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AN ANALYSIS OF TRENDS IN COST OF REMITTANCE SERVICES

REMITTANCE PRICES WORLDWIDE QUARTERLY



THE WORLD BANK
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This Report reflects the latest trends
observed in the data published in December
2020.

Remittance Prices Worldwide is available at
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Overview

Remittance Prices Worldwide (RPW) monitors remittance prices across all geographic regions of the world. Launched in September 2008, RPW monitors the cost incurred by remitters when sending money along major remittance corridors. RPW is used as a reference for measuring progress towards global cost reduction objectives, including the G20 commitment to reduce the global average to 5 percent, which is being pursued in partnership with governments, service providers, and other stakeholders.

Since Q2 2016, RPW covers 48 remittance sending countries and 105 receiving countries, for a total of 367 country corridors worldwide. RPW tracks the cost of sending remittances for four main RSP types: Banks, MTOs, Mobile Operators, and Post Offices. MTOs include both traditional providers and innovative/fintech players. On average, 13.3 providers per corridor are tracked.

This Report uses data from RPW's most recent release to analyze the global, regional, and country specific trends in the average cost of migrant remittances.

Key findings

- The **Global Average** recorded a decrease from 6.75 percent in Q3 2020 to 6.51 percent in Q4 2020.
- The **International MTO Index** experienced a decrease over the quarter to 6.56 percent in Q4 2020, from 6.81 percent in Q3 2020. This is the third consecutive quarter in which this figure has been recorded below 7.00 percent.
- The **Global Weighted Average** decreased to 4.82 percent in Q4 2020, from 5.00 percent in Q3 2020. This is the first quarter in which this figure has been recorded below 5.00 percent.
- The **Global SmARt Average** for Q4 2020 was recorded at 4.00 percent.
- The **Digital remittances index** decreased from 5.29 percent in Q3 2020 to 5.11 percent in Q4 2020.
- South Asia remains the lowest cost receiving region, with an average cost of 4.88 percent. Sub-Saharan Africa remains the most expensive region to send money to, recorded at 8.19 percent average cost in Q4 2020.
- Banks remain the most expensive type of service provider, with an average cost of 10.73 percent.
- Mobile money, as the instrument to fund the transaction and as the means to disburse, has been the least costly instrument consistently. In addition, the y-o-y decline in the average cost of sending via mobile money was 25 ppt, while the same for receiving via mobile money was recorded as 146 ppt in Q4 2020.
- Bank account transfers, as the instrument to fund the transaction, have experienced a 17 ppt decline in average cost between Q4 2019 and Q4 2020.

- The proportion of corridors with average costs of less than 5 percent has increased considerably since Q1 2009 (from 17 percent to 39 percent in Q4 2020).

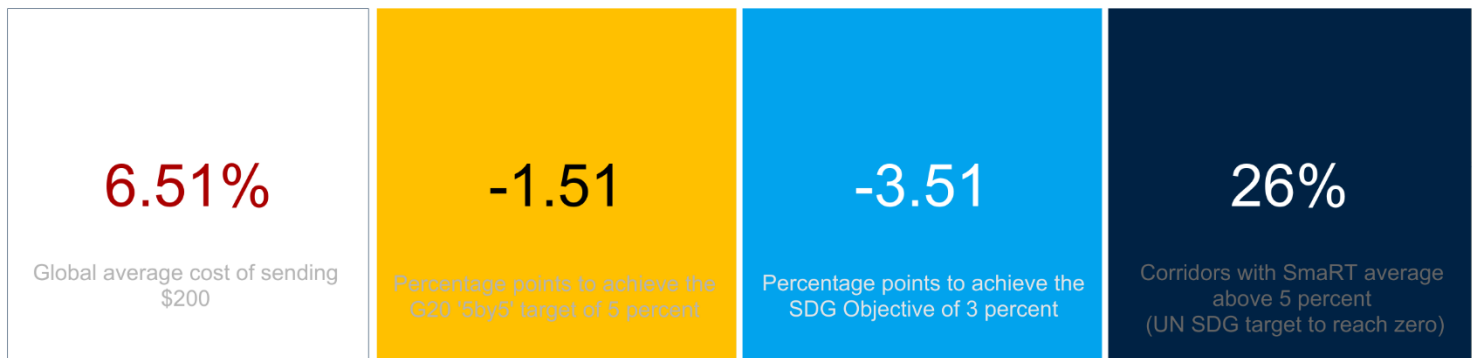
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Progress tracker

RPW indicators are used to measure the progress towards targets of global efforts for the reduction of remittance costs. The G8 (L'Aquila, 2010) and the G20 (Cannes, 2011 and Brisbane, 2014) committed to reduce the Global Average Total Cost to 5 percent. The UN SDGs have indicated a target of 3 percent for the Global Average to be reached by 2030. At the same time, the UN SDGs have also committed to ensuring that in all corridors, remittances can be transferred for 5 percent or less.

The figure below summarizes the progress towards these three targets.



Global trends

Global Average Total experiences reduction

In Q4 2020, the Global Average cost for sending remittances was 6.51 percent. The Global Average has remained below 7.00 percent since Q1 2019 (see Figure 1 below and Table 1 in the Annex). Overall, this represents a decline of 3.16 percentage points since Q1 2009, when the figure was recorded at 9.67 percent. In addition to the Global Average, another average total cost is introduced to track the average price of “digital remittances” in RPW database.¹ In Q4 2020, the global average for digital remittances was recorded at 5.11 percent, while the global average for non-digital remittances was 6.99 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.² In Q4 2020, the International MTO Index recorded a moderate decrease to 6.56 percent from the previous value of 6.81 percent in Q3 2020. Over the year, this figure was down

¹ A digital remittance must be sent via a payment instrument in an online or self-assisted manner, and received into a transaction account, i.e. bank account, transaction account maintained at a non-bank deposit taking institution (say a post office), mobile money or e-money account.

