

# Remittance Prices Worldwide

Annex to Issue 25, March 2018

*This Report reflects the latest trends observed in the data published in March 2018. Remittance Prices Worldwide is available at <http://remittanceprices.worldbank.org>*

## Annex - Cost trends for remittance amount USD 500

### Introduction

Global targets for reduction of remittances cost have focused on the USD 200 (or local currency equivalent) as amount sent, which is believed to be an accurate representation of the typical remittance transaction. Therefore, until recently the RPW analysis focused on USD 200 amount. However, as data for USD 500 (or equivalent) have also been collected, the World Bank started releasing a brief analysis of trends for this higher amount as of December 2017.

Overall, the analysis shows again that – as expected – the cost of sending USD 500 is lower as a percentage of amount sent compared to the cost of sending USD 200. The following analysis additionally confirms that the cost of sending USD 500 has followed a similar trend to the one observed over the last years for the lower amount.

### Global trends

#### Global Average Total Cost remains stable

In Q1 2018, the Global Average cost for sending USD 500 was 4.64 percent. The average cost of sending USD 500 has remained below 5.00 percent total average cost since Q2 2014, and has never exhibited a value above 6 percent (the costliest period was in Q3 2011, where the total average cost of sending USD 500 was recorded at 5.59 percent). The Global Average of sending USD 500 exhibits an overall downwards trend since Q1 2011, as seen in Figure 1 below. This represents a decline of 0.67 percentage points since Q1 2011, when the figure was recorded at 5.32 percent.

