

Practical and Methodological Approaches Towards Measuring Remittances

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Role of Remittances

Russia:

- tops the list of emerging market economies in terms of the number of migrants in its territory
- value of remittances from Russia in 2007 amounted to 7% of the world's total and was second only to the United States (balance of payments data)

Cross-Border Transactions of Individuals

- In 2004 data collection was initiated
- The reporting population covers banks, MTOs and Russia's Federal Postal Service
- Database includes information on **all** international transactions of individuals
- In 2008 flows to Russia plus flows from Russia were valued at \$51.9 billion, or 3.1% of Russia's GDP. Outflows exceeded inflows by \$30 billion (1.8% of GDP).

Cross-Border Transactions of Individuals

- Indicator covers
 - flows in Russia (from Russia) in favour of (from) resident individuals and non-resident individuals
 - payments related to merchandise trade, trade in services, financial transactions etc.
- Remittances are only part of it
- Comparing Russian data on cross-border transactions conducted via MTOs with other countries' statistics showed similar results

Bilateral Comparison of Cross-Border Remittances via MTOs

\$ mln

	2006	2007
Remittances from Russia to Tajikistan Bank of Russia data	957	1632
National Bank of Tajikistan data	934	1560
Discrepancy	3%	5%
Remittances from Russia to Georgia Bank of Russia data	344	558
National Bank of Georgia data	369	545
Discrepancy	-7%	2%

What do Countries Mean under Remittances?

Comparison of Remittances from Russia to Armenia in 2008

\$ mln

N		Bank of Armenia data	Bank of Russia data	Discrepancy
1	Cross-border transactions of individuals, total	1462	1411	-3%
2	less Commercial and other payments	91	70	
3	less Remittances in favor of nonresidents	75	0	
4	less Direct investments	45	0	
5	plus Cash remittances	220	273	
6	Personal Remittances (6=1-2-3-4+5) (6=7+8+9+10)	1471	1614	+10%
7	Net Compensation of employees	532	790	
8	Workers' remittances	0	619	
9	Other current transfers	868	205	
10	Capital transfers	71	0	
	Memorandum: Remittances via MTOs	1266	1249	+1%