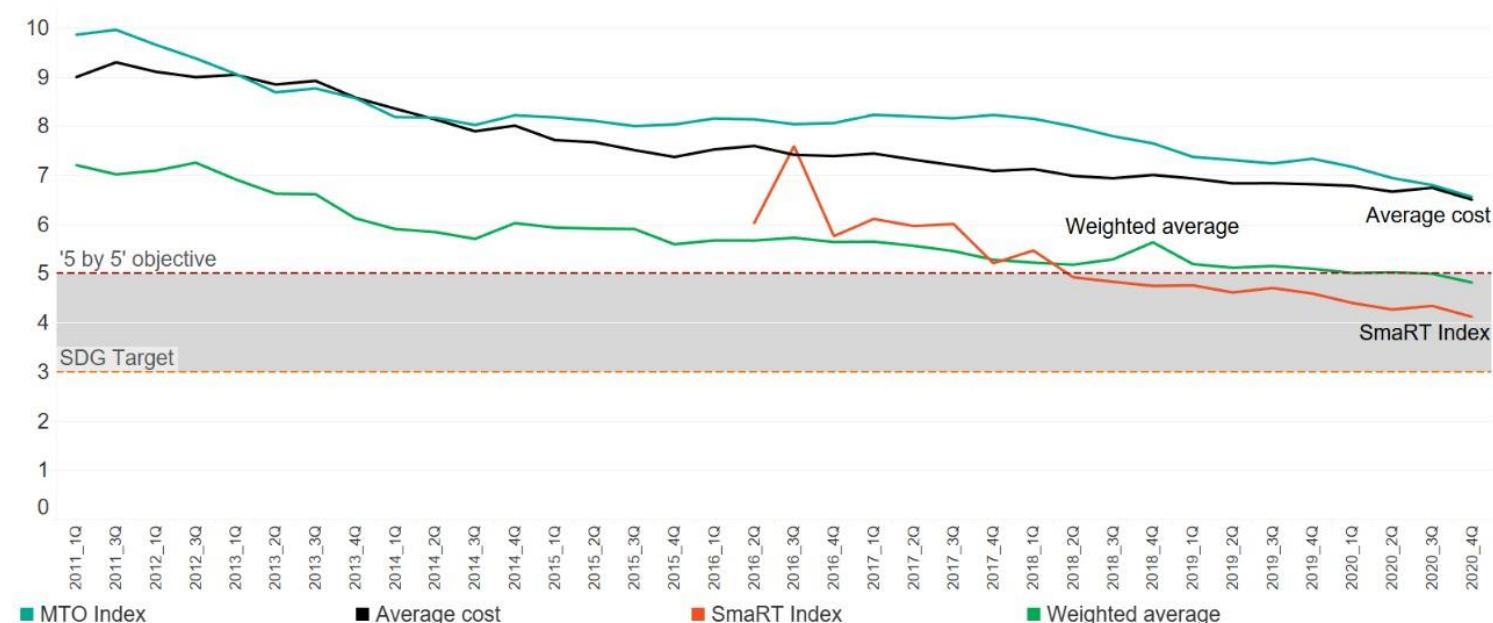
² The International MTOs Index includes all MTOs that are present in over 85 percent of RPW corridors. Thus far, it has included Western Union and MoneyGram, which operate in 95 percent and 90 percent of the country corridors covered in the database, respectively.

by 0.78 percentage point, recorded at 7.34 percent in Q4 2019. This figure has come down by 3.80 percentage points from its first recorded value of 10.36 percent in Q1 2009.

Global Weighted Average

Also, a weighted average total cost is calculated, which accounts for the relative size of the flows in each remittance corridor.³ The Global Weighted Average of sending remittances, as illustrated in Figure 1 (see also Table 1 in the Annex), has at times shown a different pattern from the simple average. In Q4 2020, the Global Weighted Average recorded at 4.82 percent (in Q3 2020, this was recorded at 5.00). This is the first quarter in which this figure has been recorded below 5.00 percent. Over the last five years, this figure has decreased by approximately 0.78 percentage point – recorded at 5.60 percent in Q4 2015.

Figure 1 Trends in the cost of sending \$200 in remittances⁴



³ It is important to note that, while official data on remittance flows by bilateral corridors are currently not available, estimates (Ratha and Shaw 2007, last updated in 2018, available at

<http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>) have been used in this calculation. These estimates are based on the Balance of Payments (BOP) and factor in migrant stocks, destination country incomes, and source country incomes. The methodology for these estimates has been questioned, as well as the accuracy of official data on remittance flows and migrant stocks. However, this still represents the only available comprehensive dataset on bilateral remittance flows. It also seems likely that overall, the dataset is sufficiently accurate to reflect at least the proportion between the different corridors, hence offering a good approximation to weight the relevance of each corridor in terms of flow size.

⁴ Figures for the global average were adjusted in Q1 2014 following a clean-up of the entire database. Some values slightly vary from figures published in the past.

Smart Remitter Target (SmaRT)

To complement the Global Average and Global Weighted Averages described above, the World Bank introduced the SmaRT indicator in Q2 2016, which aims to reflect the cost that a savvy consumer with access to sufficiently complete information could pay to transfer remittances in each corridor. SmaRT is calculated as the simple average of the three cheapest qualifying services for sending the equivalent of USD 200 in each corridor and is expressed as a percentage of the total amount sent. In addition to transparency, services must meet additional criteria to qualify for being included in the SmaRT calculation, including transaction speed (five days or less), and accessibility, determined by geographic proximity of branches for services that require physical presence, or access to any technology or device necessary to use the service, such as a bank account, mobile phone, or the Internet.⁵ In Q4 2020, the Global SmaRT Average was recorded at 4.00 percent. Since Q4 2019 this figure has come down from 4.37 percent, a nominal decrease of 0.37 percentage point.

The potential of SmaRT can be appreciated even more at the corridor level, where the indicators can inform policy actions by identifying limitations at a more granular level. In Q4 2020, 23 of the 367 corridors did not have any SmaRT qualifying services, indicating that in these corridors there is an issue with either access or reach of services, or a lower level of competition. Of these 23 corridors, twelve are destined for Sub-Saharan Africa, five for the Middle East and North Africa, five for South Asia, and one for Latin America and the Caribbean. An overwhelming majority of these corridors have low Internet penetration and/or have low transaction account penetration, which indicate that access to the Internet and accounts should be proactively targeted in these regions as a means of encouraging more diverse payment and remittance services offering. About half of the receiving countries in this group have a “Green Light” SmaRT rating for accessibility to Cash, and most (18 out of 23 – see Box) have a “Green Light” rating for Mobile services (measured by availability of cash services and number of cellular subscriptions per 100 persons).

Box - Corridors without SmaRT qualifying services with “Green Light” rating for mobile services

Angola to Namibia	Netherlands to Suriname	Jordan to Syrian Arab Rep.
Ghana to Nigeria	Pakistan to Afghanistan	Saudi Arabia to Syrian Arab Rep.
India to Bangladesh	Portugal to Mozambique	Saudi Arabia to Yemen, Rep.
India to Nepal	Qatar to Sudan	United Arab Emirates to Yemen, Rep.
India to Pakistan	Saudi Arabia to Sudan	United States to Yemen, Rep.
India to Sri Lanka	United Arab Emirates to Sudan	United States to Egypt, Arab Rep.

The UN SDGs committed to ensure that, by 2030, it should be possible to send remittances for 5 percent or less in every corridor. The SmaRT averages are used as a reference for this indicator, reflecting the

