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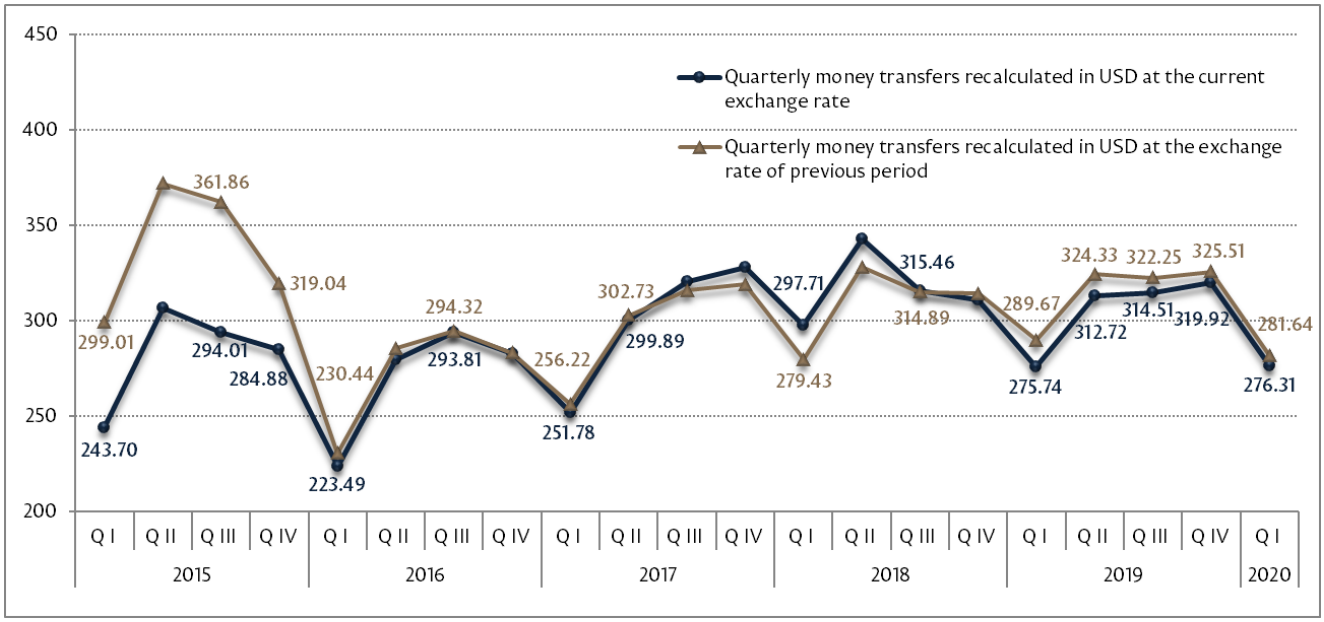
# Money transfers from abroad made in favour of individuals through banks of the Republic of Moldova in the first quarter of 2020 (net settlements)

In the first quarter of 2020, the total amount of money transfers from abroad made in favour of individuals of the Republic of Moldova amounted to USD 276.31 million. It should be mentioned that a share of 82.3 percent of money was transferred via money remittance systems (in USD, EUR and RUB), mainly without opening bank accounts, whereas 17.7 percent represented bank transfers (in different currencies) carried out via the SWIFT system, presented in gross settlements.

In the first quarter of 2020, the amount of transfers, recalculated in USD, increased by 0.2 percent, compared to the first quarter of 2019 (USD 275.74 million). The fluctuations in the exchange rate of original currencies against the U.S. dollar (Chart no.1) contributed by 1.9 percentage points to the decrease in the value of transfers in the first quarter of 2020. However, the effective increase of transfers was 2.1 percent, being eliminated the exchange rate effect through the recalculation of amounts at the exchange rate for the respective period of the previous year. This occurred as a result of the impact of increase in transfers in EUR by 10.4 % and the decrease in transfers in USD and RUB by 14.1 percent and 1.5 percent, respectively. Thus, in the first quarter of 2020, the currency structure of transfers (recalculated in USD) was the following: EUR - 168.52 million, USD - 95.49 million, RUB - 8.77 million and other currencies 3.53 million. Chart no. 1 shows the impact of the USD/EUR and USD/RUB exchange rate's modification on the volume of monthly transfers in favour of individuals.

