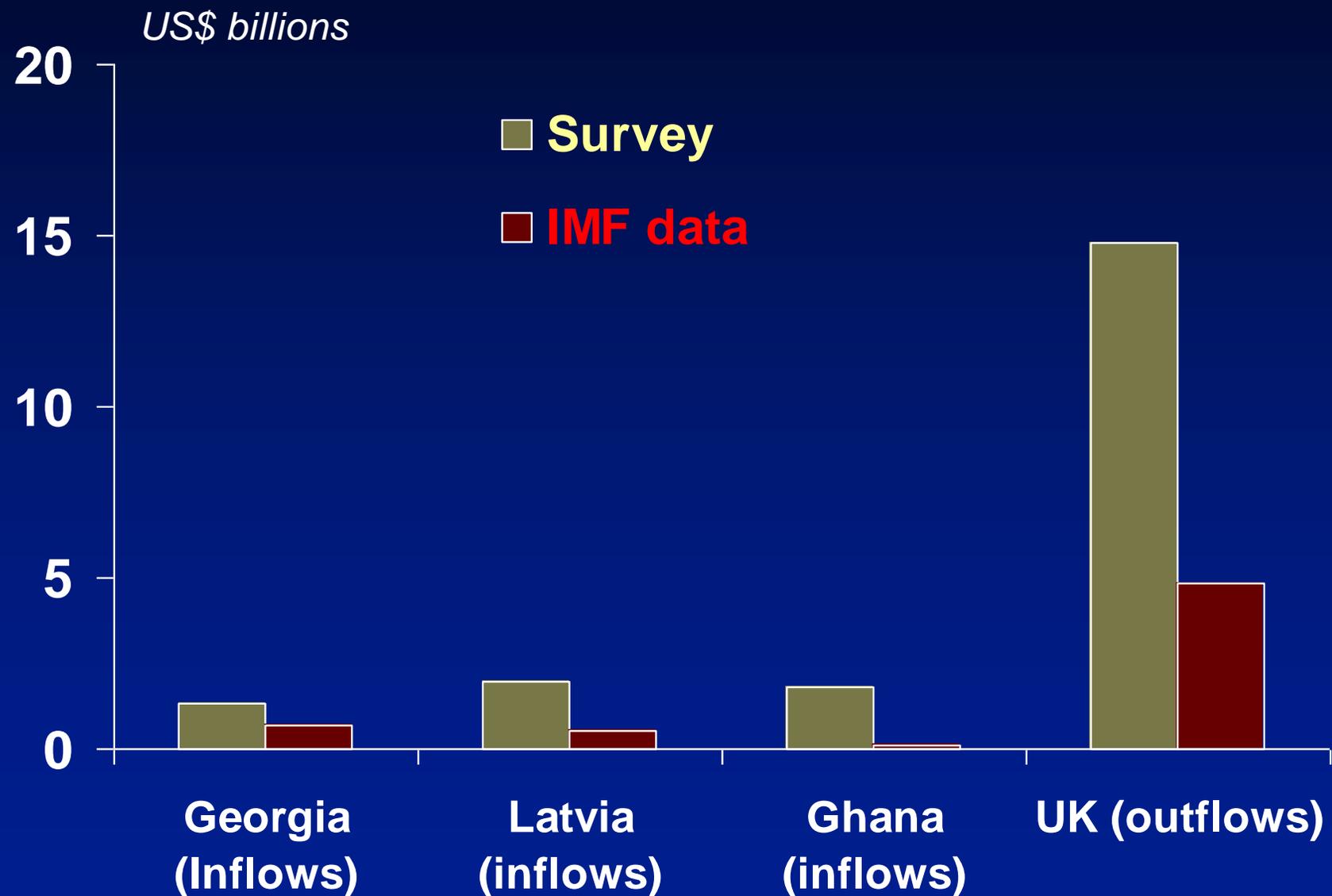
There appears to be a lack of coordination in data collection

- Within the same institution
- Across national institutions
- Between counterpart national institutions, including for major remittance corridors

Inflows are better monitored than outflows

- Almost all (96%) remittance-receiving countries collect data, vs. 84% in remittance-sending countries
- Data collection has been going on longer for inflows than for outflows:
 - 72% of remittance-receiving countries collecting data for more than 5 years
 - 55% of remittance-sending countries collecting data for more than 5 years

There can be large discrepancies in reporting official data*



*Migrant remittance flows data for 2007.