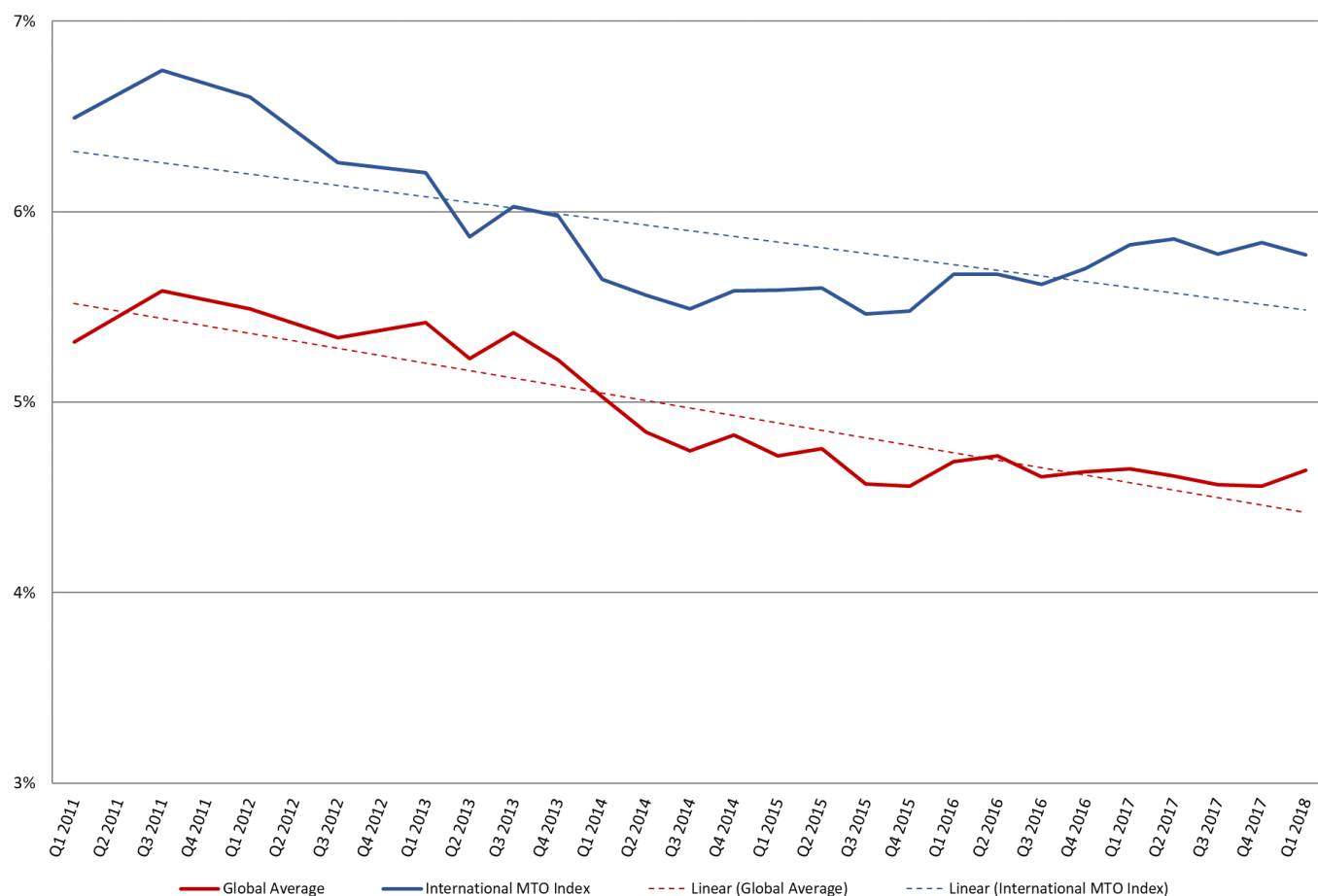
#### International MTO Index

The International MTO Index tracks the prices of MTOs that are present in at least 85 percent of corridors covered in the RPW database.<sup>1</sup> In Q1 2018, the International MTO Index for USD 500 remained stable, recording a slight decrease to 5.77 percent from the previous value of 5.84 percent in Q4 2017. The International MTO Index for USD 500 has remained below 6 percent since Q3 2013 when this figure was recorded at 6.02 percent. As seen in Figure 1, the International MTO Index exhibits an overall downwards trend but in recent years has been experiencing consequent and regular slight increases, similar to the trend seen in the same Index for USD 200. However, contrary to the trend the Index exhibits at the USD 200 level, the International MTO Index for sending USD 500 has remained above the global average, never converging completely.

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<sup>1</sup> The International MTOs Index includes all MTOs that are present in over 85 percent of RPW corridors. Thus far, it has included Western Union and MoneyGram, which operate in 99 percent and 92 percent of the country corridors covered in the database, respectively.