Chart no. 1.

**The evolution of USD/EUR and USD/RUB exchange rate impact on transfers in 2015 - 2020 years (US$ mil.)**

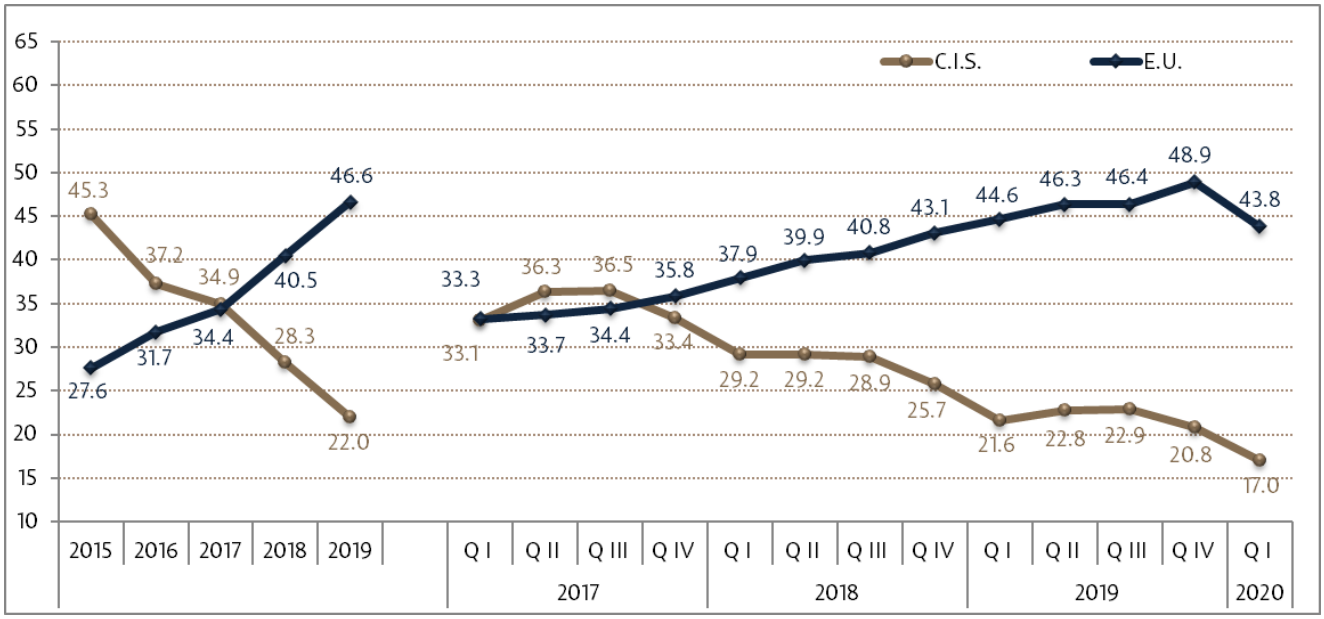


*SOURCE: NBM, The International banking operations statistics.*

In terms of the geographical origin of money transfers from abroad in favour of individuals, the EU and the CIS are to be mentioned as the main areas generating remittances (Chart no.2). Money transfers from EU-27 held a share of 43.8 percent, having decreased by 0.8 percentage points compared to the first quarter of 2019. Due to Brexit, the volume of transfers from the EU-27 in the first quarter of 2020 was lower by USD 20.12 million (decreased by 7.3 percentage points), while that of transfers from the rest of the world increased with the same amount. Money transfers from the CIS region accounted for a share of 17.0 percent, having decreased by 4.6 percentage points compared to the first quarter of 2019. The transfers from other countries, excepting the EU and CIS, accounted for 39.2 percent in the first quarter of 2020 and 33.8 percent in the first quarter of 2019, respectively. In the first quarter of 2020, the share of transfers from Israel, United Kingdom and USA recorded 87.6 percent of total transfers from other countries.