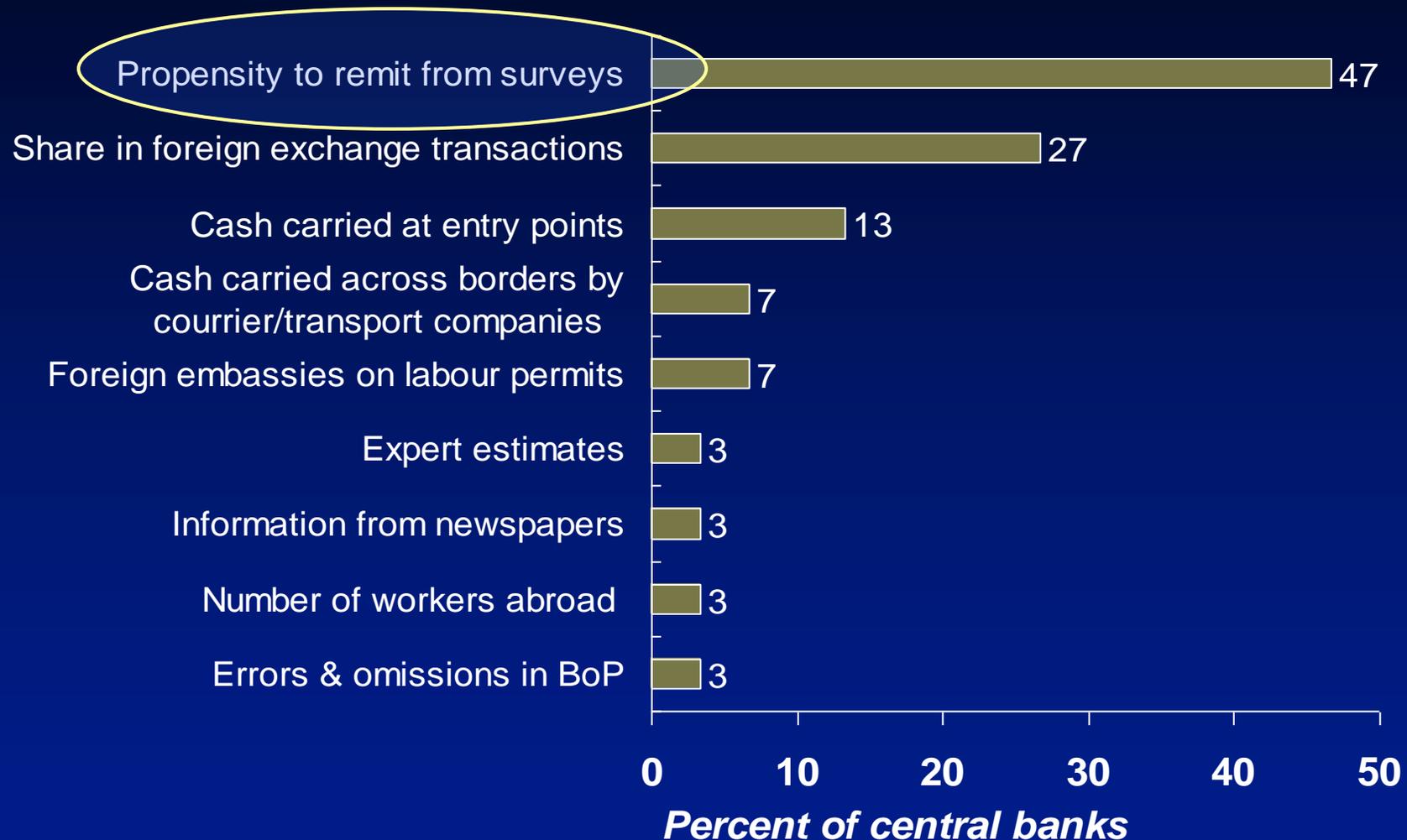
Under-recording of remittances

- Lower priority given to recording remittance outflows by many migrant host countries—particularly where remittances are small relative to GDP
- Use of cross-border data reporting thresholds
- Many central banks until recently relied on data reported solely by banks; more nonbank RSPs are beginning to report data
- Remittances hand carried by migrants and others visiting migrants' home countries
- In-kind remittances