Figure 1 Global Average Total Cost for sending USD 500

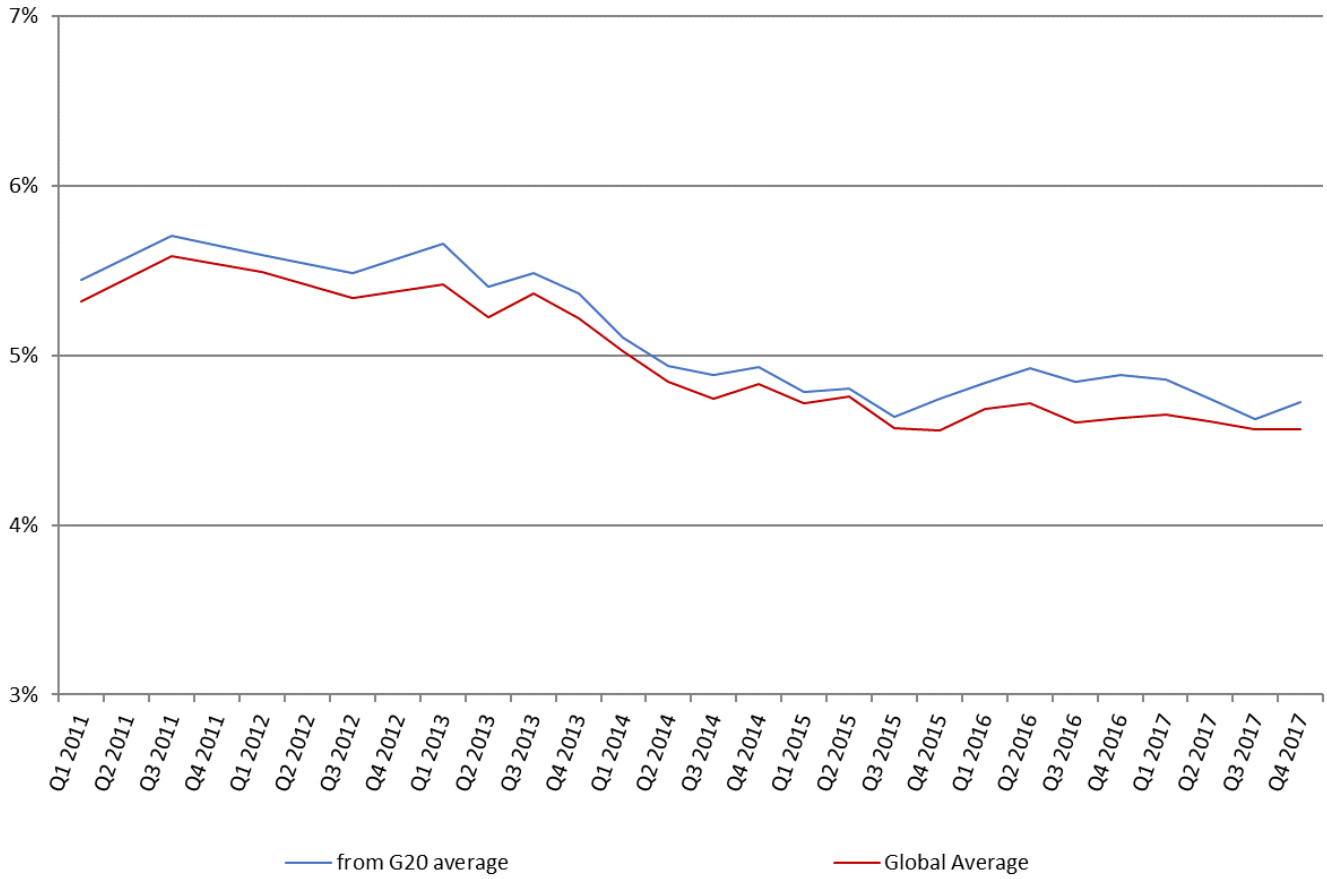


## G20 Countries

### Cost of sending remittances from and to G20 countries

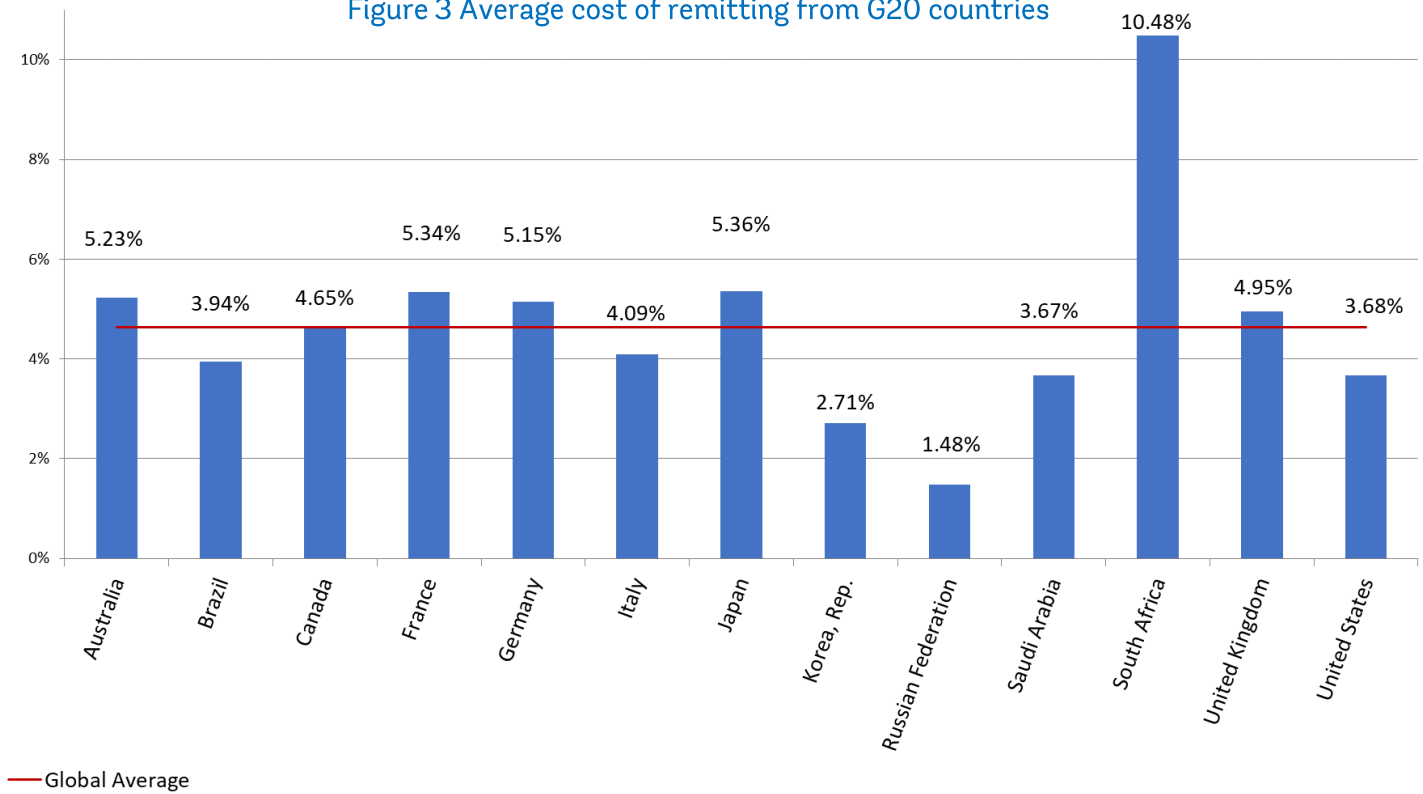
The cost of remitting USD 500 from G20 countries has remained below 5.00 percent since Q1 2014, when this figure was recorded at 5.10 percent. The total cost of remitting USD 500 from G20 countries has closely followed a similar trend as the Global Average of sending USD 500, as seen in Figure 2. The cost of remitting USD 500 from G20 countries in Q1 2018 remained stable, recorded at 4.73 percent.

Figure 2 Average cost of sending USD 500 from G20 countries



South Africa is the most costly G20 country to send USD 500 from, consistent with the USD 200 findings (see Figure 3), and this is despite an overall decrease from its peak in Q2 2013, when the cost of sending from South Africa was more than 12 percent. In Q1 2018, remitting USD 500 from South Africa incurred an average cost of 10.48 percent. Russia is the least expensive sending country in this grouping, exhibiting a total average cost of sending USD 500 of 1.48 percent, followed by Korea (2.71 percent), Saudi Arabia (3.67 percent), the United States (3.68 percent), Brazil (3.94 percent), Italy (4.09 percent), Canada (4.65 percent). Of this grouping, the United Kingdom, Germany, Australia, France and Japan exhibit costs higher than the Global Average.

Figure 3 Average cost of remitting from G20 countries



Figures 4 and 5 display the total average cost of sending USD 500 to G20 countries over time and in Q1 2018, respectively. The average cost of sending USD 500 to the G20 countries that are included in RPW as receiving markets was recorded at 4.18 percent in Q1 2018.

The average cost of sending USD 500 to the G20 countries has followed a more erratic and increasingly downwards trend compared to the pattern of the Global Average cost of sending USD 500. For the fifth consecutive quarter the cost of remitting USD 500 to G20 countries is recorded below the Global Average cost of sending USD 500. The most expensive countries in this grouping to remit to were Turkey (5.29 percent), South Africa (5.24 percent), Indonesia (5.20 percent), China (4.69 percent), and Brazil (4.64 percent). Costs for sending remittances to India and Mexico were recorded below 4 percent. Mexico remained the cheapest receiving market in the G20 group, recorded at 2.82 percent total average cost at the USD 500 level. It is cheaper to send larger amounts to G20 countries, as each total average cost of sending USD 500 for many of these countries is approximately 2.00 percentage points lower than the total average cost to send USD 200.

Figure 4 Average cost of sending USD 500 to G20 countries



Figure 5 Average cost of remitting USD 500 to G20 countries, by Country