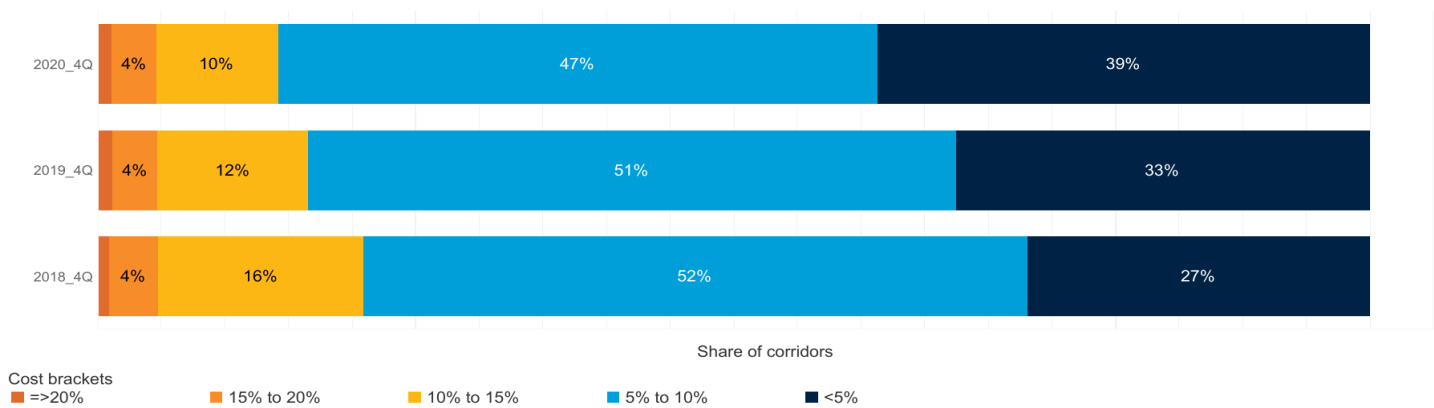
⁵ For additional information on the methodology used to calculate SmaRT see https://remittanceprices.worldbank.org/sites/default/files/smart_methodology.pdf

fact that in any given corridor there are services available to customers that meet the requirements described above, while also on average offering a cost that is in line with the UN SDG. As of Q4 2020, 68.1 percent of all corridors covered in the RPW database had SmaRT corridor averages below 5 percent.⁶

Trends in Corridor Average Total Costs

Figure 2 shows that compared to Q1 2009, the proportion of corridors with average costs of less than 10 percent has increased considerably, showing an overall increase of share by 33 percent points (53 percent of corridors in Q1 2009, compared to 86 percent of corridors in Q4 2020). This shift is naturally accompanied by a decrease of share of corridors exhibiting total costs over 10 percent (18 percent of corridors compared to 5 percent of corridors). In the 10-15 percent total cost category there are 10 percent of corridors in Q4 2020, compared to 29 percent of corridors in Q1 2009. Year over year since Q4 2018, this gradual shift is visible. Of the 4 corridors with costs above 20 percent in Q4 2020, all originate in Sub-Saharan Africa and are destined for Sub-Saharan Africa.

Figure 2 Distribution of Average Total Costs

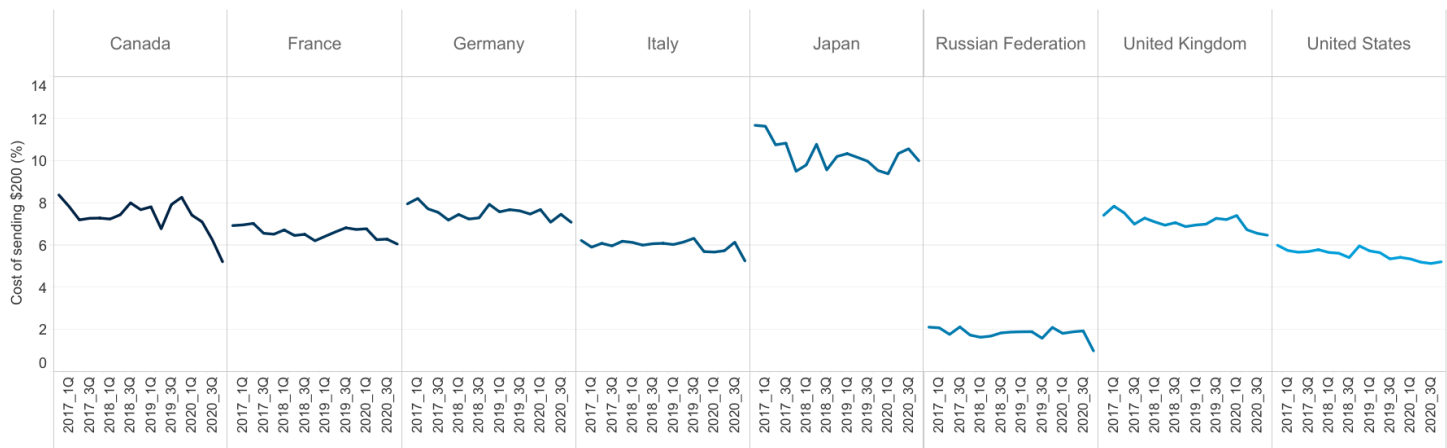


G8 and G20 countries

Cost of sending remittances from G8 countries

The G8 countries include several of the major remittance sending countries in the world. The average cost for sending remittances from the G8 countries decreased from 6.33 percent in Q3 2020 to 6.01 percent in Q4 2020. Over the year, this figure has decreased 0.60 percentage point (from 6.61 percent in Q4 2019).

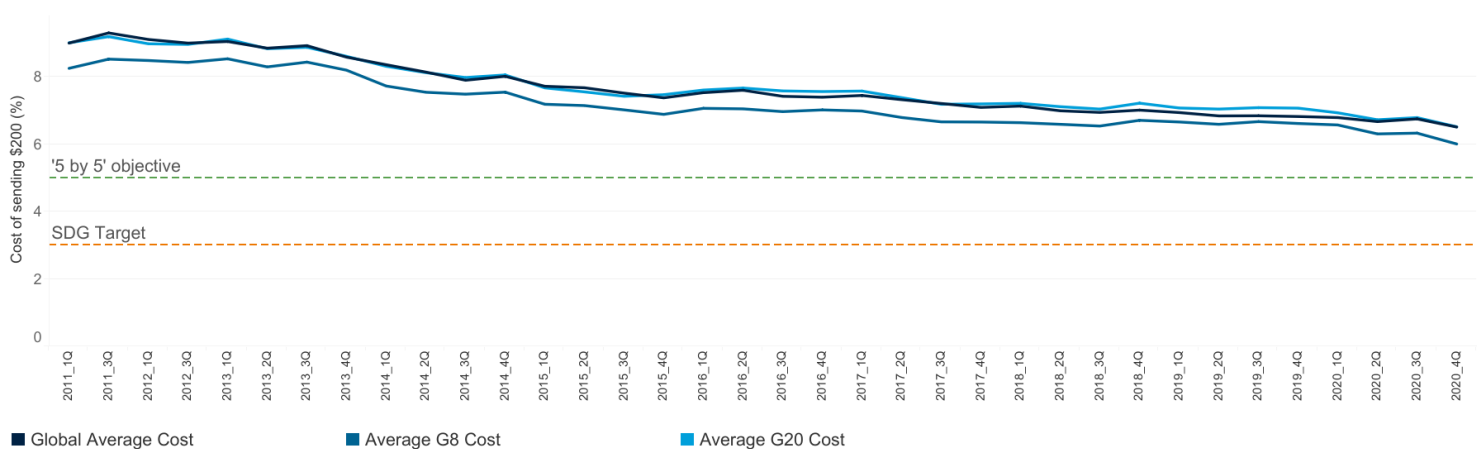
⁶ Please note that some corridors do not have SmaRT averages, and hence the percentage of corridors with SmaRT average below 5 percent and the percentage of corridors with SmaRT average above 5 percent (on page 5) do not add up to 100 percent.

