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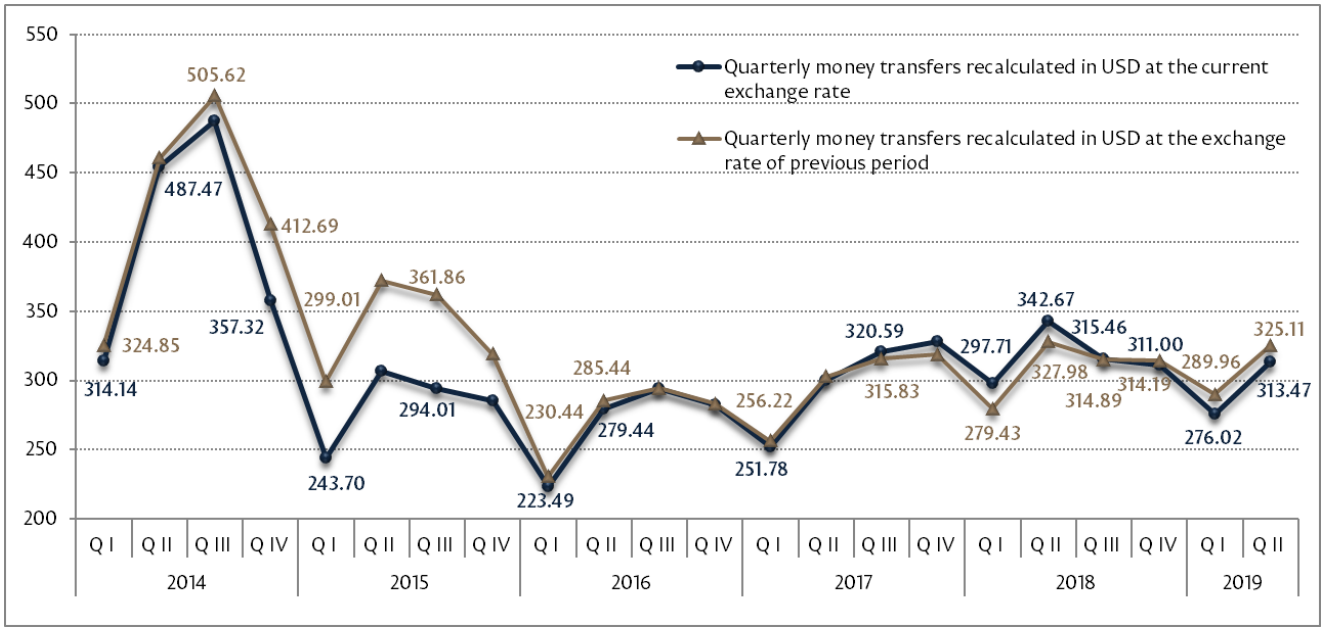
Money transfers from abroad made in favour of individuals through banks of the Republic of Moldova in the second quarter of 2019 (net settlements)

In the second quarter of 2019, the total amount of money transfers from abroad made in favour of individuals of the Republic of Moldova amounted to USD 313.47 million. It should be mentioned that a share of 82.8 percent of money was transferred via money remittance systems (in USD, EUR and RUB), mainly without opening bank accounts, whereas 17.2 percent represented bank transfers (in different currencies) carried out via the SWIFT system, presented in gross settlements.

In the second quarter of 2019, the amount of transfers, recalculated in USD, decreased by 8.5 percent, compared to the second quarter of 2018 (USD 342.67 million). The fluctuations in the exchange rate of original currencies against the U.S. dollar (Chart no.1) contributed by 3.4 percentage points to the decrease in the value of transfers in the second quarter of 2019. However, the effective decrease of transfers was 5.1 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 4.0 % and the decrease in transfers in USD and RUB by 16.0 percent and 51.0 percent, respectively. Thus, in the second quarter of 2019, the currency structure of transfers (recalculated in USD) was the following: USD - 123.26 million, EUR - 174.95 million, RUB - 12.05 million and other currencies 3.21 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 2014 - 2019 years (US$ mil.)