The table has been compiled in cooperation with the Central Bank of Armenia

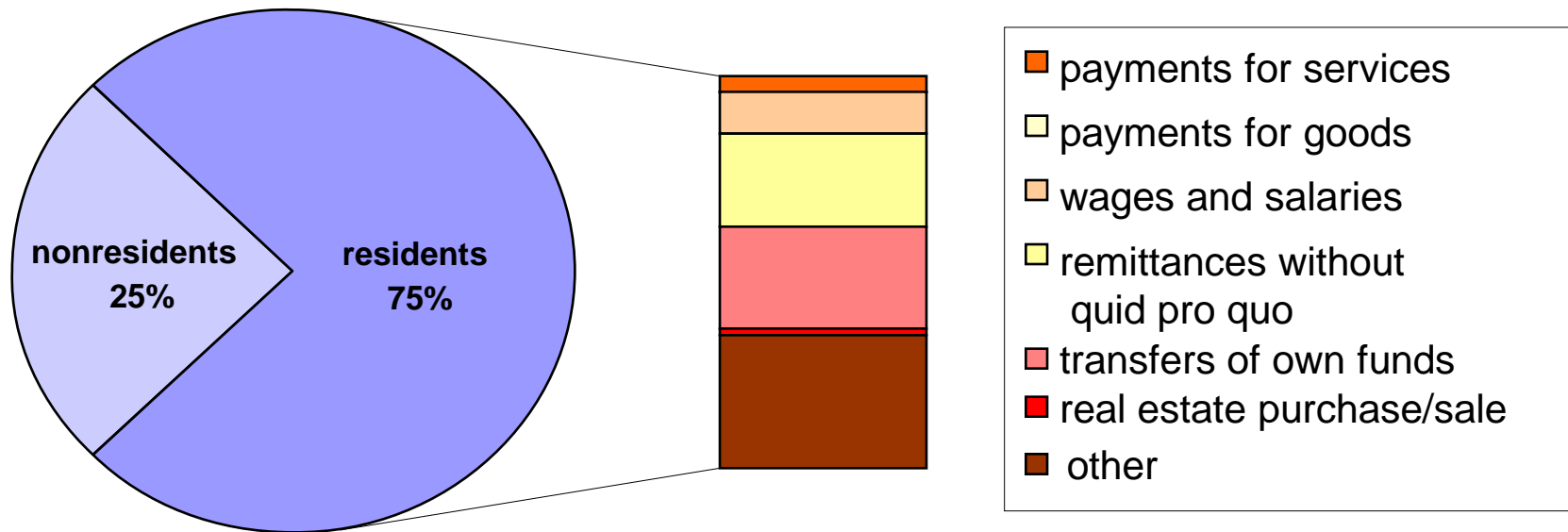
Definition of Remittances

- Latest recommendations of international organisations and statistical forums contributed to the process of defining remittances and arranging the corresponding statistical accounting
- *Personal remittances* and *total remittances* are a good statistical approximation to the definition of remittances

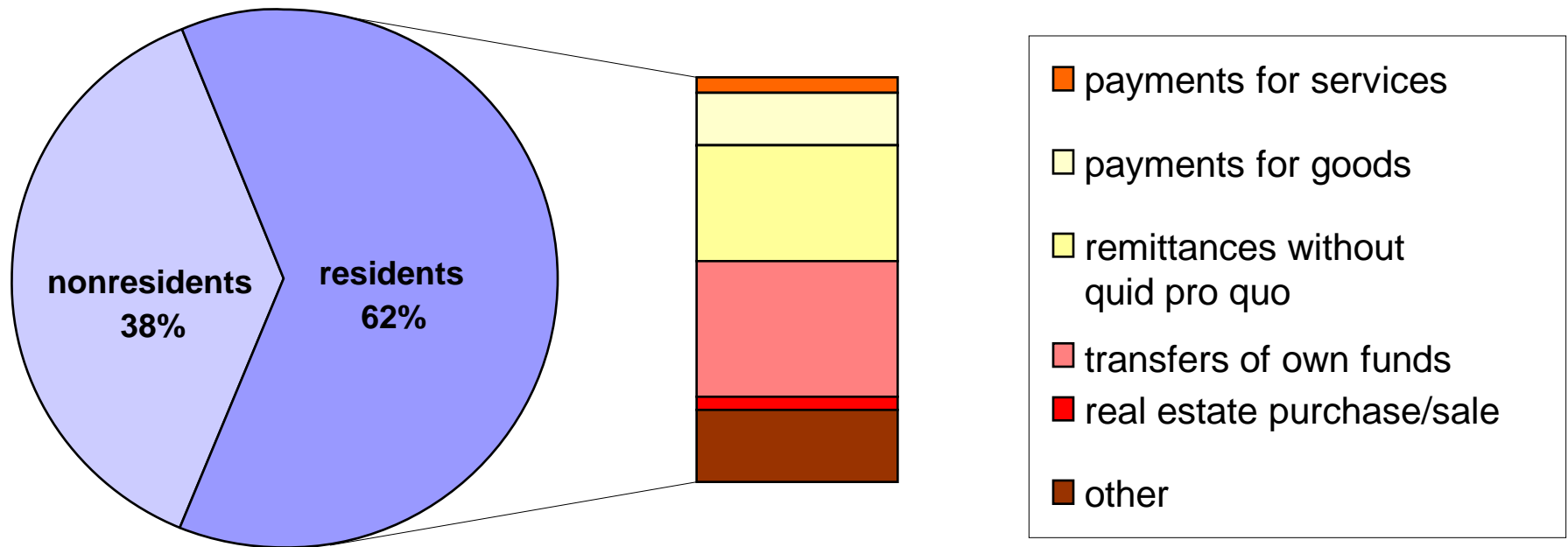
Definition of Remittances

- Disaggregation of data collection:
 - non-residents and residents
 - residents broken down by purpose
- Problems:
 - unclassified cross-border transfers: 18% of payments and 33% of receipts
 - dual citizenship
 - large size transfers (payments relating to merchandise trade)

