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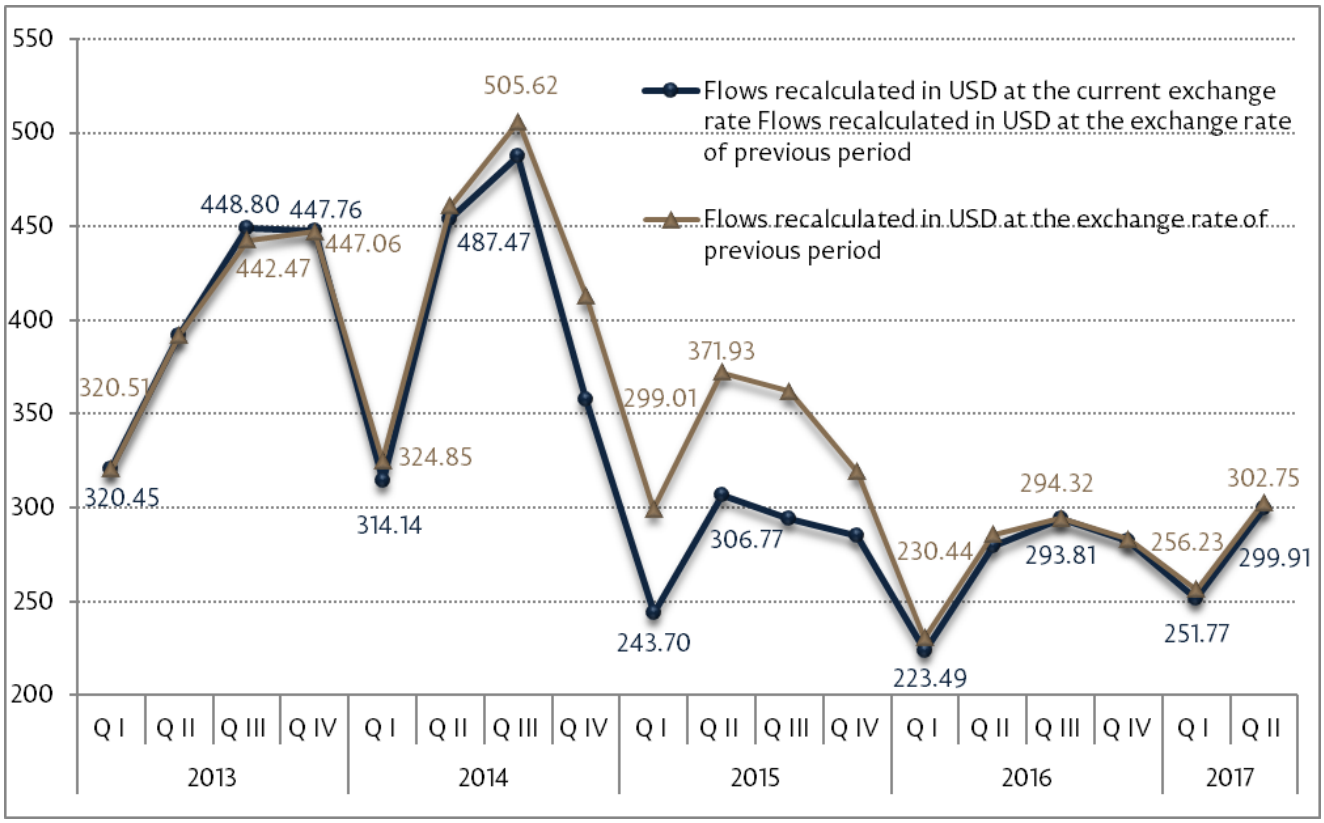
Money transfers from abroad made in favour of individuals through banks of the Republic of Moldova in the second quarter of 2017 (net settlements)

In the second quarter of 2017, the total amount of money transfers from abroad made in favour of individuals of the Republic of Moldova amounted to USD 299.91 million. It should be mentioned that a share of 86.8 percent of money transfers was carried out via money transfer systems (only in USD, EUR and RUB) without opening bank accounts, while the rest - via bank transfers (in various currencies).