Informal remittances

- 42% of the remittance-receiving countries said they collect data on informal remittances
- 70% of the remittance-receiving countries that collect these data reported doing so with regularity
- But a considerably fewer number of remittance-receiving countries (17%) provided actual informal flows data estimates
- Only 4% of the remittance-sending countries (Germany and Russia) indicated that they collect data on informal remittances

Methods of estimating informal flows



Regulation of RSPs is weak in remittance-receiving countries

Many new market entrants' remittance transfers are not regulated:

- 39% of post offices
- 37% of MFIs
- 25% of mobile phone service providers
- 23% of MTOs

Regulation of RSPs

Remittance transfers by commercial banks are not regulated:

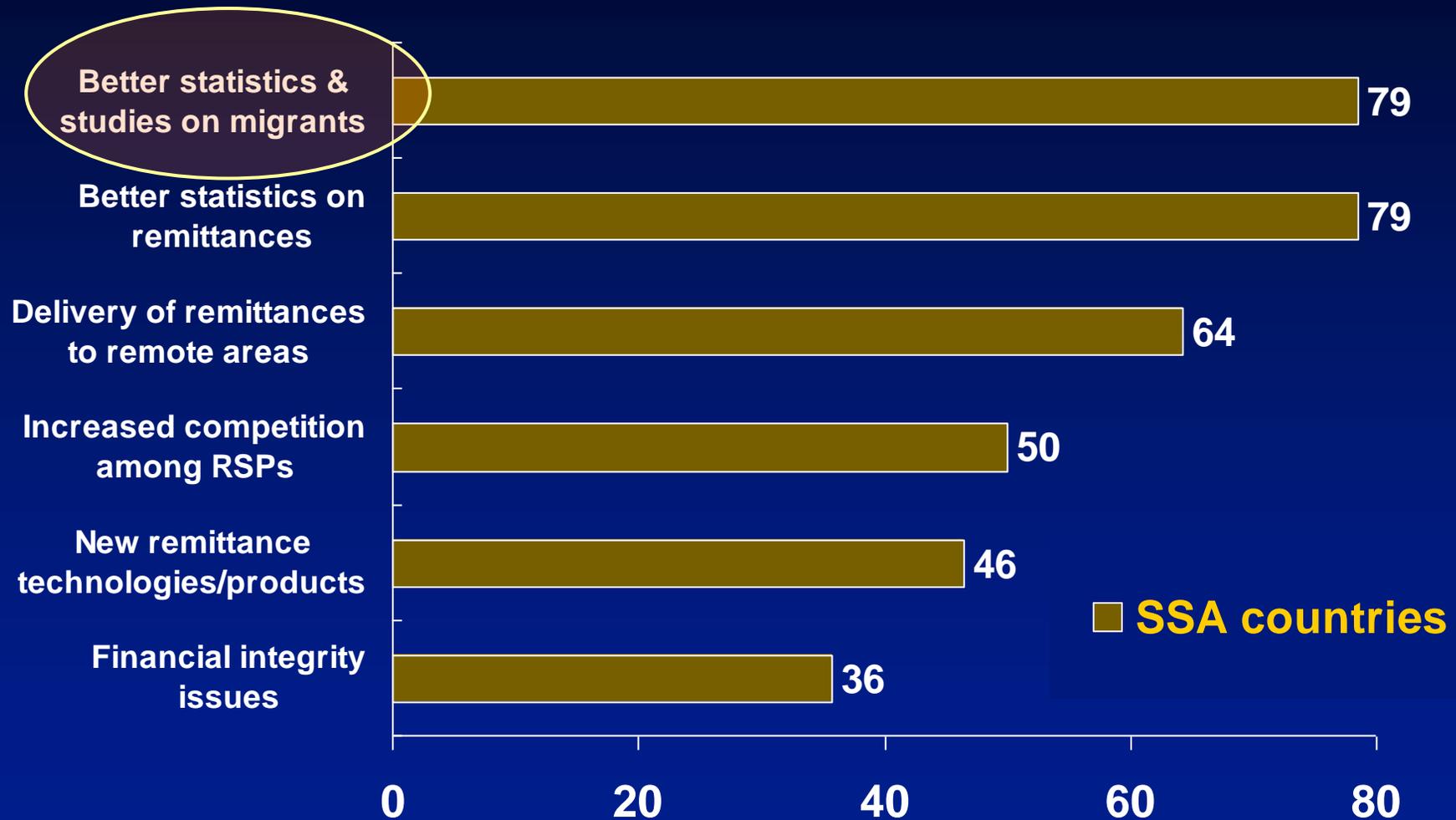
- In 7 percent of remittance-receiving countries
- In 12 percent of remittance-sending countries