Figure 3 Total average over time in G8 countries

Most G8 countries recorded decreases between Q3 2020 and Q4 2020. The largest decrease in total average cost to send remittances is seen in Canada (6.27 percent to 5.23 percent), followed by Russia (1.94 percent to 1.00 percent), Italy (6.15 percent to 5.27 percent), Japan (10.58 percent to 10.02 percent), Germany (7.47 percent to 7.10 percent) and France (6.30 percent to 6.06 percent). United Kingdom experienced a modest decrease (6.57 percent to 6.48 percent), while United States recorded a modest increase (5.14 percent to 5.22 percent).

Cost of sending remittances from and to G20 countries

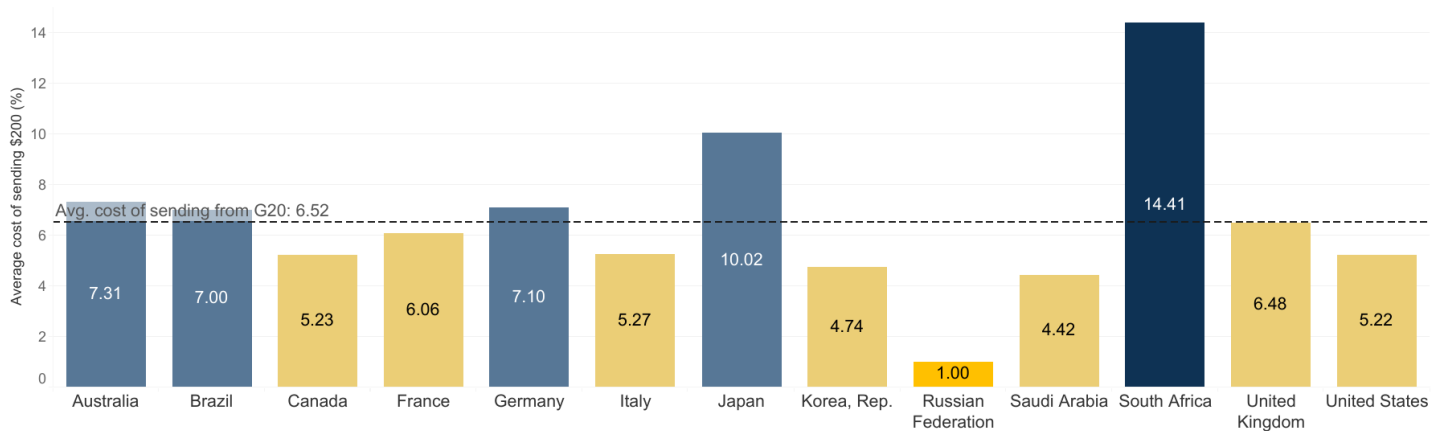
The cost of remitting from G20 countries experienced a moderate decrease to 6.52 percent in Q4 2020, from 6.79 percent in Q3 2020, as shown in Figure 4 (also see Table 3 in the Annex).

Figure 4 Average cost of sending USD 200 from G8 and G20 countries

South Africa remains the costliest G20 country to send remittances from (see Figure 5). This is despite an overall decrease from its peak in Q1 2013, when the cost of sending from South Africa was more than

20 percent. In Q4 2020, remitting from South Africa incurred an average cost of 14.41 percent, a decrease from its recorded value of 15.05 percent in Q3 2020. The cost of sending from the second most expensive G20 sending country – Japan – was recorded at 10.02 percent in Q4 2020. Russia is the least expensive G20 sending country, recorded at 1.00 percent, followed by Saudi Arabia (4.42 percent) and the Republic of Korea (4.74 percent).

Figure 5 Average cost of remitting from G20 countries



Figures 6 and 7 display the total average cost of sending USD 200 to G20 countries over time and in Q4 2020, respectively (see also Table 4 in the Annex). The average cost of sending money to the G20 countries that are included in RPW as receiving markets was recorded at 6.50 percent in Q4 2020.

Figure 6 Average cost of sending USD 200 to G20 countries

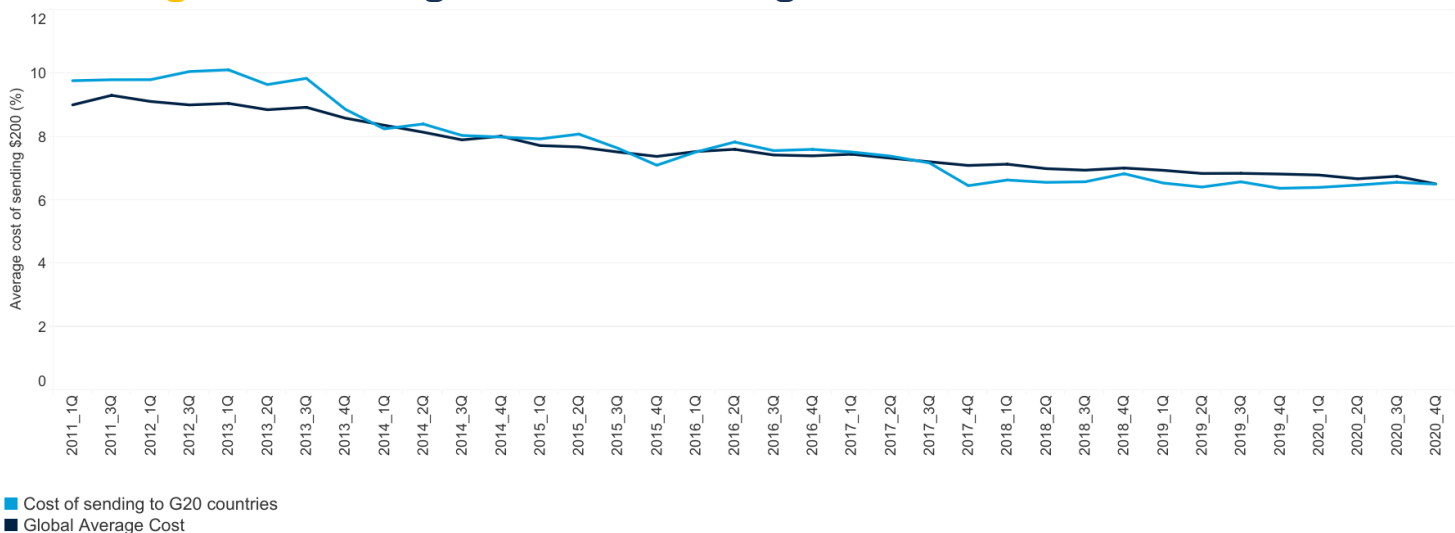
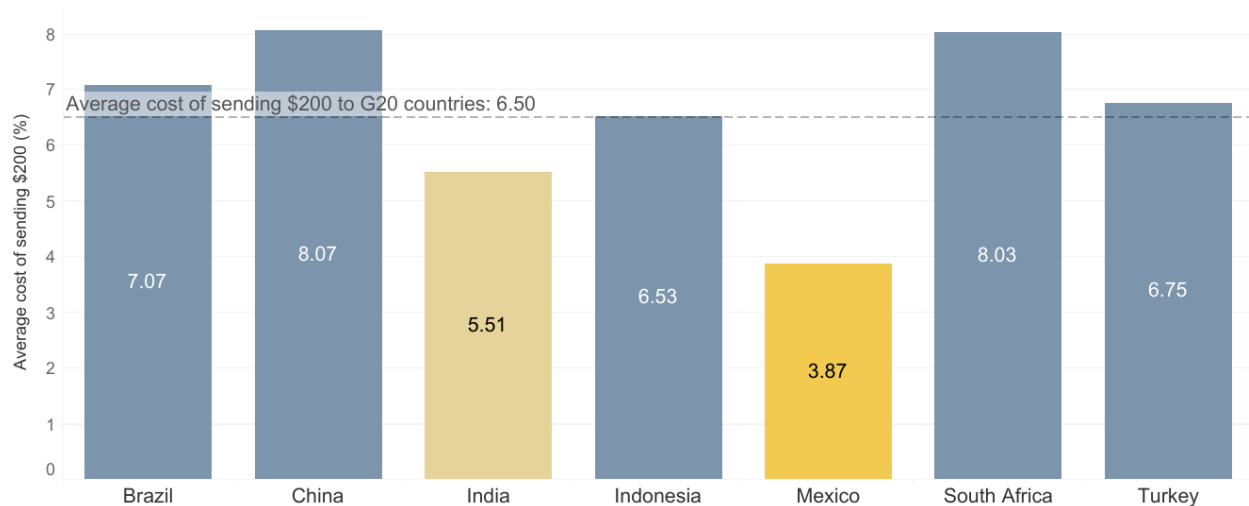