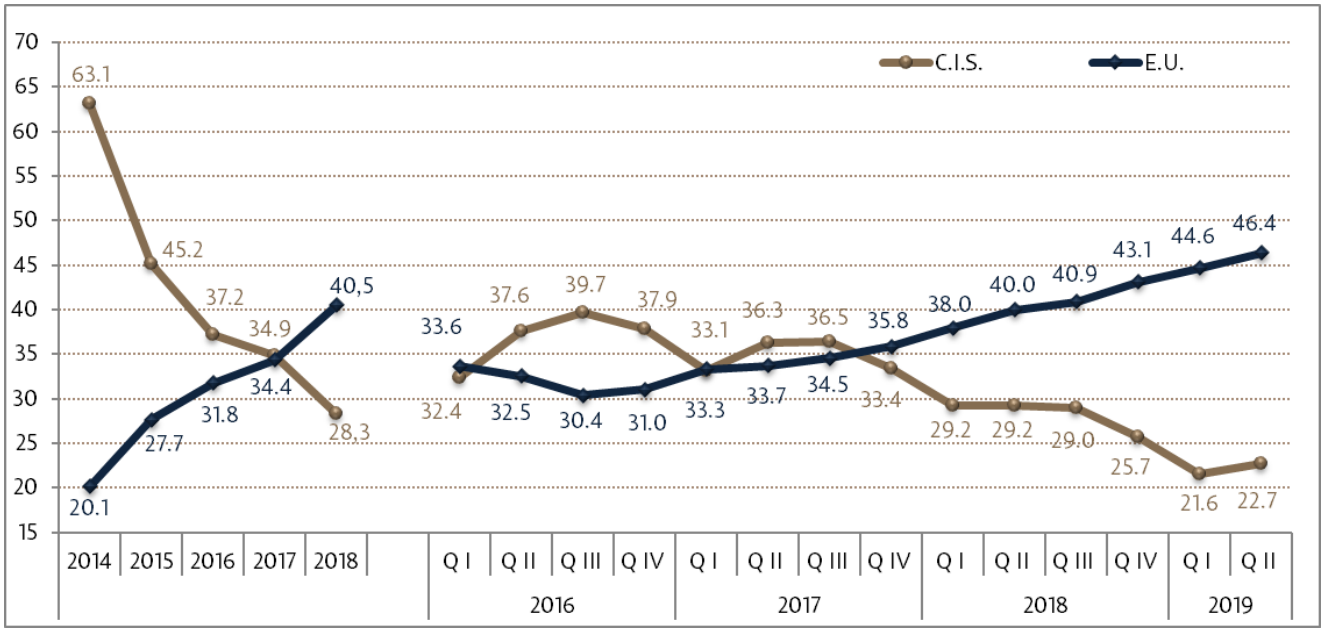


SOURCE: NBM, The International banking operations statistics.

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 held a share of 46.4 percent, having increased by 6.4 percentage points compared to the second quarter of 2018. Money transfers from the CIS region accounted for a share of 22.7 percent, having decreased by 6.5 percentage points compared to the second quarter of 2018. The transfers from other countries, excepting the EU and CIS, accounted for 30.9 percent in the second quarter of 2019 and 30.8 percent in the second quarter of 2018, respectively. In the second quarter of 2019 and 2018, the share of transfers from Israel and USA recorded 84.1 and 83.7 percent, respectively, of total transfers from other countries.