Better statistics and studies are cited as areas needing attention



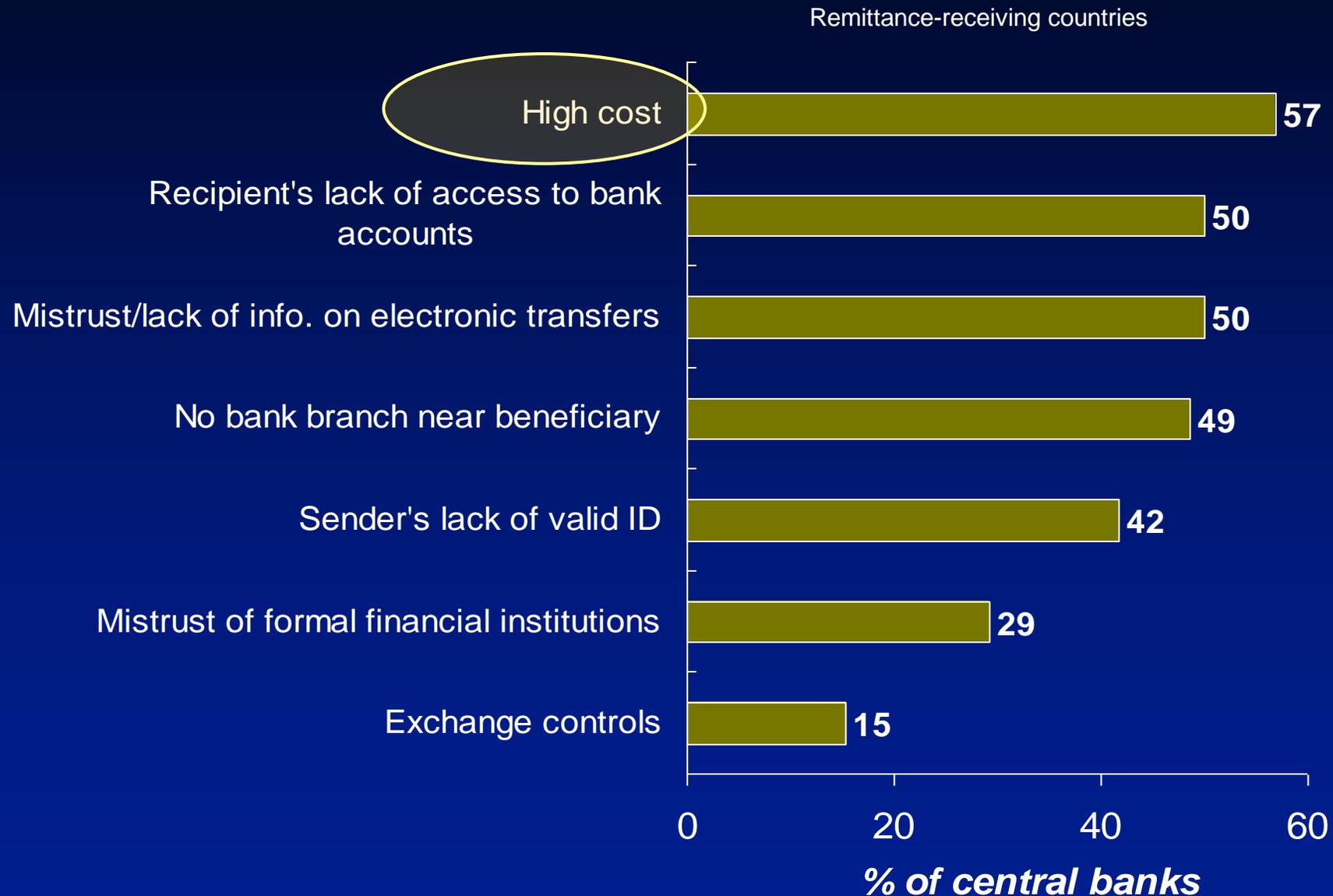
% of central banks citing area as needing improvement to increase efficiency, security of transfers

Better statistics and studies are even more important for Sub-Saharan African countries