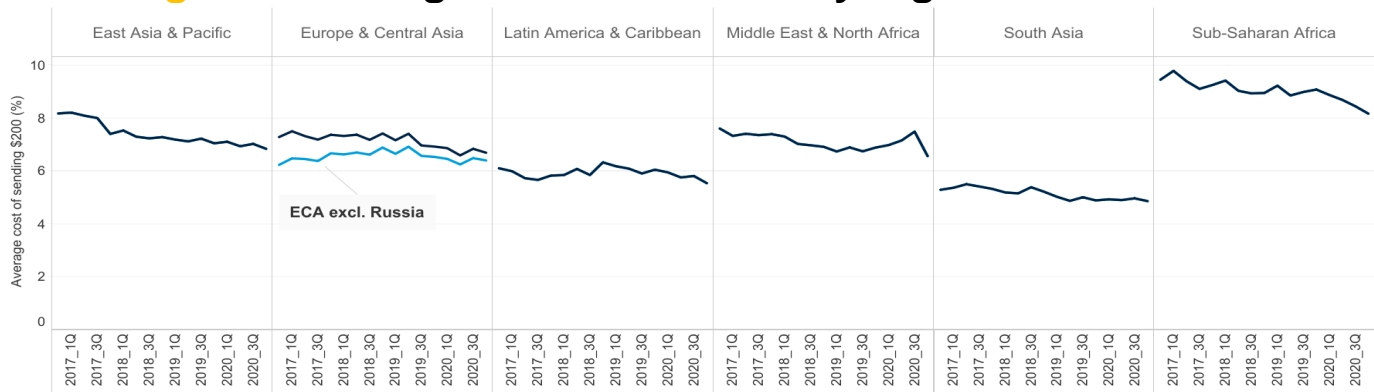
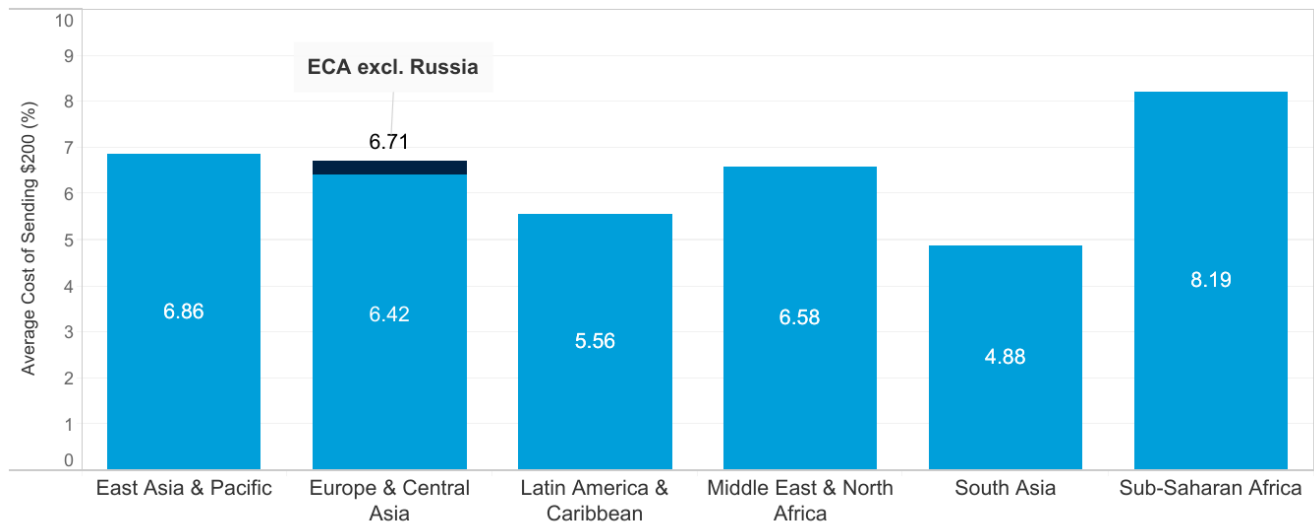
Figure 7 Average cost of remitting to G20 countries, by Country

Apart from a few quarters, the average cost of sending money to the G20 countries has followed the pattern of the Global Average. For the 14th consecutive quarter since Q2 2017, the cost of remitting to G20 countries is recorded below the Global Average, albeit the difference has diminished overtime. The most expensive countries in this grouping to remit to were China (8.07 percent), South Africa (8.03 percent), and Brazil (7.07 percent). Costs for sending remittances to Indonesia, Turkey, India and Mexico were recorded below 7 percent. Mexico remained the cheapest receiving market in the G20 group, recorded at 3.87 percent.