Chart no. 2

Dynamics of transfers from the EU and CIS in favour of individuals, (2014-2018 - annual dynamics; 2016-2019 - quarterly dynamics), %



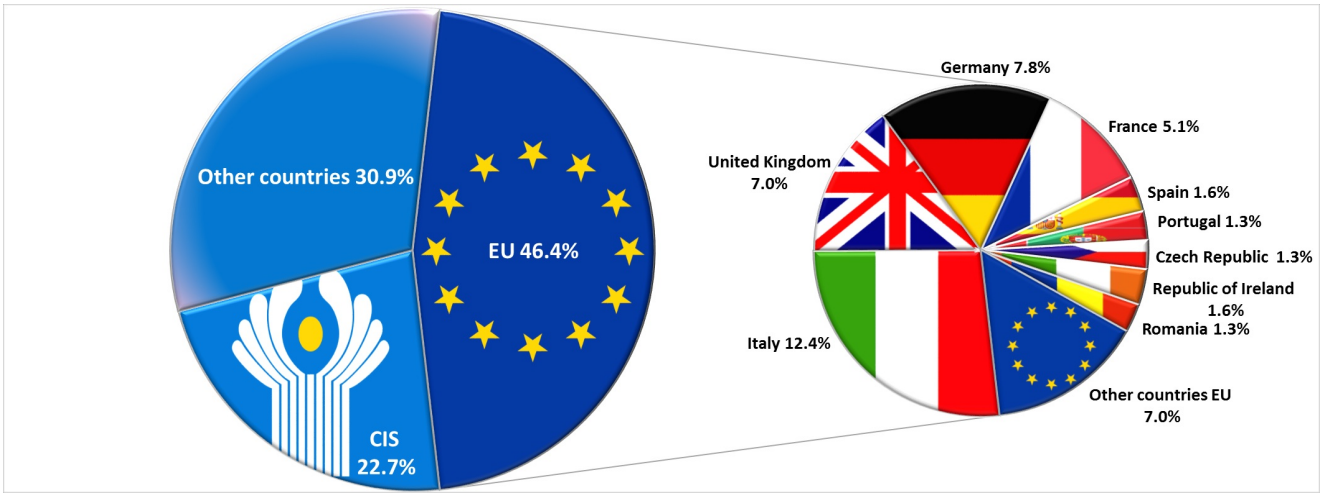
SOURCE: NBM, The International banking operations statistics.

Among the transfers from the EU, transfers from Italy held the largest share of 26.8 percent, being followed by transfers from Germany (16.9 percent), United Kingdom (15.0 percent), France (11.1 percent), Ireland (3.4 percent), Spain (3.4 percent), Czech Republic (2.9 percent), Romania (2.8 percent), Portugal (2.8 percent), Belgium (2.4 percent), Poland (2.3 percent), Cyprus (1.2 percent) and Greece (1.1 percent).

Money transfers from the Russian Federation held the largest share of 95.2 percent of total transfers from the CIS. Transfers from other CIS countries had the following shares: Ukraine - 2.0 percent, Uzbekistan - 0.7 percent, Kazakhstan - 0.7 percent, Belarus - 0.6 percent, Azerbaijan - 0.4 percent and other CIS countries - 0.4 percent.

Chart no. 3.