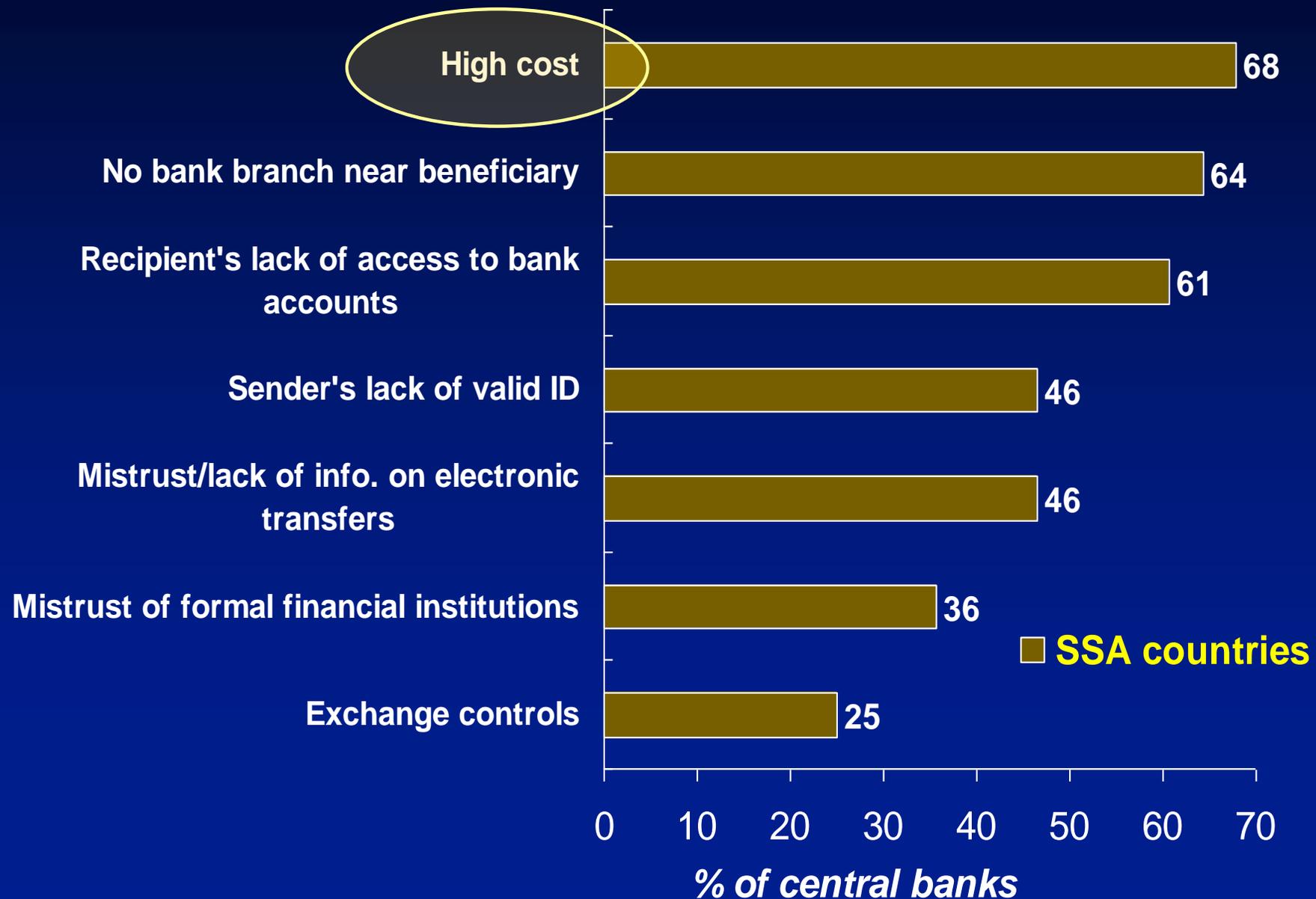


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