Chart no. 2

**Dynamics of transfers from the EU and CIS in favour of individuals, (2015-2019 - annual dynamics; 2017-2020 - quarterly dynamics), %**



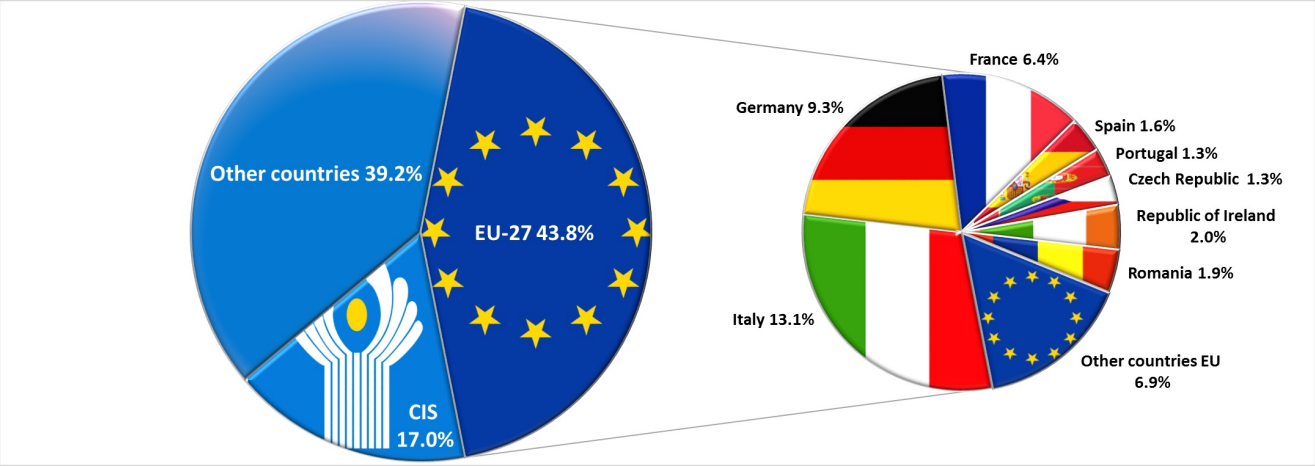

*SOURCE: NBM, The International banking operations statistics.*

Among the transfers from the EU-27, transfers from Italy held the largest share of 30.0 percent, being followed by transfers from Germany (21.3 percent), France (14.6 percent), Ireland (4.5 percent), Romania (4.2 percent), Spain (3.6 percent), Portugal (3.0 percent), Czech Republic (3.0 percent), Belgium (2.8 percent), Poland (2.7 percent), Cyprus (1.2 percent) and Greece (1.1 percent).

Money transfers from the Russian Federation held the largest share of 93.5 percent of total transfers from the CIS. Transfers from other CIS countries had the following shares: Ukraine - 3.2 percent, Kazakhstan - 1.1 percent, Azerbaijan - 0.6 percent, Belarus - 0.5 percent, Uzbekistan - 0.5 percent and other CIS countries - 0.6 percent.

Chart no. 3.