In the second quarter of 2017, the amount of transfers recalculated in USD increased by 7.3 percent compared to the second quarter of 2016 (USD 279.44 million). The fluctuations in the exchange rate of original currencies against the U.S. dollar (Chart no.1) contributed by 1.0 percentage points to the decrease of transfers in the second quarter of 2017. However, the effective increase of transfers was 8.3 percent, being eliminated the exchange rate effect through the recalculation of sums at the exchange rate for the respective period of the previous year. This occurred as a result of the impact of decrease in transfers in RUB by 23.5 % and that of the increase in transfers in EUR and USD by 14.5 percent and 9.1 percent, respectively. Thus, in the second quarter of 2017, the currency structure of transfers (recalculated in USD) was the following: USD - 142.91 million, EUR - 128.49 million, RUB - 25.37 million and other currencies 3.14 million. Chart no. 1 shows the USD/EUR and USD/RUB exchange rate modification impact on the monthly transfers in favour of individuals.

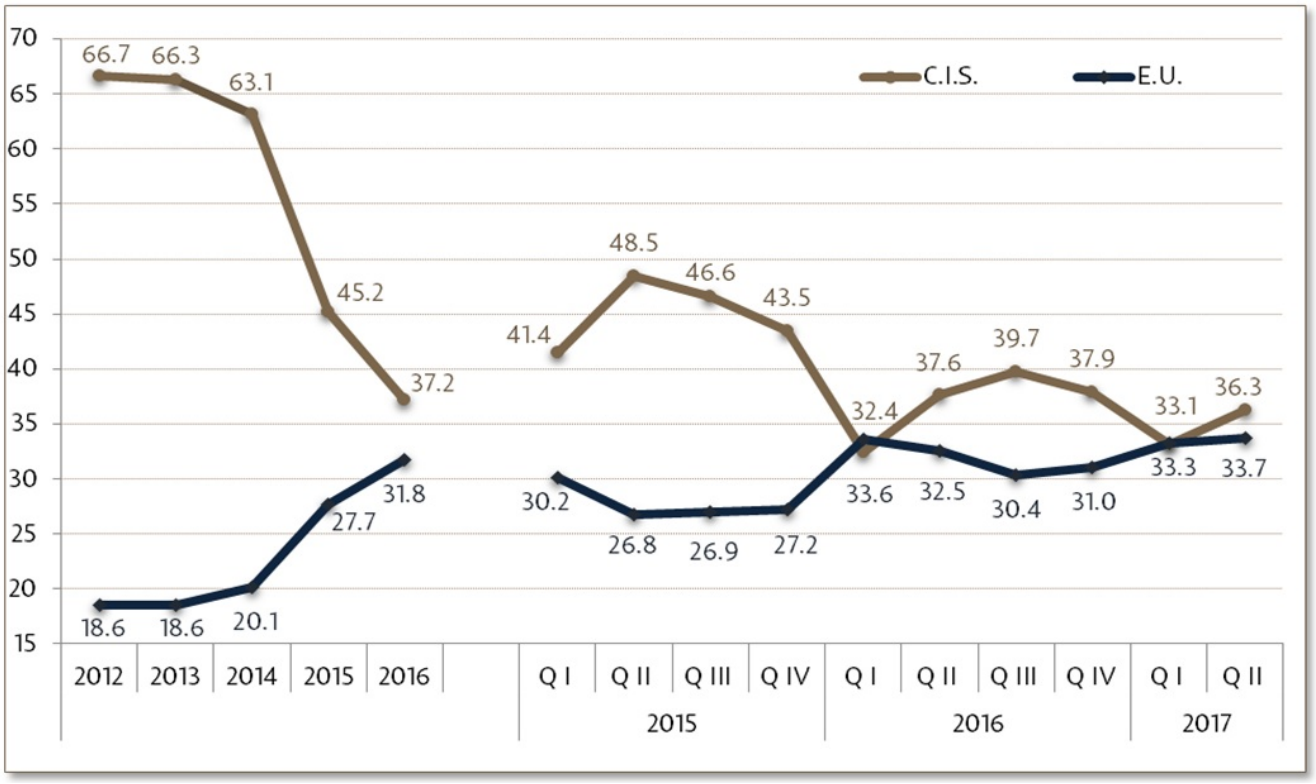
Chart no. 1.The evolution of USD/EUR and USD/RUB exchange rate impact on transfers in 2013 - 2017 years (US$ mil.)