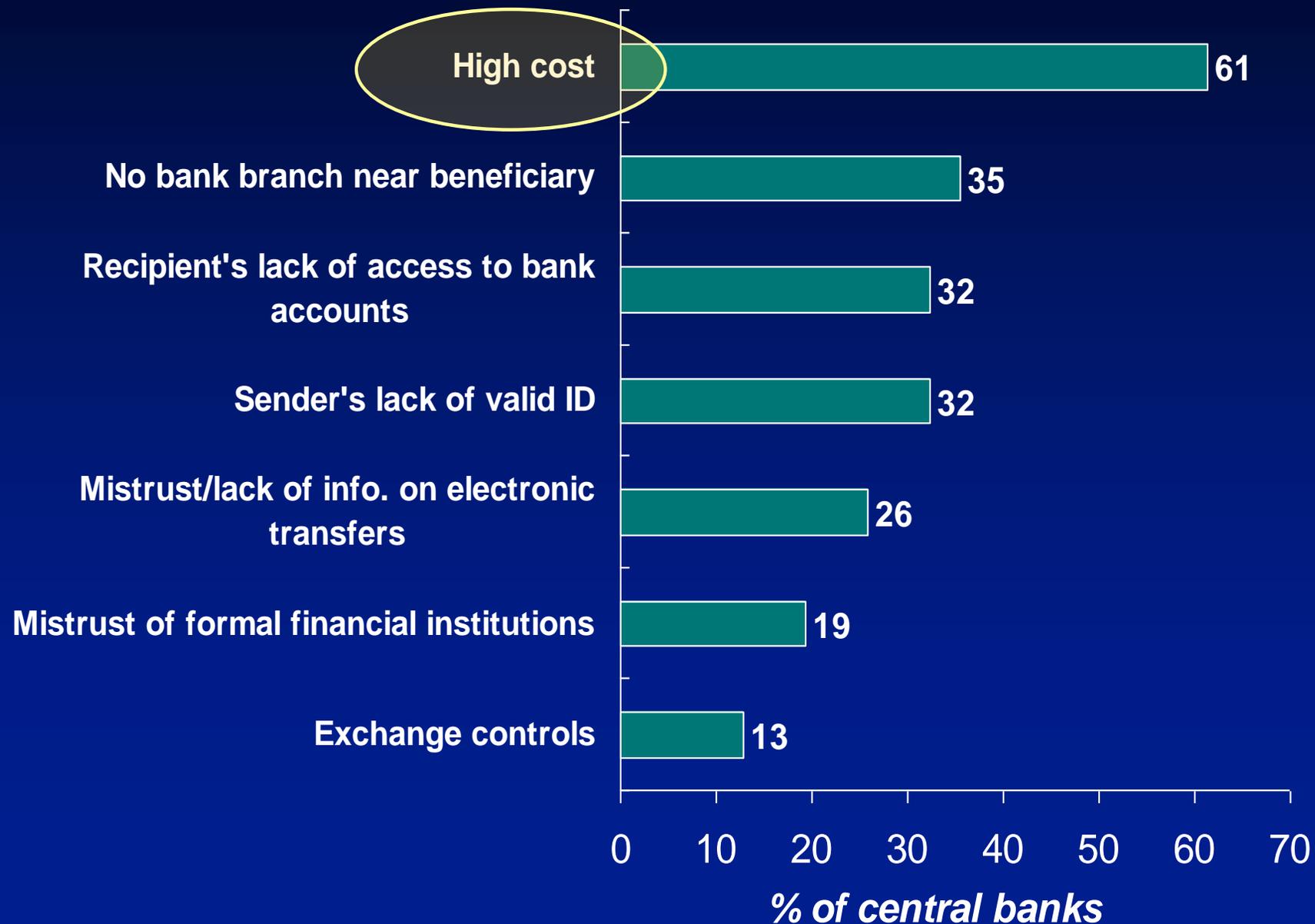
High cost was cited as number 1 factor inhibiting use of formal channels