Money Transfers in favor of Individuals to Russia

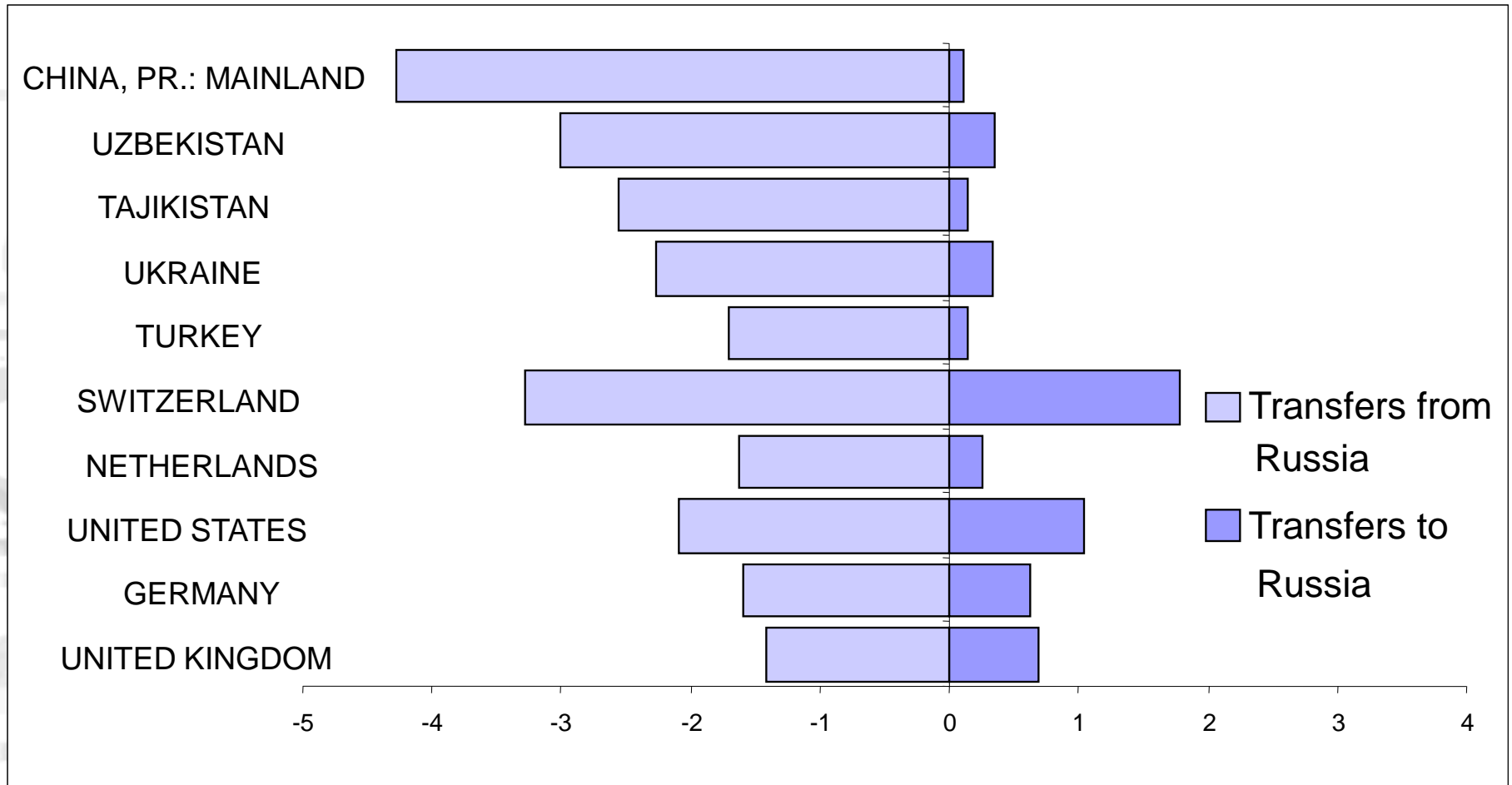


Money Transfers abroad from Individuals in Russia

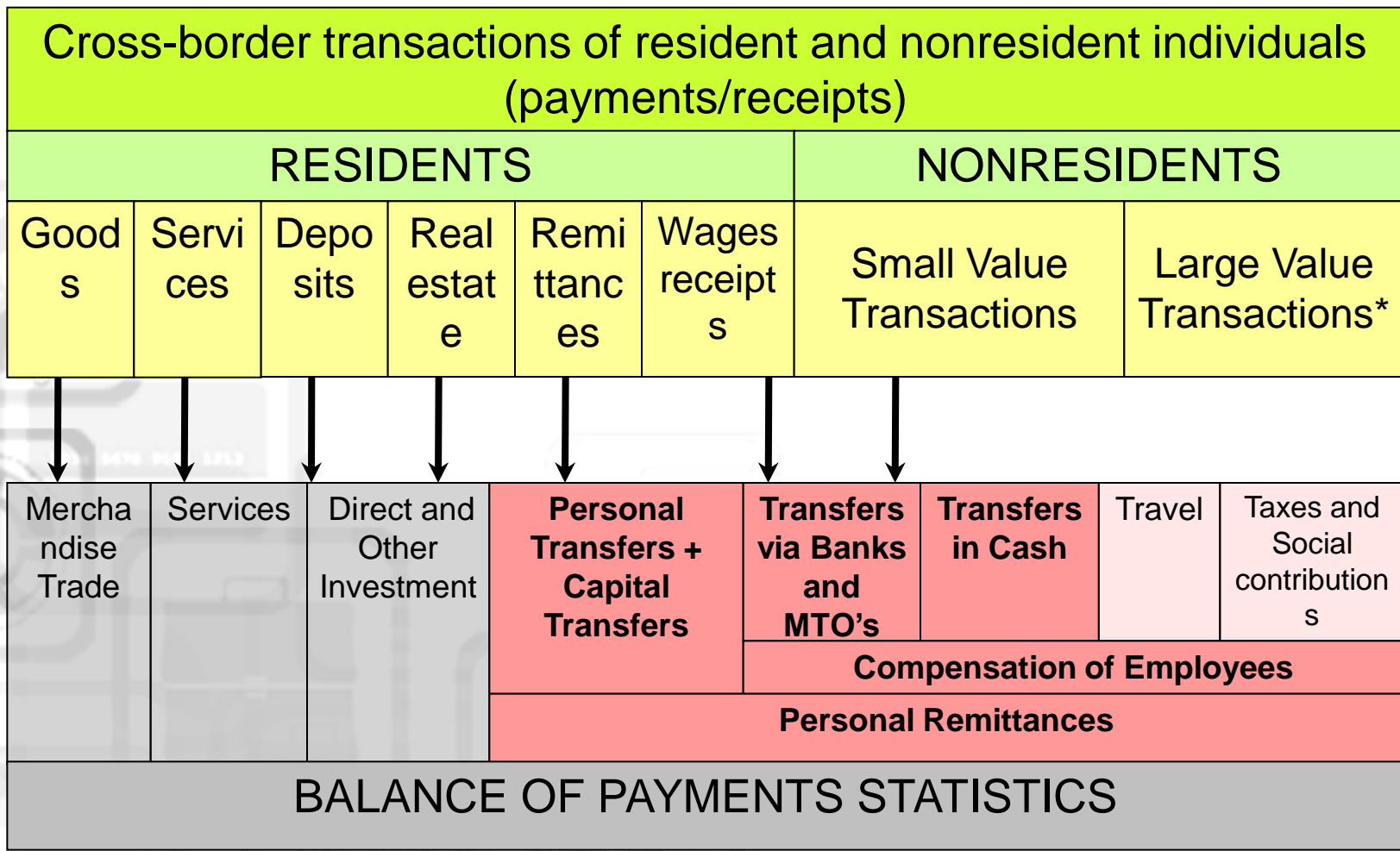


Cross-border Transactions of Individuals by Countries

Data on top 10 countries by turnover in 2008, \$ bln



Data Source



*Merchandise Trade

Personal Remittances in BPM5 and BPM6

	2004	2005	2006	2007	2008
A. BPM5 Framework (Standard components related to remittances) \$, bln					
Income - Compensation of employees					
Receivable (Credit)	1.2	1.8	1.9	2.6	3.8
Payable (Debit)	-1.5	-2.9	-6.1	-9.9	-18.0
Current transfers - Other sectors					
Workers' remittances					
Receivable (Credit)	0.9	0.6	0.8	0.9	0.8
Payable (Debit)	-2.7	-3.1	-4.6	-6.9	-7.3
Capital account - Migrant transfers					
Receivable (Credit)	0.4	0.6	0.7	1.2	1.4
Payable (Debit)	-1.1	-1.0	-0.8	-0.9	-0.9
<u>Remittances, Credit</u>	<u>2.5</u>	<u>3.0</u>	<u>3.3</u>	<u>4.7</u>	<u>6.0</u>
<u>Remittances, Debit</u>	<u>-5.2</u>	<u>-7.0</u>	<u>-11.5</u>	<u>-17.8</u>	<u>-26.1</u>

Personal Remittances in BPM5 and BPM6

	2004	2005	2006	2007	2008