**Geographical structure of money transfers (main countries) in favour of individuals in the first quarter of 2020, %**

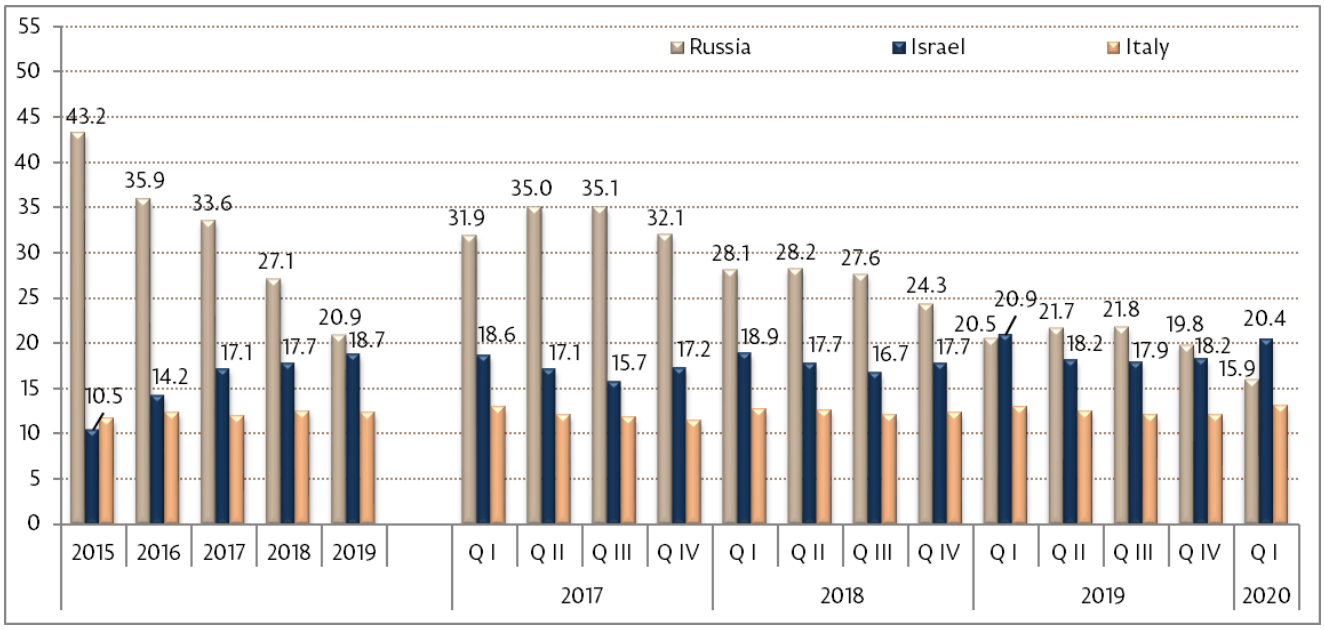



*SOURCE: NBM, The International banking operations statistics.*

The distribution by countries of money transfers from abroad in favour of individuals (Chart no.3) are worth to mention the transfers from Israel with a share of 20.4 percent (USD 56.25 million) of total transfers (decreasing by 0.5 percentage points as compared to the first quarter of the previous year). Transfers from the Russian Federation accounted for 15.9 percent (USD 44.01 million) of total transfers (decreasing by 22.2 percent, as well as by 4.6 percentage points as compared to the first quarter of the previous year). It should be noted that 97.7 percent of total transfers from the Russian Federation were carried out through money remittance systems, the remaining 2.3 percent of transfers being performed as bank transfers via SWIFT. At the same time, it should be mentioned the money transfers from Italy - 13.1 percent (USD 36.20 million), Germany - 9.3 percent (USD 25.76 million), United Kingdom – 7.3 percent (USD 20.12 million), USA - 6.7 percent (USD 18.58 million), France - 6.4 percent (USD 17.63 million), Republic of Ireland - 2.0 percent (USD 5.46 million), Romania - 1.9 percent (USD 5.12 million), Spain - 1.6 percent (USD 4.31 million), Portugal - 1.3 percent (USD 3.67 million), Czech Republic - 1.3 percent (USD 3.60 million), Belgium - 1.2 percent (USD 3.45 million), Poland - 1.2 percent (USD 3.25 million), Turkey - 1.0 percent (USD 2.84 million), Ukraine - 0.5 percent (USD 1.52 million), Canada - 0.5 percent (USD 1.51 million), Cyprus - 0.5 percent (USD 1.44 million), United Arab Emirates - 0.4 percent (USD 1.06 million) and Kazakhstan - 0.2 percent (USD 0.50 million) should be noted. The transfers from the above twenty countries amounted for 92.7 percent (256.28 USD million) of total transfers to the Republic of Moldova.

Chart no. 4.

**Dynamics of transfers (top three countries) in favour of individuals (2015-2019 - annual dynamics; 2017-2020 - quarterly dynamics), %**