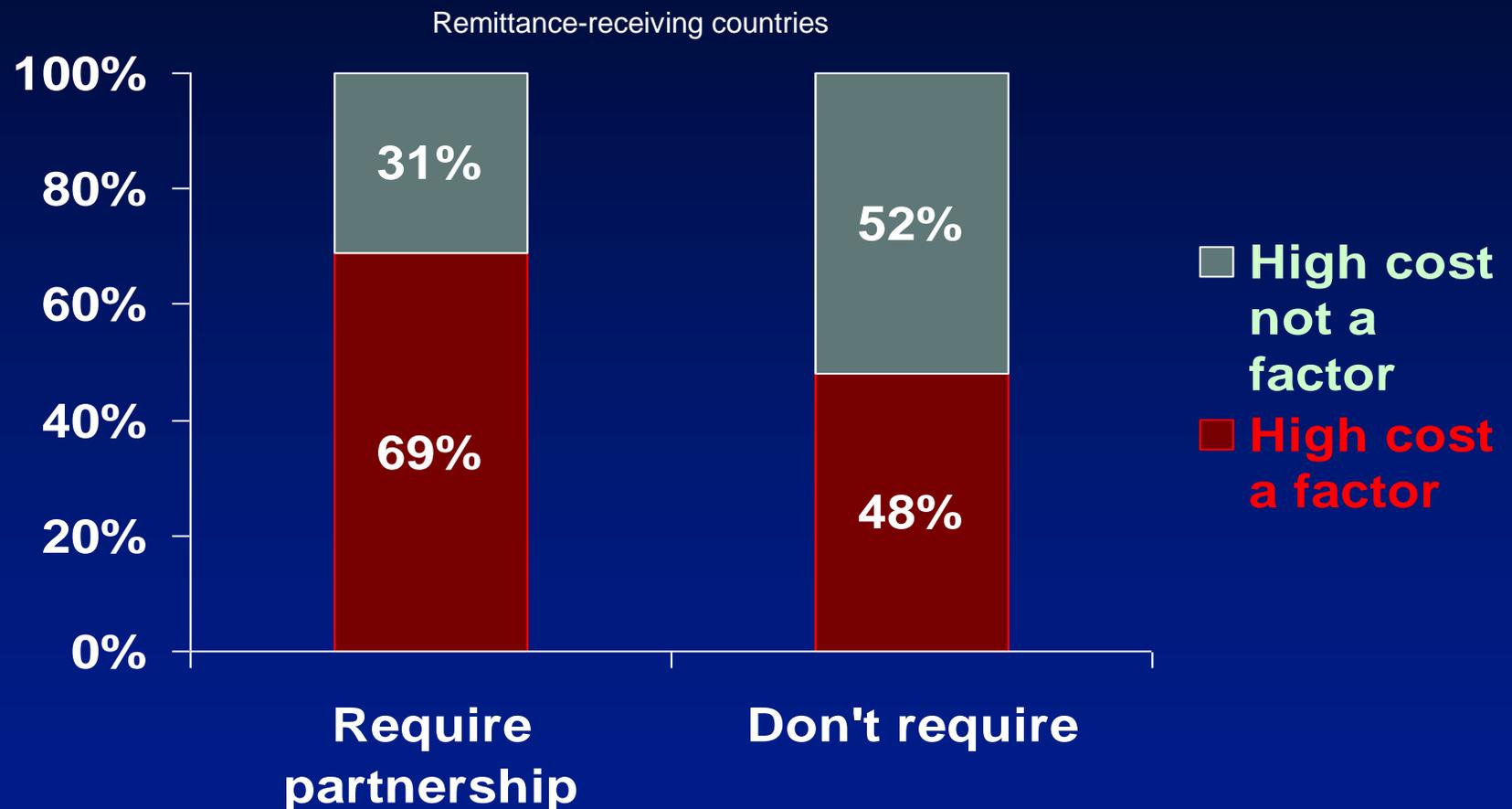
More so in Sub-Saharan Africa



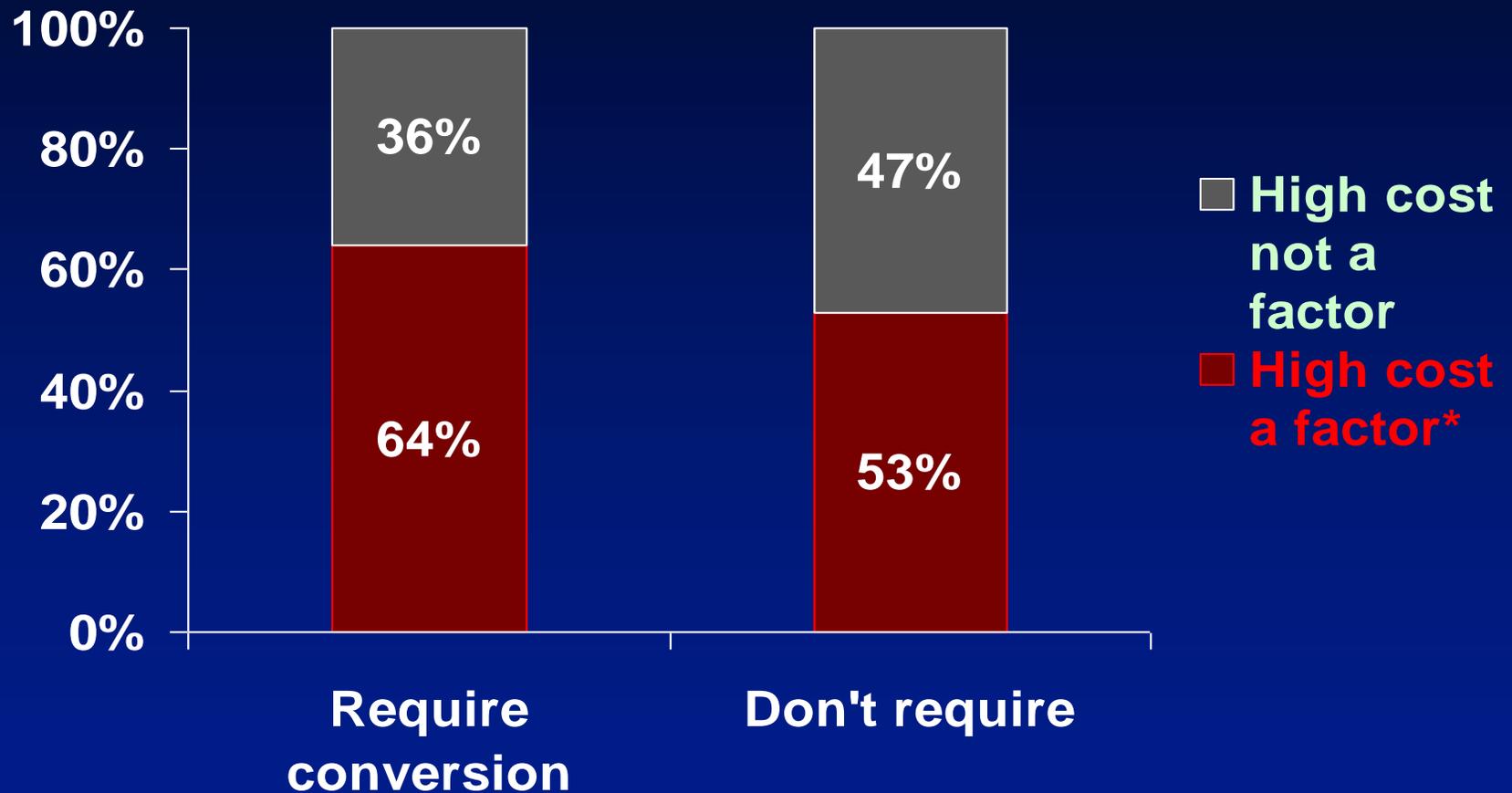
High cost is also #1 factor in remittance-sending countries



Requiring MTOs to operate in partnership with banks keeps costs high



Compulsory conversion to local currency also associated with high costs



** Central banks citing high cost as a factor inhibiting use of formal remittance channels*

Policy initiatives to improve delivery in rural areas

- One-third of remittance-receiving countries said they have policy initiatives to expand remittances services outreach to rural areas
- Developing new delivery technologies—mobile phone, internet, cash cards—for reaching rural areas was cited by one-quarter of these.

Policy recommendations

- Improve coordination in data monitoring, with more systematic data and information exchange, better communication, and more effective division of labor to avoid duplication of efforts.
- Better coordination in data collection must occur both across different institutions and between different divisions within the same institution.
- For major remittance corridors, developing some means of regular, more systematic data and information sharing and exchange on migrant remittance flows between counterpart national institutions.

Policy recommendations

- Improve procedures for remittances data collection and monitoring, including by compiling and monitoring cross-border remittance flows data at higher frequencies and disaggregated by source country where possible.
- For many remittance-receiving countries, revise data compilation methods to better distinguish remittance inflows from other capital inflows.
- As new RSP entrants emerge, it becomes increasingly important for countries to give priority to determining an effective means of taking into account these new channels and technologies in data collection and monitoring.

Policy recommendations

- National financial market regulatory authorities and mobile phone service operators should work closely together to strike the right balance in regulating transfers via these new channels.
- There may be potential for certain nonbank RSPs to play a greater role in remittance delivery to recipients in rural areas.
- Policies and an operating environment promoting an increase in number of RSP competitors/rendering MTO imposition of exclusivity contracts illegal could lower transfer costs for a given market and improve transfer services.

Next steps for this study

- Incorporation of comments on survey final findings paper from 176 central banks worldwide, following the paper's dissemination
- Publication as a World Bank Policy Research Working Paper
- Final findings will provide key input into the World Bank/AfDB Migration, Remittances & Development Project flagship report