SOURCE: International banking operations statistics of the NBM

In terms of the geographical origin of money transfers from abroad in favour of individuals, the CIS and the EU are to be mentioned as the main sources (Chart no.2). Money transfers from CIS held a share of 36.3 percent, decreasing by 1.3 percentage points compared to the second quarter of 2016. Money transfers from EU held a share of 33.7 percent, increasing by 1.2 percentage points compared to the second quarter of 2016. The transfers from other countries, except for CIS and EU, accounted for 30.0 percent in the second quarter of 2017 and 29.9 percent in the second quarter of 2016, respectively. In the second quarter of 2017 and 2016, the share of transfers from Israel, USA and Turkey was 85.8 and 82.1 percent of total transfers from other countries, respectively.

Chart no. 2.Dynamics of transfers from CIS and EU in favour of individuals, (2012-2016 - annual dynamics; 2015-2017 – quarterly dynamics), %

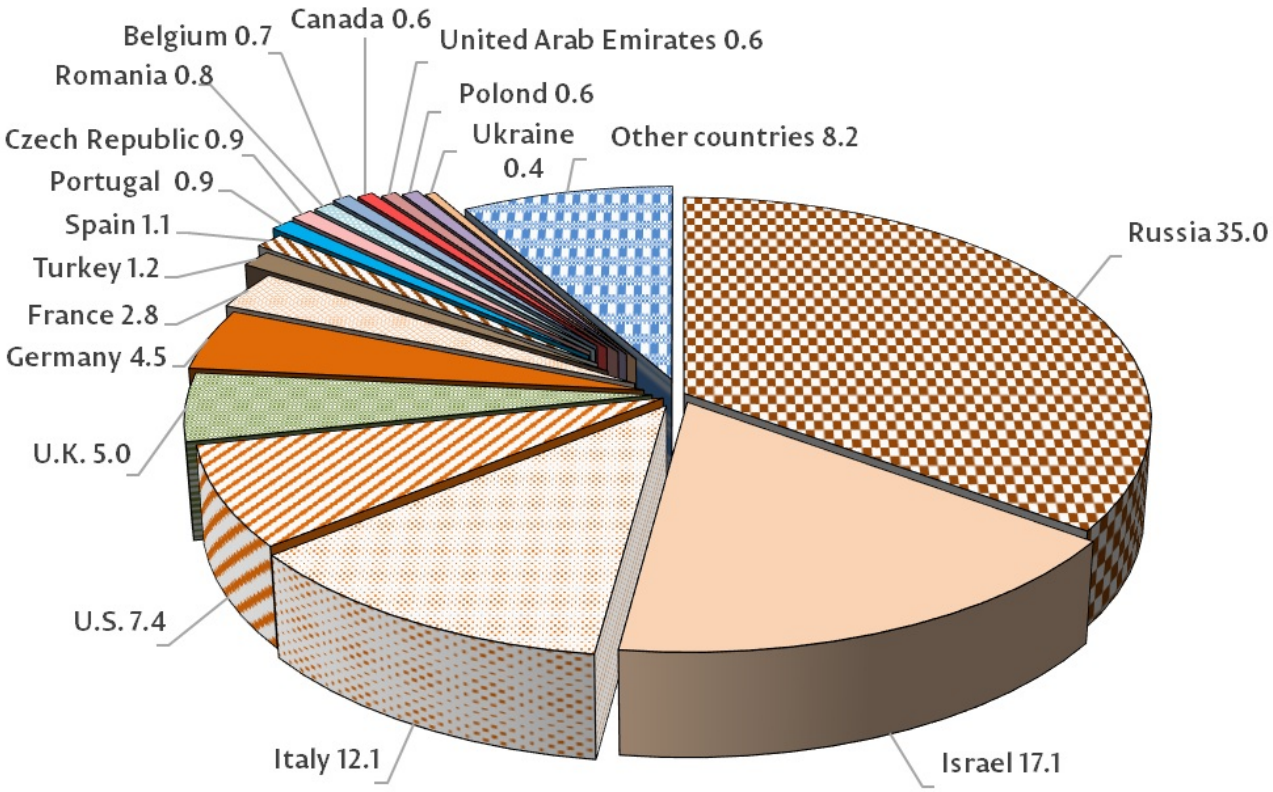


SOURCE: International banking operations statistics of the NBM

Money transfers from the Russian Federation held the largest share of 96.4 percent of the total transfers from CIS. Transfers from other CIS countries had the following shares: Ukraine - 1.1 percent, Kazakhstan - 1.0 percent, Belarus - 0.6 percent, Azerbaijan - 0.3 percent, Uzbekistan - 0.3 percent and other CIS countries - 0.3 percent.

Within the transfers from EU, transfers from Italy held the largest share of 36.0 percent, followed by the transfers from Great Britain (14.8 percent), Germany (13.3 percent), France (8.3 percent). Spain (3.4 percent), Ireland (2.8 percent), Czech Republic (2.6 percent), Portugal (2.5 percent), Romania (2.3 percent), Belgium (2.2 percent), Poland (1.9 percent), Cyprus (1.8 percent) and Greece (1.3 percent).

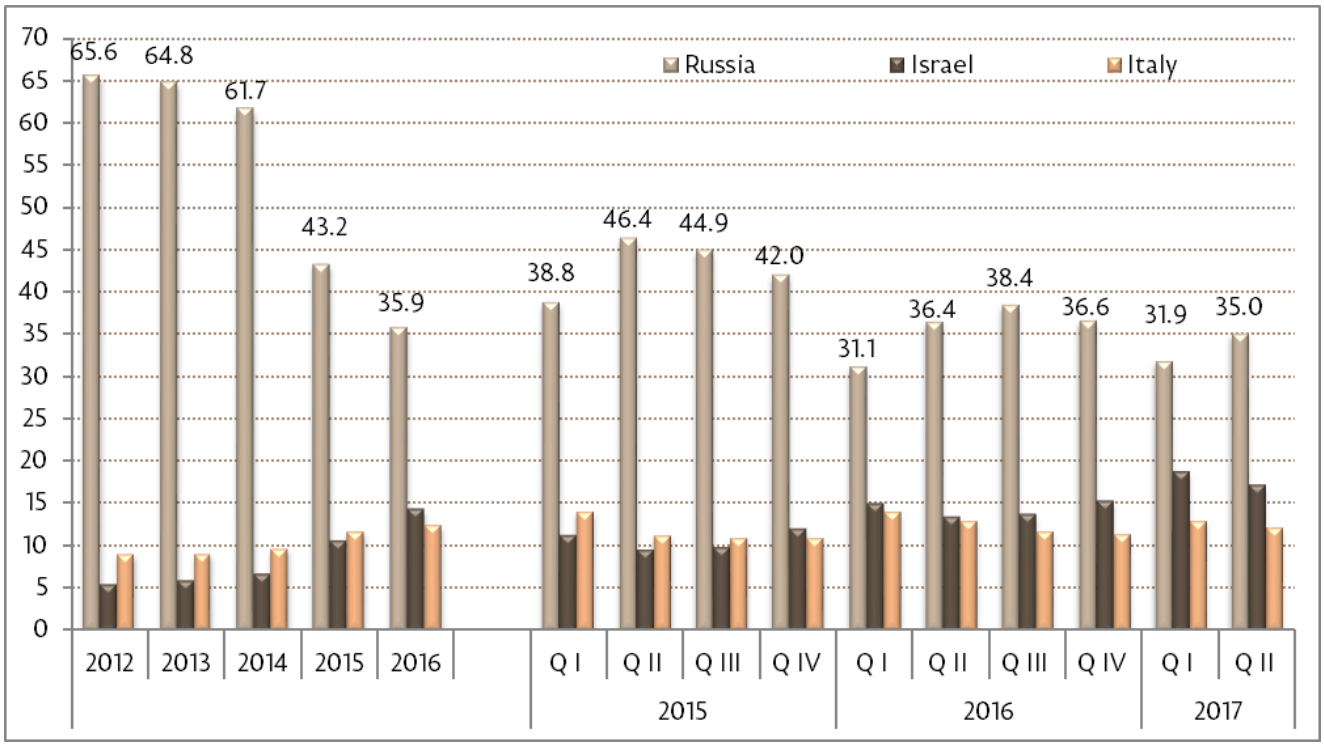
Chart no. 3.Geographical structure of money transfers (main countries) in favour of individuals in 2nd quarter 2017, %