Regional trends

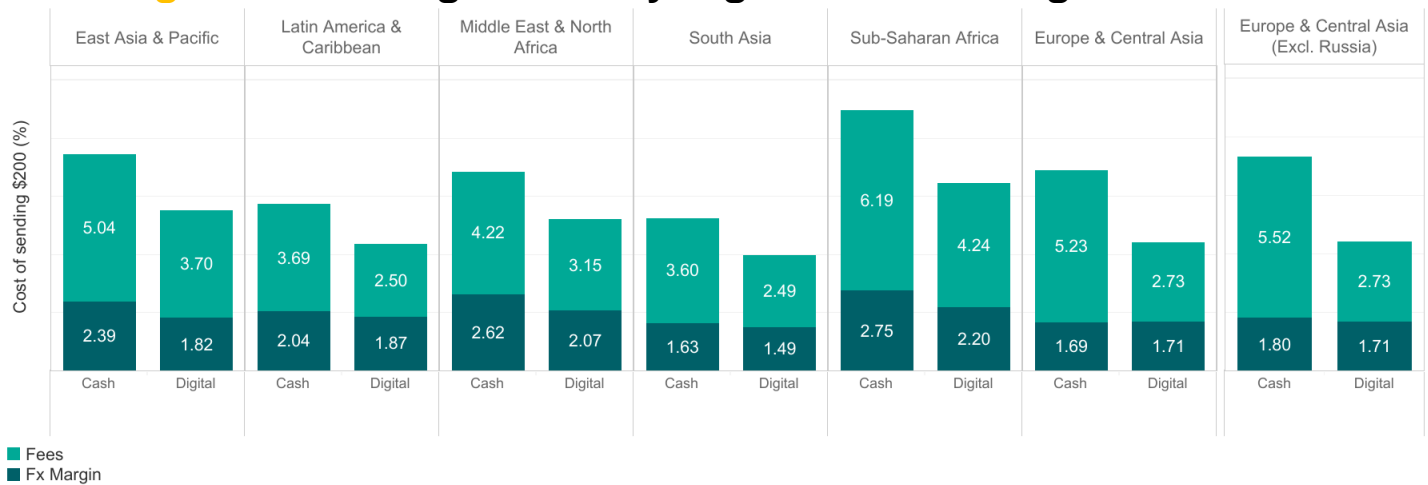
The cost for remittance services varies significantly depending on the region where the money is being sent to (see Figures 8 & 9 below and Table 5 in the Annex). Over the quarter, all regions recorded a decrease in average total cost. Middle East and North Africa (MNA) experienced the largest decrease from 7.51 percent to 6.58 percent, followed by Sub-Saharan Africa (SSA), Latin America and the Caribbean (LAC), Europe and Central Asia (ECA), East Asia and Pacific (EAP), and South Asia (SA).

Due to the unique features of the Russian remittance market and its heavy influence on the ECA region, an additional value for the ECA region, excluding Russia, has been calculated and considered: the average excluding Russia was recorded at 6.71 percent – higher than the average including Russia, which is recorded at 6.42 percent in Q4 2020.

Figure 8 Average costs over time by region of the world**Figure 9 Average costs by region of the world**

Cost structure

Figure 10 further compares the costs for remittance services among different regions, by breaking down the cost into two components: fee and foreign exchange (FX) margin. Within each region, Figure 10 differentiates between digital and non-digital remittances. It shows fees account for a large portion of the costs for remittance services. Moreover, costs for non-digital services are consistently higher than those for digital services regardless of the region where the money is being sent to.

Figure 10 Average costs by region: cash vs digital services

Costs by RSP Type

RPW tracks the cost of sending remittances for four main RSP types: Banks, MTOs, Mobile Operators, and Post Offices. Figure 11 provides a time series visual of all the RSP types included in the RPW dataset.

Over time, Banks, Mobile Operators, and MTOs have seen a general decline of total average costs, while Post Office services, due to the small number of services, have led a volatile trend and overall recorded periodic increases since the historic low recorded in Q3 2013. Banks have been firmly above the Global Average, whereas MTOs and Mobile Operators have remained below.

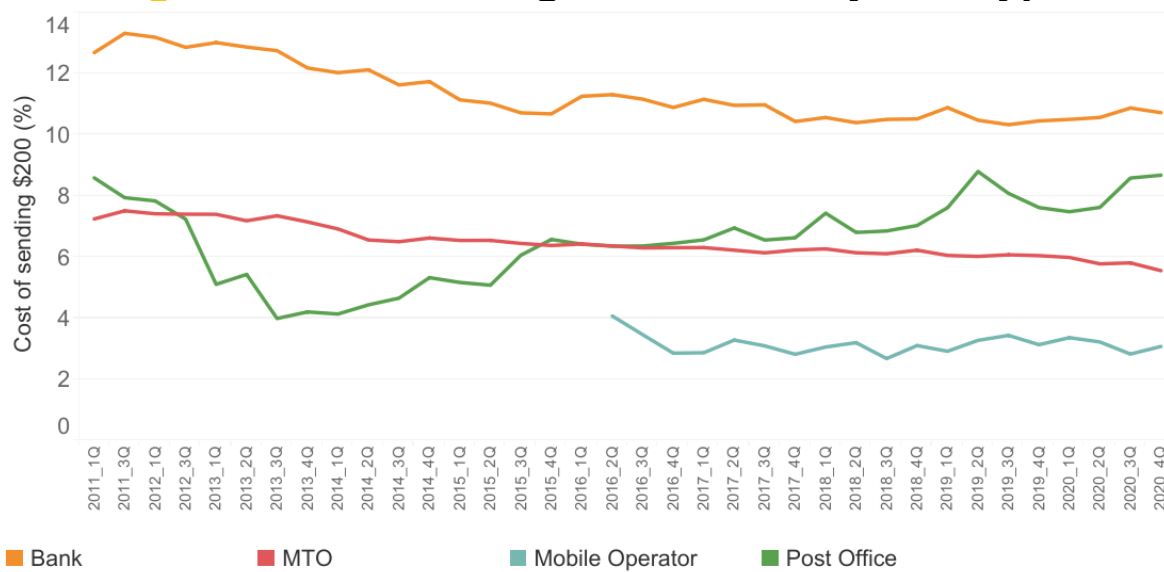
Figure 11 Total averages over time by RSP type