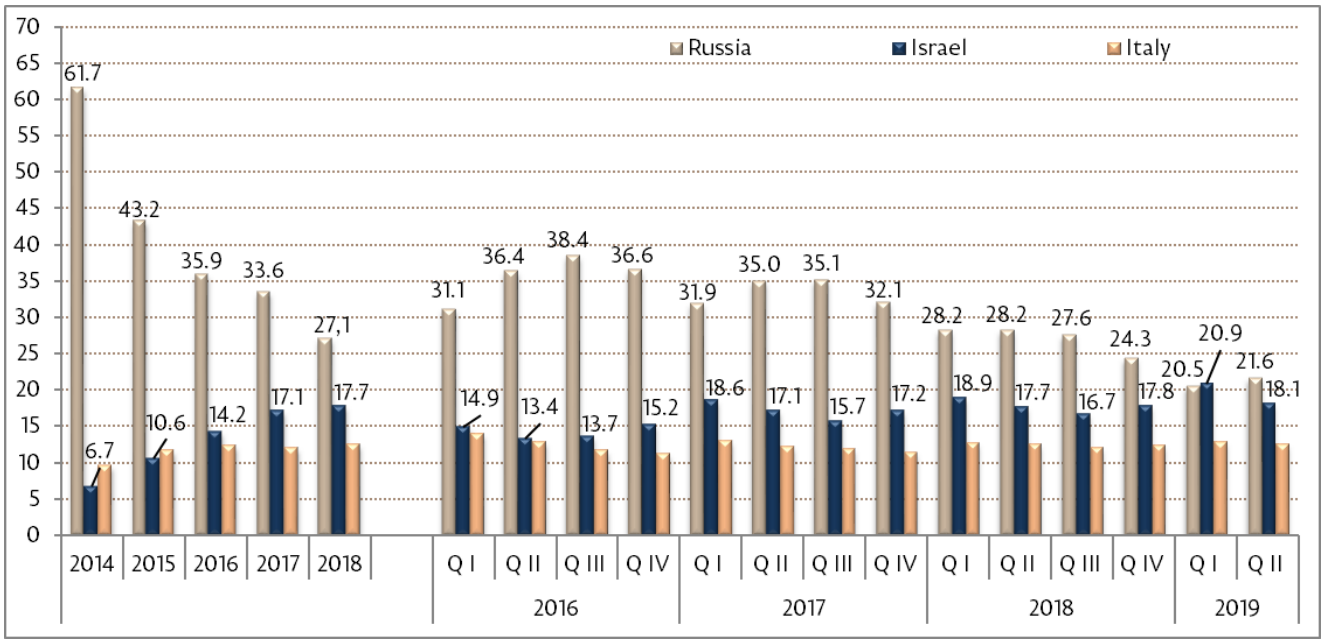
Geographical structure of money transfers (main countries) in favour of individuals in the second quarter of 2019, %



SOURCE: NBM, The International banking operations statistics.

The distribution by countries of money transfers from abroad in favour of individuals (Chart no.3) showed that the Russian Federation held the share of 21.6 percent (USD 67.82 million) of total transfers (having decreased by 6.6 percentage points as compared to the second quarter of the previous year). It should be noted that 98.1 percent of total transfers from the Russian Federation were carried out through money transfer systems, the remaining 1.9 percent of transfers being performed as bank transfers via SWIFT. At the same time, it should be mentioned the money transfers from Israel - 18.1 percent (USD 56.85 million), from Italy - 12.4 percent (USD 38.95 million), USA - 7.9 percent (USD 24.67 million), Germany - 7.8 percent (USD 24.53 million), United Kingdom – 7.0 percent (USD 21.84 million), France - 5.1 percent (USD 16.11 million), Republic of Ireland - 1.6 percent (USD 4.99 million), Spain - 1.6 percent (USD 4.89 million), Czech Republic - 1.3 percent (USD 4.23 million), Romania - 1.3 percent (USD 4.06 million), Portugal - 1.3 percent (USD 4.01 million), Belgium - 1.1 percent (USD 3.54 million), Poland - 1.1 percent (USD 3.41 million), Turkey - 0.8 percent (USD 2.49 million), United Arab Emirates - 0.6 percent (USD 1.75 million), Cyprus - 0.6 percent (USD 1.73 million), Canada - 0.5 percent (USD 1.62 million), Ukraine - 0.4 percent (USD 1.39 million), and Kazakhstan - 0.2 percent (USD 0.49 million) should be noted. The transfers from the above twenty countries (including Russia) amounted for 92.3 percent (289.37 USD million) of total transfers to the Republic of Moldova.