SOURCE: International banking operations statistics of the NBM

According to the distribution by countries of money transfers from abroad in favour of individuals (Chart no.3) the Russian Federation continued to be the main partner of the Republic of Moldova (Chart no.4) and held the share of 35.0 percent (USD 104.96 million) of the total transfers (decreasing by 1.4 percentage points as compared to the second quarter of the previous year). It should be noted that the share of 98.8 percent of the total transfers from the Russian Federation was carried out via money transfer systems and the rest of the share of 1.2 percent was bank transfers via SWIFT. At the same time, the transfers from Israel - 17.1 percent (USD 51.34 million), from Italy - 12.1 percent (USD 36.35 million), USA – 7.4 percent (USD 22.24 million), Great Britain – 5.0 percent (USD 14.91 million), Germany - 4.5 percent (USD 13.45 million), France - 2.8 percent (USD 8.36 million), Turkey - 1.2 percent (USD 3.65 million), Spain - 1.1 percent (USD 3.42 million), Portugal – 0.9 percent (USD 2.56 million), Czech Republic - 0.9 percent (USD 2.67 million), Romania - 0.8 percent (USD 2.31 million), Belgium - 0.7 percent (USD 2.18 million), United Arab Emirates - 0.6 percent (USD 1.93 million), Poland - 0.6 percent (USD 1.89 million), Canada - 0.6 percent (USD 1.77 million), Cyprus - 0.6 percent (USD 1.83 million), Ukraine - 0.4 percent (USD 1.20 million), and Kazakhstan - 0.4 percent (USD 1.12 million) should be noted. The transfers form these nineteen countries (including Russia) amounted to 92.8 percent of the total transfers in the Republic of Moldova (USD 263.93 million).