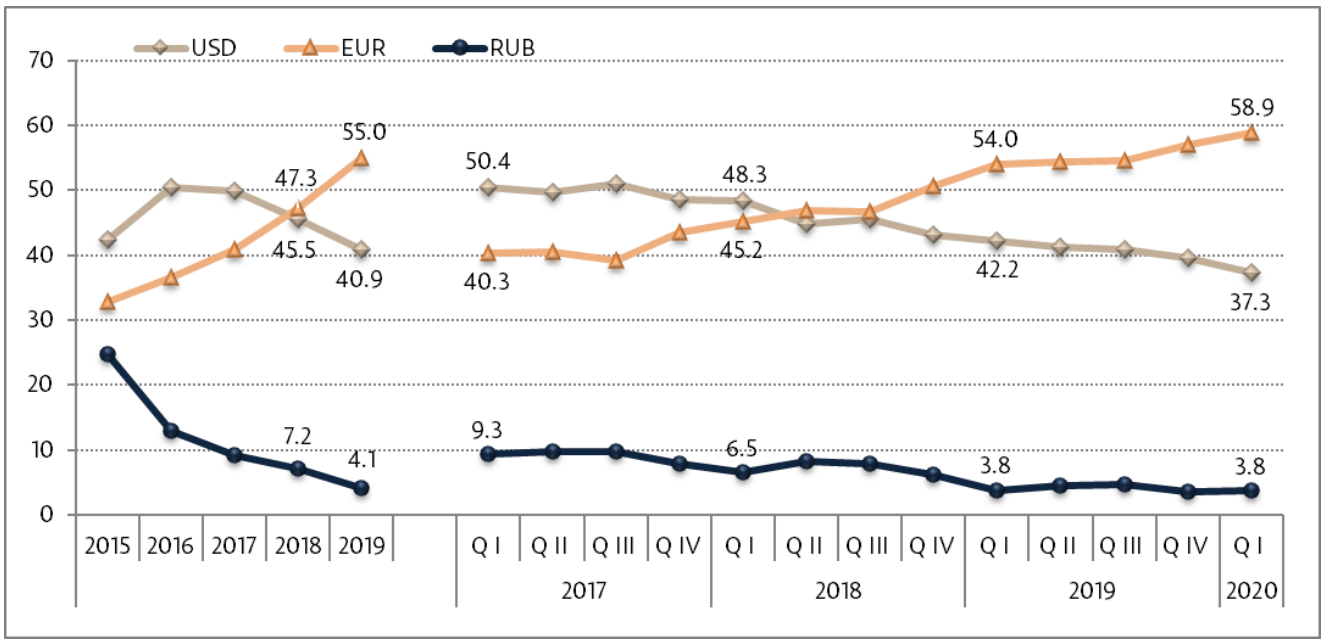



*SOURCE: NBM, The International banking operations statistics.*

The quarterly share of transfers in RUB via money remittance systems recorded a steady downward trend, having decreased from 9.3 percent in the first quarter of 2017 to 3.8 percent in the first quarter of 2020. The share of transfers in USD recorded a downward trend, having decreased from 50.4 percent in the first quarter of 2017 to 37.3 percent in the first quarter of 2020.

Chart no.5.

**Currency structure of money transfers from abroad in favour of individuals via money remittance systems (2015-2019 - annual dynamics; 2017-2020 - quarterly dynamics), %**