Chart no. 4.
Dynamics of transfers (top three countries) in favour of individuals (2014-2018 - annual dynamics; 2016-2019 - quarterly dynamics), %

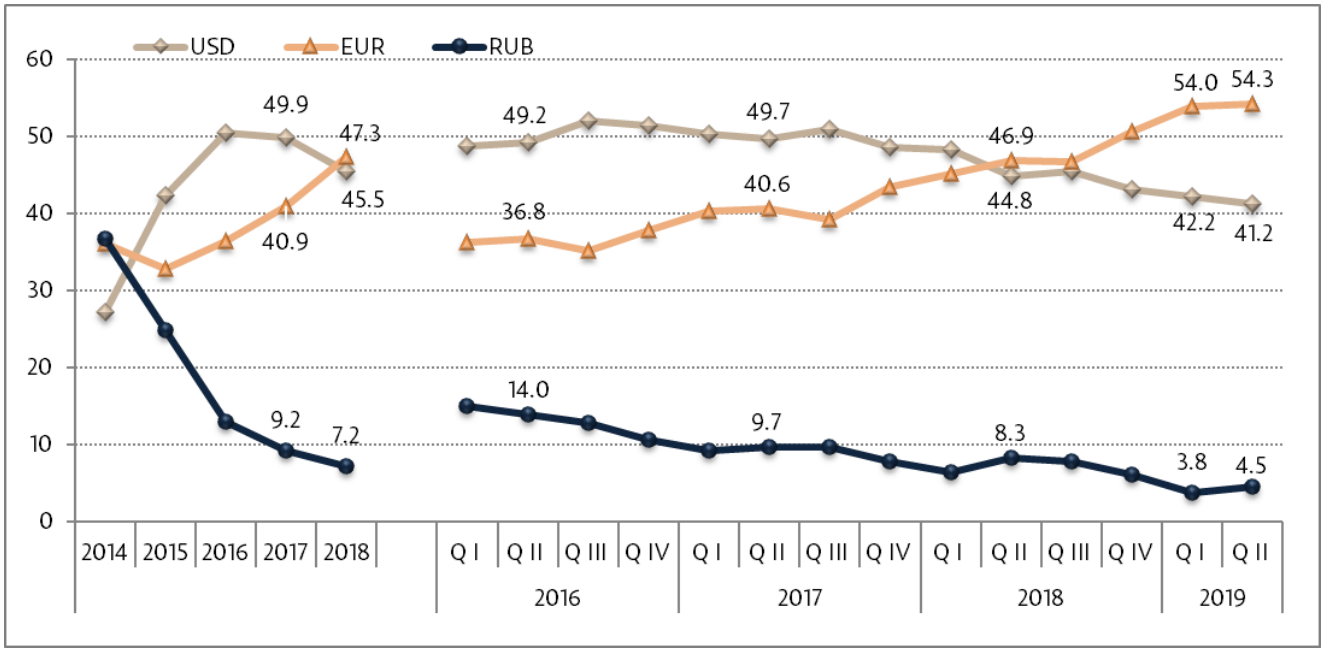


SOURCE: NBM, The International banking operations statistics.

The quarterly share of transfers in RUB via MTS recorded a steady downward trend, having decreased from 14.0 percent in the second quarter of 2016 to 3.8 percent in the first quarter of 2019 and an increase to 4.5 percent in the second quarter of 2019. The share of transfers in USD recorded an upward trend, having increased from 49.2 percent in the second quarter of 2016 to 49.7 percent in the second quarter of 2017 and a decrease to 41.2 percent in the second quarter of 2019.

Chart no.5.

Currency structure of money transfers from abroad in favour of individuals via money transfer systems (2014-2018 - annual dynamics; 2016-2019 - quarterly dynamics), %



