

Remittance Prices Worldwide

Annex to Issue 26, July 2018

This Report reflects the latest trends observed in the data published in June 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 a typical remittance transaction. However, data for USD 500 (or equivalent) have also been collected alongside the data for USD 200, and since Q4 2017 the analysis of the cost data for USD 500 has been published as an annex to the quarterly RPW reports to complement the USD 200 analysis.

As before, and as expected, this analysis shows that the cost of sending USD 500 has been lower as a percentage of the 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 10 years for USD 200.

Global Trends

Global Average Total Cost Remains Stable

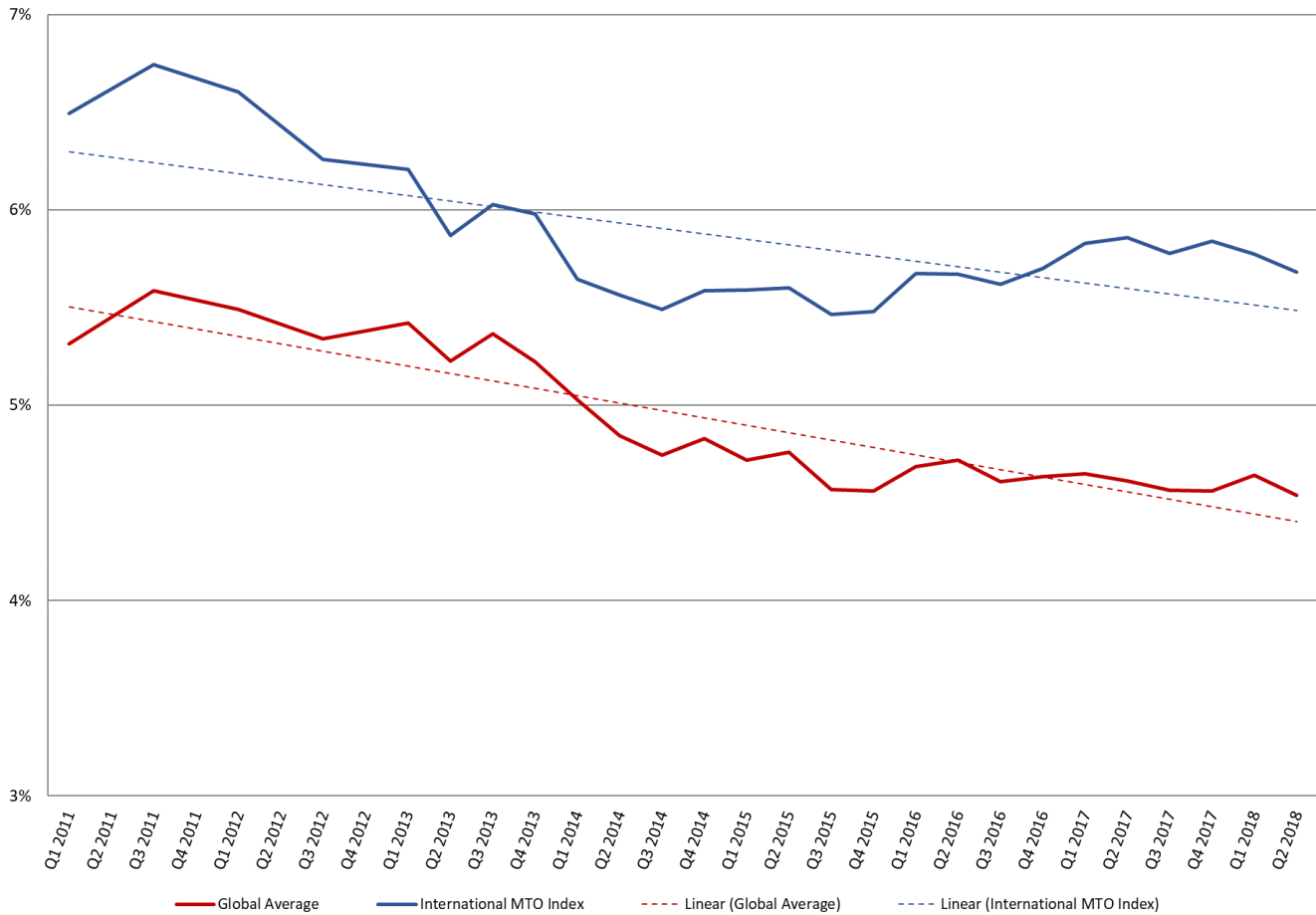
In Q2 2018, the Global Average cost for sending USD 500 was 4.54 percent. The average cost of sending USD 500 has remained below 5.00 percent since Q2 2014, and has never exhibited a value above 6 percent since RPW started tracking the costs (the costliest period was in Q3 2011, where the average cost of sending USD 500 was recorded at 5.59 percent). The Global Average cost of sending USD 500 has exhibited an overall downwards trend since Q1 2011, as seen in Figure 1. This represents a decline of 0.78 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.¹ In Q2 2018, the International MTO Index for USD 500 remained stable, recording a minimal decrease to 5.68 percent from the previous value of 5.77 percent in Q1 2018. 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 as it does at the USD 200 sending amount.