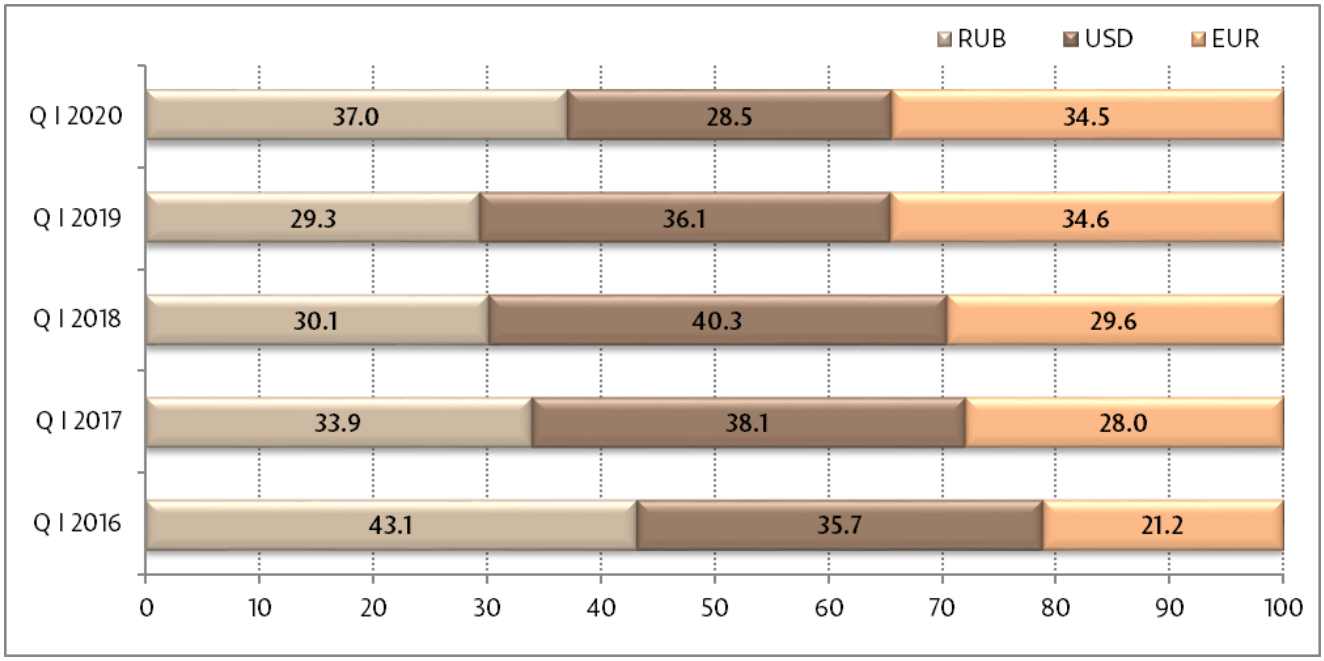

*SOURCE: NBM, The International banking operations statistics.*

In the first quarter of 2020, as compared to the same period of the previous year, the quarterly share of transfers in EUR (recalculated in USD) increased by 4.9 percentage points, to 58.9 percent, while the quarterly share of transfers in USD decreased by 4.9 percentage points, to 37.3 percent. Thus, the share of transfers in EUR recorded an upward trend, having increased from 40.3 percent in the first quarter of 2017 to

58.9 percent in the first quarter of 2020 (Chart no.5).

Chart no. 6.

**Currency structure of money transfers via money remittance systems from the Russian Federation, recalculated in USD, in the first quarter of the years 2016 - 2020, %**




*SOURCE: NBM, The International banking operations statistics.*

In the first quarter of 2020, the transfers from the Russian Federation via money remittance systems (Chart no.6), in quarterly average values (recalculated in USD), consisted of: transfers in RUB holding a share of 37.0 percent, transfers in EUR - 34.5 percent, and the transfers in USD - 28.5 percent. During 2016 - 2019, the share of transfers in EUR from Russian Federation recorded a steady increase, growing from 21.2 percent in the first quarter of 2016 to 34.6 percent in the first quarter of 2019 and a decrease to 34.5 percent in the first quarter of 2020.

**NOTE:**

The National Bank of Moldova notes that money transfers from abroad in favour of individuals via banks do not consist solely of remittances of Moldovan citizens working abroad, but also include unilateral transfers such as:

1. local transfers, including salary transfers in favour of resident individuals from non-residents representatives (representative offices of international financial institutions, international organisations, and representations of foreign economic agents) in the Republic of Moldova (1.2 percent of the total transfers);
2. transfers in favour of non-residents who are temporarily in the Republic of Moldova (0.3 percent of the total transfers via money remittance systems);
3. pensions (social and maintenance) and allowances (0.5 percent of the total transfers).

Money transfers from abroad in favour of individuals through Moldovan banks also include transfers of

individuals made via postal offices of the State Enterprise "Poşta Moldovei" (settled through banks), both via money remittance systems and money orders.

Note that this indicator does not include:
a) international transfers to individuals made via SWIFT payment system with an investment purpose (with significant values), which amounted to USD 5.76 million in the first quarter of 2020;
b) international transfers via SWIFT payment system to non-resident individuals, clients of licensed Moldovan banks;
c) transfers made via banks located in the Transnistrian region of the Republic of Moldova.

Time series on money transfers from abroad made in favour of individuals via banks of the Republic of Moldova in the period of 1999 - 2020 can be found on the official website of the NBM:

Time series [1]

*Publication of data is only allowed if a reference to this page is provided.*

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