B. BPM6 Framework (Components related to remittances) \$, bln					
<i>Personal remittances (Credit)</i>	<u>1.8</u>	<u>3.0</u>	<u>3.4</u>	<u>4.3</u>	<u>5.3</u>
Net Compensation of employees, Receivable	0.9	1.4	1.5	2.2	3.4
Compensation of employees (standard component)	1.2	1.8	1.9	2.6	3.8
Less Taxes on income (paid to nonresidents)	-0.1	-0.2	-0.1	-0.2	-0.2
Less Travel (import)	-0.2	-0.2	-0.2	-0.2	-0.3
Personal Transfers (standard component)	0.9	1.6	1.9	2.1	1.9
Workers' remittances	0.9	0.6	0.8	0.9	0.8
Other household-to-household transfers	0.0	1.0	1.2	1.2	1.1
<i>Personal remittances (Debit)</i>	<u>-3.5</u>	<u>-5.8</u>	<u>-9.7</u>	<u>-16.2</u>	<u>-23.8</u>
Net Compensation of employees, Payable	-0.9	-1.9	-3.6	-6.3	-12.3
Compensation of employees (standard component)	-1.5	-2.9	-6.1	-9.9	-18.0
Less Taxes on income (received from nonresidents)	0.1	0.2	0.3	0.6	1.2
Less Travel (export)	0.5	0.9	2.2	3.0	4.5
Personal Transfers (standard component)	-2.7	-3.9	-6.0	-9.9	-11.6
Workers' remittances	-2.7	-3.1	-4.6	-6.9	-7.3
Other household-to-household transfers	0.0	-0.8	-1.5	-3.0	-4.3

Personal Remittances in BPM5 and BPM6

\$, bln

	2004	2005	2006	2007	2008
<i>Remittances, Credit</i>					
<i>BPM5</i>	2.5	3.0	3.3	4.7	6.0
<i>BPM6</i>	1.8	3.0	3.4	4.3	5.3
<i>Remittances, Debit</i>					
<i>BPM5</i>	-5.2	-7.0	-11.5	-17.8	-26.1
<i>BPM6</i>	-3.5	-5.8	-9.7	-16.2	-23.8

Compensation of Employees Model

Compensation of employees= Number of employees X average wages (salary)	Travel (living costs, food, other current expenses)
	Taxes on income and social contributions
	Remittances of nonresidents via banks and MTOs
	Cash remittances of nonresidents

Further Developments

- To estimate the value of transfers through hand-carry
- To publish personal remittances by country as supplementary information
- To include electronic transfers via Internet
- To compile mirror statistics with major recipient countries

Further Developments

- To study the remittances impact not only on the economies that supply migrant workers, but also from the standpoint of the effect that migrant workers have on the economic development of host countries
 - Value added produced by migrants and not repatriated to their home countries can be a macroeconomic measure of this effect

Thank You