¹ 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

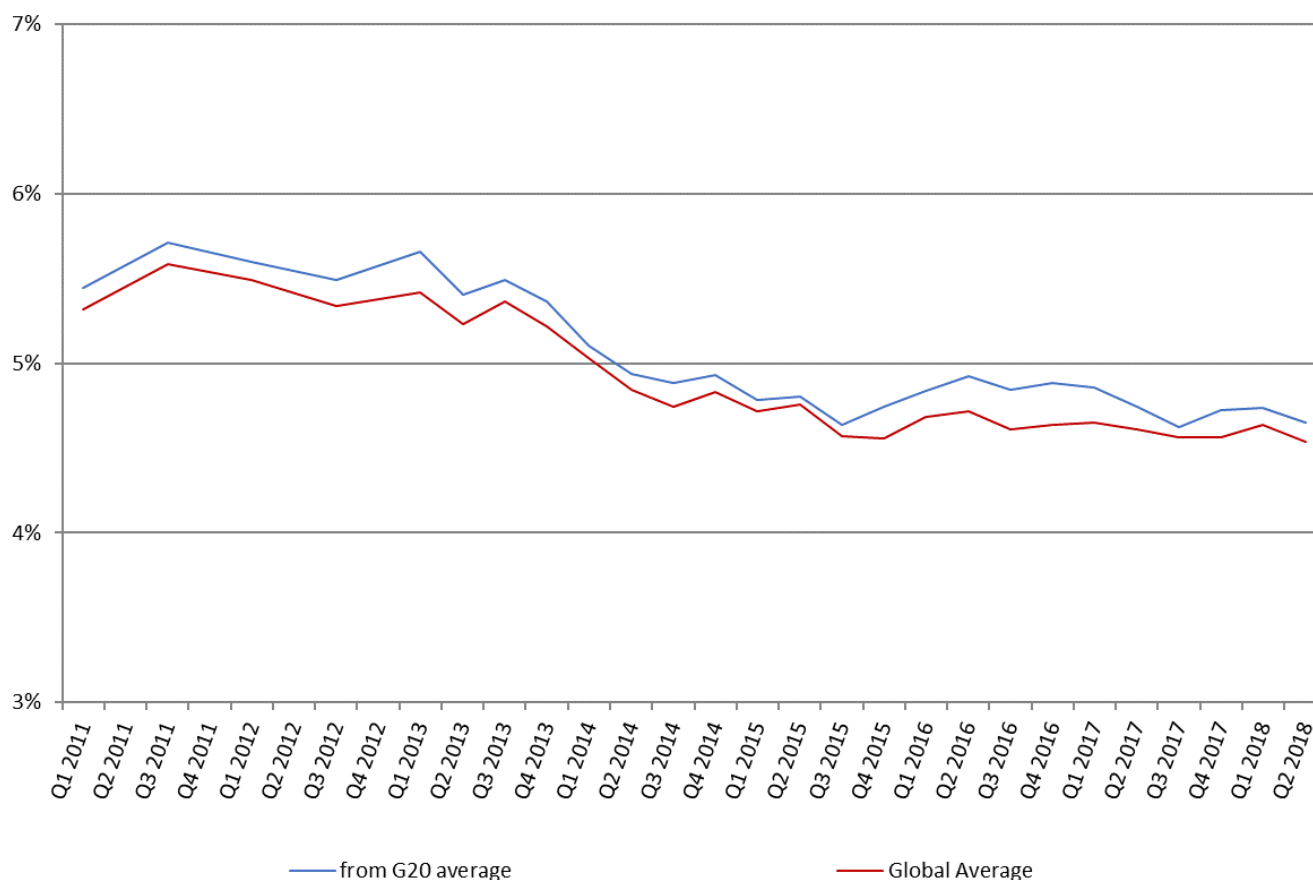


G20 Countries

Cost of Sending Remittances from and to G20 Countries

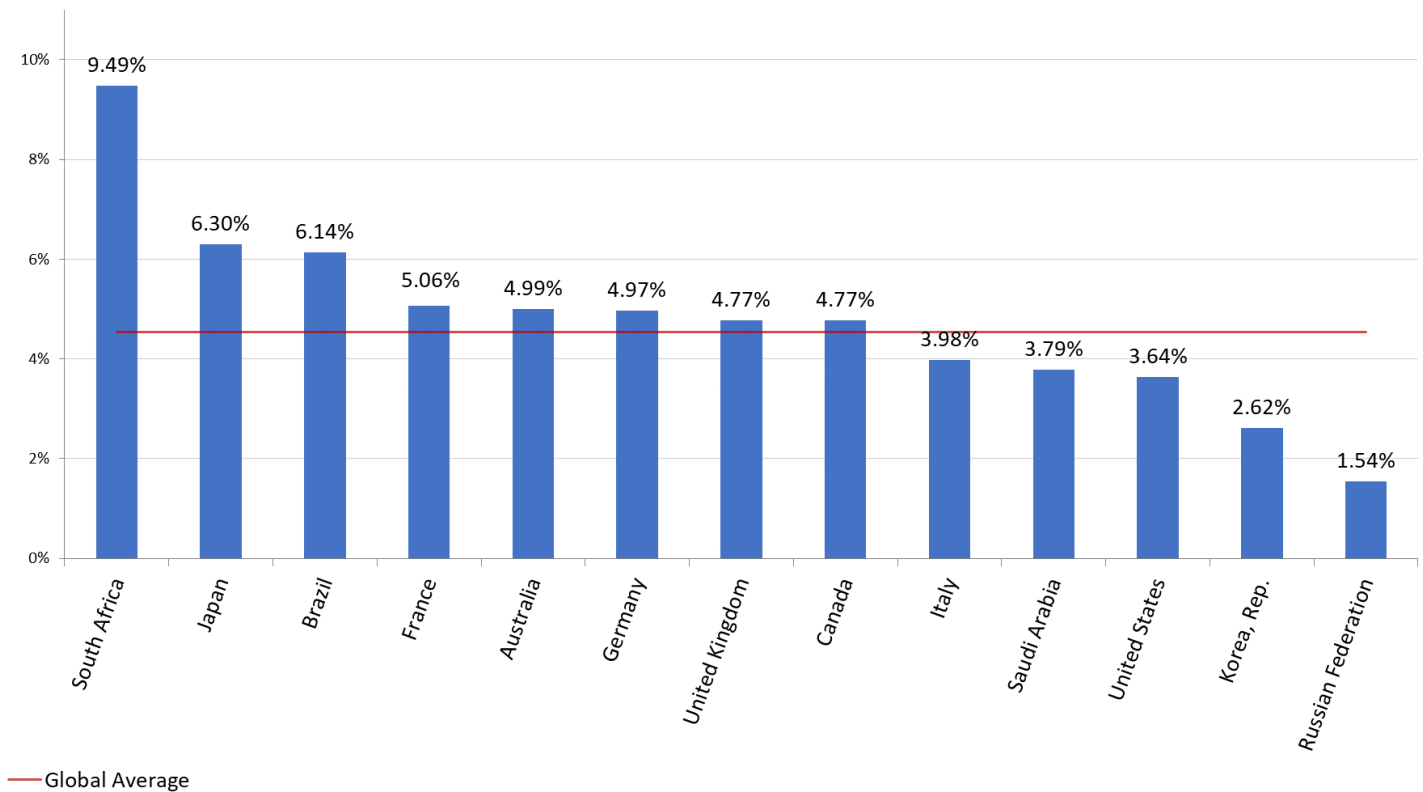
The cost of remitting USD 500 from G20 countries has remained below 5.00 percent since Q1 2014, when this figure was recorded at 5.10 percent. The total cost of remitting USD 500 from G20 countries has closely followed a similar trend as the Global Average of sending USD 500, as seen in Figure 2. The cost of remitting USD 500 from G20 countries in Q2 2018 remained stable, decreasing slightly, and was recorded at 4.65 percent.

Figure 2 Average cost of sending USD 500 from G20 countries



South Africa has been 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 Q2 2018, remitting USD 500 from South Africa incurred an average cost of 9.49 percent, almost one percentage point less than the period before, where it was recorded at 10.48 percent. Russia is the least expensive sending country in this group, exhibiting an average cost of sending USD 500 of 1.54 percent, followed by Korea (2.62 percent), the United States (3.64 percent), Saudi Arabia (3.79 percent), Brazil (3.94 percent), and Italy (3.98 percent). In this group, Canada, the United Kingdom, Germany, Australia, France, Brazil Japan and South Africa have exhibited costs higher than the Global Average.

Figure 3 Average cost of remitting from G20 countries



Figures 4 and 5 display the average cost of sending USD 500 to G20 countries over time and in Q2 2018, respectively. The average cost of sending USD 500 to the G20 countries that are included in RPW as receiving markets remained stable between Q1 and Q2 of 2018, recorded at 4.16 percent in Q2 2018.

For the sixth 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 group to remit to were Turkey (6.05 percent), South Africa (5.67 percent), Brazil (5.27 percent), Indonesia (4.78 percent), and China (4.48 percent). The cost of sending remittances to India and Mexico were recorded below 4 percent. Mexico remained the cheapest receiving market in the G20 group, recorded at 2.35 percent average cost at the USD 500 level. Over the last 5 years, the average cost of sending to G20 countries has decreased by 1.57 percentage points (in Q2 2013, this figure was recorded at 5.72 percent).

Figure 4 Average cost of sending USD 500 to G20 countries



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