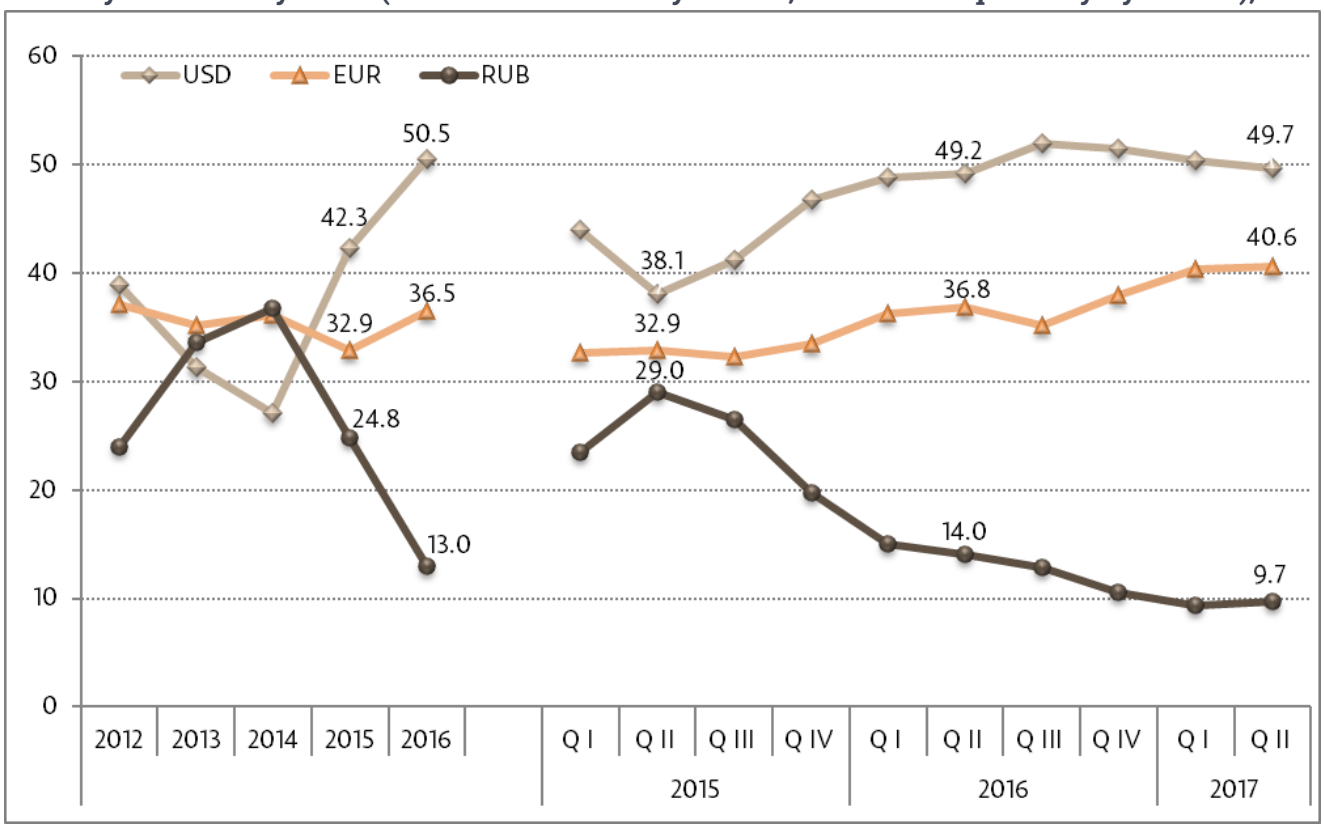
Chart no. 4.Dynamics of transfers (top three countries) in favour of individuals (2012-2016 - annual dynamics; 2015-2017 – quarterly dynamics), %



SOURCE: International banking operations statistics of the NBM

In the second quarter of 2017, as compared to the same period of the previous year, the annual currency structure of transfers via MTS showed an increase in the share of USD and EUR and a decrease in the shares of RUB (Chart no.5).

Chart no.5. Currency structure of money transfers from abroad in favour of individuals via money transfers systems (2012-2016 - annual dynamics; 2015-2017 – quarterly dynamics), %