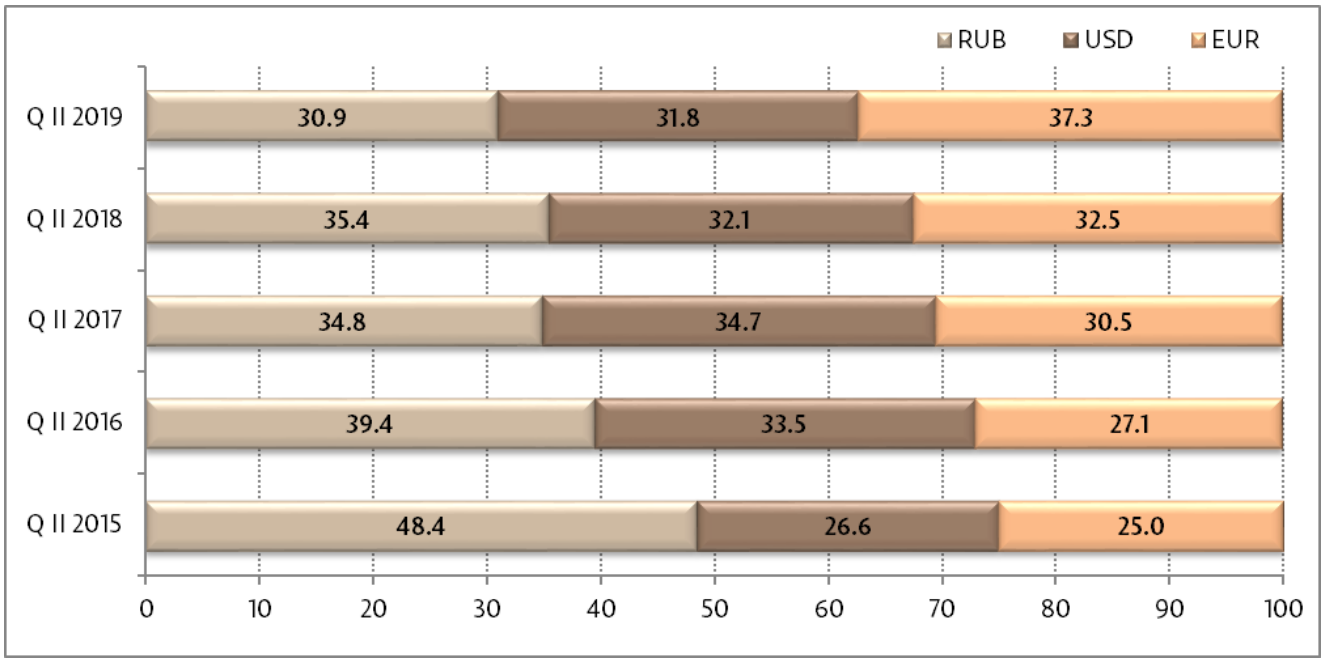
SOURCE: NBM, The International banking operations statistics.

In the second quarter of 2019, as compared to the same period of the previous year, the quarterly share of transfers in EUR (recalculated in USD) increased by 7.4 percentage points, to 54.3 percent, while the

quarterly share of transfers in USD and RUB (recalculated in USD) decreased by 3.6 percentage points, to 41.2 percent, and by 3.8 percentage points, to 4.5 percent, respectively. Thus, the share of transfers in EUR recorded an upward trend, having increased from 36.8 percent in the second quarter of 2016 to 54.3 percent in the second quarter of 2019 (Chart no.5).

Chart no. 6.

Currency structure of money transfers via money transfer systems from the Russian Federation, recalculated in USD, in the second quarter of the years 2015 - 2019, %



SOURCE: NBM, The International banking operations statistics.

In the second quarter of 2019, the transfers from the Russian Federation via MTS (Chart no.6), in quarterly average values (recalculated in USD), consisted of: transfers in RUB holding a share of 30.9 percent, transfers in EUR - 37.3 percent, and the transfers in USD - 31.8 percent. During 2015 - 2019, the share of transfers in EUR from Russian Federation recorded a steady increase, growing from 25.0 percent in the second quarter of 2015 to 37.3 percent in the second quarter of 2019.

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 (1.0 percent of the total transfers);
2. transfers in favour of non-residents who are temporarily in the Republic of Moldova (0.4 percent of the total transfers via MTS);
3. pensions (social and maintenance) and allowances (0.3 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 MTS 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 5.83 million in the second quarter of 2019;
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 - 2019 can be found on the official website of the NBM [1]

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

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