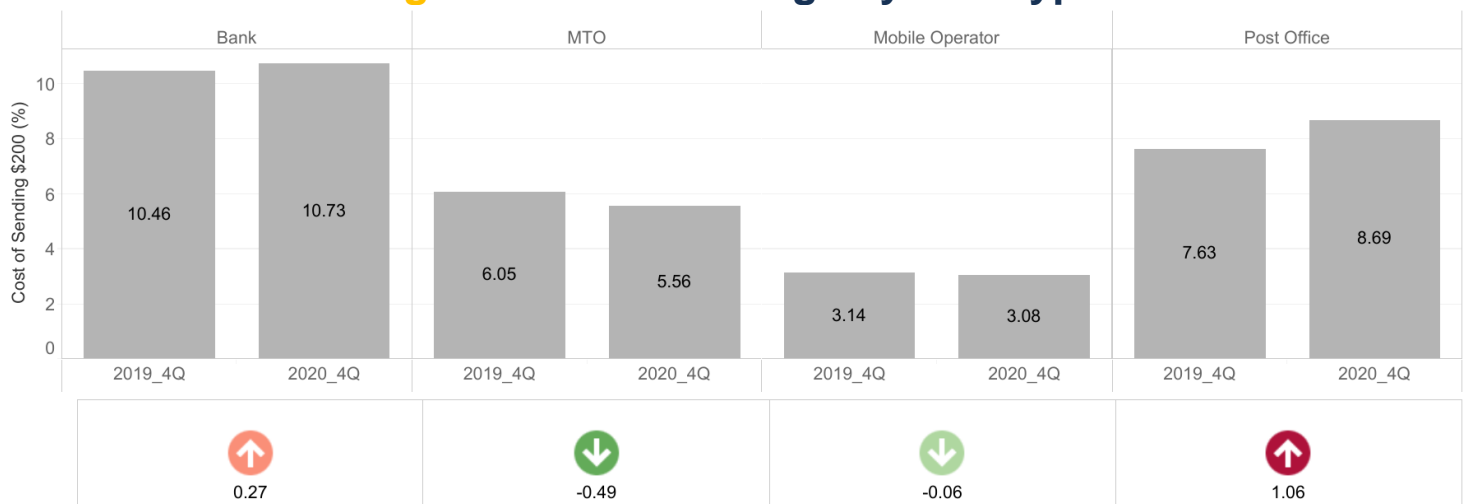
Figure 12 Total average by RSP type

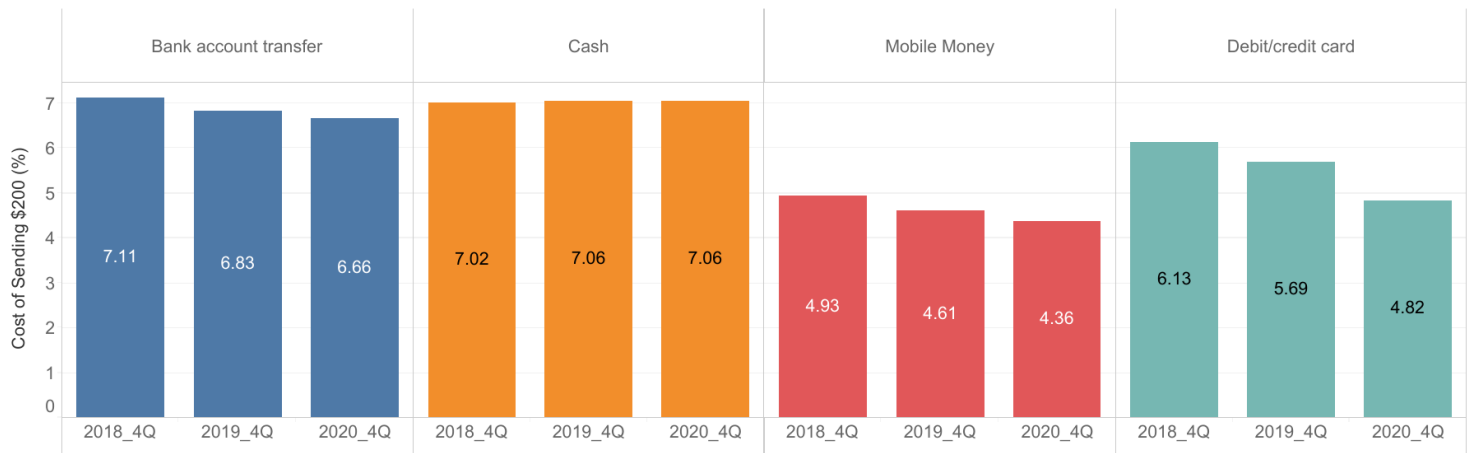
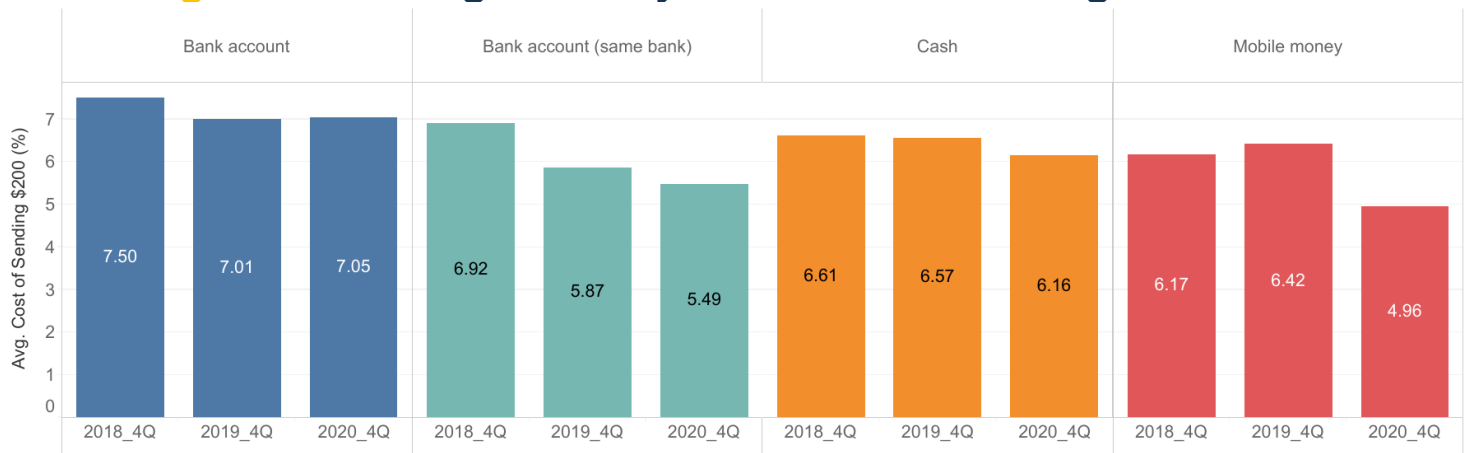
Figure 12 provides an overview for each RSP type in Q4 2019 and Q4 2020. Banks continue to be the costliest RSP type, with an average cost of 10.73 percent in Q4 2020. Post Offices are recorded at 8.69 percent in Q4 2020. Money Transfer Operators are recorded at 5.56 percent, while Mobile Operators are the cheapest RSP type recorded at 3.08 percent. However, Mobile Operators only account for a very small share (less than 1%) of the sample size.

Costs by Sending and Receiving Method

RPW captures separately the payment instrument used to fund the transaction and the one used to disburse the funds to the receiver. This approach is reflected in the charts below. This approach allows for further refinement of the analysis and increases its adaptability to new products that might emerge and has proven particularly useful in monitoring innovative products and players.

In Q4 2020, the cheapest method for funding a remittance transaction was Mobile Money at 4.36 percent (57 services recorded in RPW) (Figure 13). The average cost when using a Debit/Credit Card (1,672 services) was 4.82 percent. Sending money using Cash (2,127 services) cost 7.06 percent, and funding the transaction using a bank account incurred an average cost of 6.66 percent (1,914 services).

The cost of sending remittances to a bank account within the same bank or to a partner of the originating bank (81 services) was recorded at 5.49 percent in Q4 2020 (Figure 14). In contrast, sending money to a bank account at a different bank (1,675 services), is the most expensive option at 7.05 percent. When funds are sent to a mobile wallet (263 services) the average cost in Q4 2020 was 4.96 percent. Services where money is disbursed in cash (3,137 services) cost on average 6.16 percent.