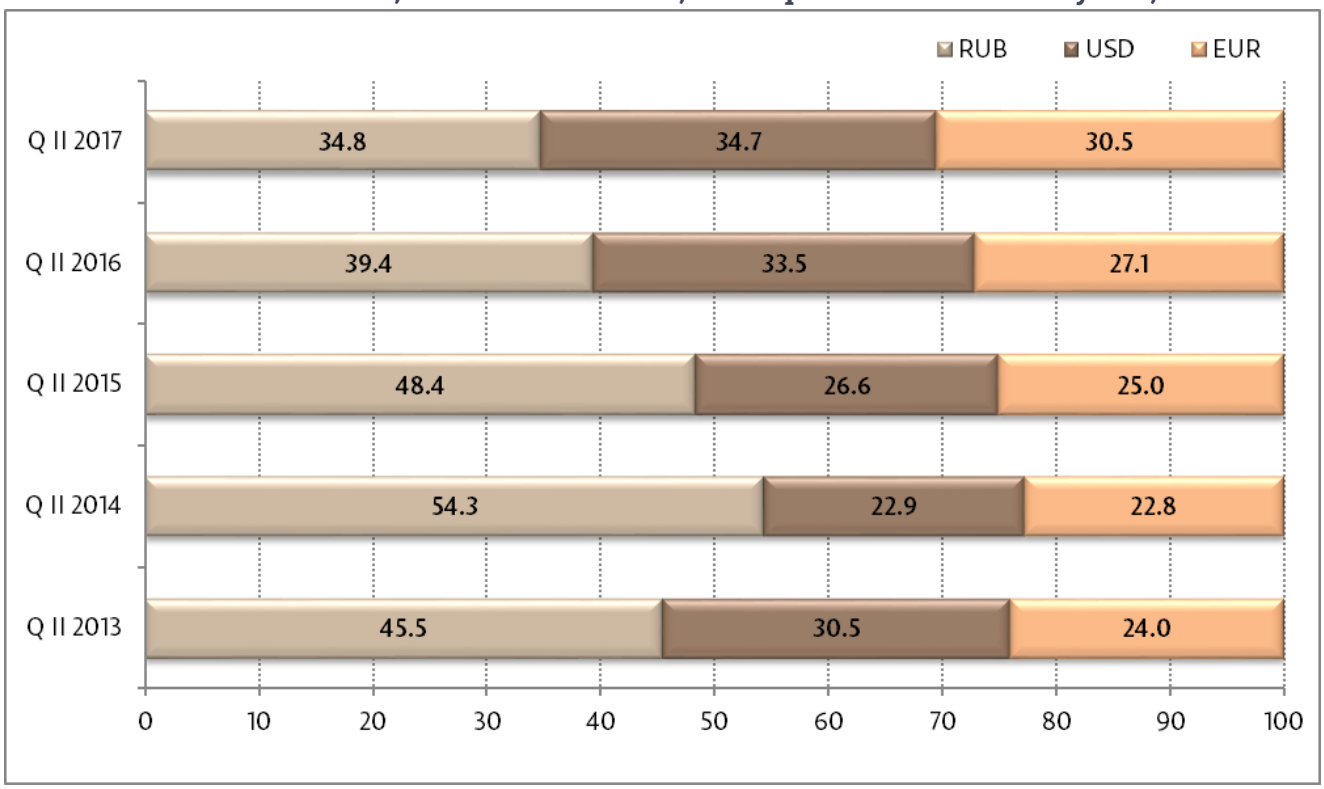


SOURCE: International banking operations statistics of the NBM

The quarterly share of transfers in RUB via MTS recorded a constant downward trend, from 29.0 percent in

the second quarter of 2015 to 9.7 percent in the second quarter of 2017. The share in USD recorded an upward trend during the same period. Thus, the quarterly share of transfers in RUB (recalculated in USD) decreased by 4.3 percentage points, to 9.7 percent, while the quarterly share of transfers in USD and EUR (recalculated in USD) increased by 0.5 percentage points, up to 49.7 percent and increased, respectively, by 3.8 percentage points, up to 40.6 percent.

Chart no. 6.Currency structure of money transfers via money transfers systems from the Russian Federation, recalculated in USD, in 2nd quarter of 2013 - 2017 years, %



SOURCE: International banking operations statistics of the NBM

In the second quarter of 2017, within the currency structure of money transfers from the Russian Federation (Chart no.6) via MTS, on quarterly average (recalculated in USD), the transfers in RUB were predominant (34.8 percent), followed by the transfers in USD with a share of 34.7 percent and transfers in EUR – 30.5 percent. In the second quarter of 2014-2017, it was noted a downward trend of transfers in RUB from 54.3 percent to 34.8 percent of total per currency and an increase of transfers in USD from 22.9 percent to 34.7 percent, respectively.

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 (1.1 percent of the total transfers);
2. transfers in favour of non-residents who are temporarily in the Republic of Moldova (0.6 percent of the total transfers via MTS);

3. pensions (social and maintenance) and benefits (0.6 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 4.19 million in the second quarter of 2017;
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 1999-2016 can be found on the official website of the NBM:

Statistics [1].

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