Figure 13 Average Cost by Instrument Used to Fund the Transaction**Figure 14 Average Cost by Means of Disbursing the Funds**

Annex I – Tables (\$200)

Table 1 – International MTO Index, Global Weighted Average (%)

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Global Average Cost	7.40	7.45	7.32	7.21	7.09	7.13	6.99	6.94	7.01	6.94	6.84	6.84	6.82	6.79	6.67	6.75	6.51
MTO Index	8.07	8.23	8.20	8.16	8.23	8.16	8.00	7.80	7.65	7.38	7.32	7.24	7.34	7.18	6.95	6.81	6.56

Table 2 – Total average in G8 Countries (%)

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Canada	8.39	7.84	7.21	7.29	7.29	7.25	7.45	8.02	7.69	7.83	6.79	7.94	8.28	7.44	7.12	6.27	5.23
France	6.94	6.97	7.04	6.57	6.53	6.73	6.47	6.53	6.22	6.43	6.64	6.83	6.76	6.79	6.27	6.30	6.06
Germany	7.97	8.23	7.73	7.57	7.20	7.47	7.25	7.31	7.95	7.59	7.70	7.64	7.49	7.70	7.10	7.47	7.10
Italy	6.23	5.92	6.10	5.98	6.20	6.14	6.01	6.08	6.10	6.04	6.16	6.33	5.71	5.68	5.75	6.15	5.27
Japan	11.70	11.65	10.77	10.85	9.52	9.82	10.80	9.58	10.22	10.35	10.18	9.99	9.56	9.40	10.36	10.58	10.02
Russian Federation	2.12	2.09	1.78	2.13	1.75	1.64	1.70	1.85	1.89	1.90	1.91	1.59	2.11	1.83	1.90	1.94	1.00
United Kingdom	7.43	7.86	7.55	7.01	7.29	7.11	6.96	7.08	6.89	6.97	7.01	7.28	7.23	7.42	6.74	6.57	6.48
United States	6.01	5.76	5.68	5.71	5.80	5.67	5.63	5.42	5.98	5.74	5.66	5.36	5.43	5.36	5.21	5.14	5.22
Grand Total	7.02	6.98	6.79	6.66	6.66	6.64	6.59	6.54	6.71	6.66	6.59	6.67	6.61	6.57	6.31	6.33	6.01

Table 3 – Total average in G20 sending countries (%)

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Australia	9.52	9.65	9.31	8.84	8.43	8.15	7.88	7.77	8.12	7.58	7.68	7.42	7.61	7.59	7.31	7.21	7.31
Brazil	5.48	5.86	3.47	4.64	5.84	4.93	7.23	6.47	7.70	7.66	7.39	6.57	6.83	5.09	9.57	9.77	7.00
Canada	8.39	7.84	7.21	7.29	7.29	7.25	7.45	8.02	7.69	7.83	6.79	7.94	8.28	7.44	7.12	6.27	5.23
France	6.94	6.97	7.04	6.57	6.53	6.73	6.47	6.53	6.22	6.43	6.64	6.83	6.76	6.79	6.27	6.30	6.06
Germany	7.97	8.23	7.73	7.57	7.20	7.47	7.25	7.31	7.95	7.59	7.70	7.64	7.49	7.70	7.10	7.47	7.10
Italy	6.23	5.92	6.10	5.98	6.20	6.14	6.01	6.08	6.10	6.04	6.16	6.33	5.71	5.68	5.75	6.15	5.27
Japan	11.70	11.65	10.77	10.85	9.52	9.82	10.80	9.58	10.22	10.35	10.18	9.99	9.56	9.40	10.36	10.58	10.02
Korea, Rep.	4.99	4.87	5.42	4.81	5.03	5.15	4.95	5.07	5.10	5.05	4.92	4.87	4.50	4.77	4.72	4.74	4.74
Russian Federation	2.12	2.09	1.78	2.13	1.75	1.64	1.70	1.85	1.89	1.90	1.91	1.59	2.11	1.83	1.90	1.94	1.00
Saudi Arabia	4.77	5.20	5.55	5.10	5.45	5.71	5.73	6.34	6.51	4.88	5.18	4.99	4.75	4.53	4.79	4.80	4.42
South Africa	17.88	17.78	16.76	16.57	16.17	17.13	16.18	15.82	15.76	14.85	15.27	15.96	17.18	15.34	14.56	15.05	14.41
United Kingdom	7.43	7.86	7.55	7.01	7.29	7.11	6.96	7.08	6.89	6.97	7.01	7.28	7.23	7.42	6.74	6.57	6.48
United States	6.01	5.76	5.68	5.71	5.80	5.67	5.63	5.42	5.98	5.74	5.66	5.36	5.43	5.36	5.21	5.14	5.22
From G20	7.56	7.58	7.38	7.19	7.20	7.21	7.11	7.04	7.22	7.07	7.04	7.08	7.07	6.93	6.73	6.79	6.52

Table 4 – Total average in G20 receiving countries (cost to send money to select countries. %)

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Brazil	7.58	6.98	6.33	6.33	6.48	6.45	7.20	7.06	7.51	7.32	7.54	7.63	7.18	7.78	7.30	6.90	7.07
China	10.31	10.26	10.28	10.00	7.92	8.26	7.71	7.99	8.49	8.45	8.13	9.04	8.32	8.10	8.23	8.43	8.07
India	6.05	6.14	6.04	5.98	5.62	5.63	5.62	5.68	5.79	5.47	5.24	5.38	5.30	5.31	5.30	5.41	5.51
Indonesia	7.81	7.84	7.87	7.13	6.60	7.59	7.10	6.85	7.32	6.51	6.57	6.08	6.15	6.12	6.68	6.57	6.53
Mexico	4.74	4.85	5.11	4.86	4.45	4.43	3.74	4.06	5.65	4.53	4.64	4.61	4.39	4.04	4.22	4.18	3.87
South Africa	8.05	7.56	8.02	8.07	8.55	7.83	7.57	8.10	7.45	7.23	7.88	7.54	7.80	7.82	7.41	8.14	8.03
Turkey	7.86	7.62	7.14	6.84	7.28	7.34	8.01	7.08	6.17	6.71	6.98	6.62	6.62	6.72	6.67	7.26	6.75
Grand Total	7.60	7.52	7.39	7.17	6.45	6.63	6.56	6.58	6.83	6.54	6.41	6.58	6.37	6.40	6.47	6.56	6.50

Table 5 – Total average by regions of the world (%)

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
East Asia & Pacific	8.20	8.24	8.12	8.03	7.42	7.55	7.32	7.25	7.30	7.21	7.14	7.24	7.07	7.13	6.96	7.05	6.86
Europe & Central Asia	6.25	6.50	6.47	6.40	6.69	6.65	6.72	6.64	6.90	6.67	6.94	6.59	6.55	6.48	6.27	6.51	6.42
Latin America & Caribbean	6.12	6.01	5.74	5.68	5.85	5.86	6.10	5.87	6.34	6.20	6.11	5.92	6.07	5.97	5.77	5.83	5.56
Middle East & North Africa	7.63	7.35	7.43	7.38	7.41	7.32	7.04	6.99	6.93	6.76	6.91	6.76	6.91	7.00	7.17	7.51	6.58
South Asia	5.31	5.38	5.52	5.43	5.34	5.21	5.17	5.40	5.23	5.04	4.89	5.02	4.90	4.95	4.92	4.98	4.88
Sub-Saharan Africa	9.48	9.81	9.42	9.13	9.27	9.44	9.05	8.96	8.97	9.25	8.88	9.01	9.10	8.90	8.71	8.47	8.19
Europe & Central Asia (Excl. Russia)	6.25	6.50	6.47	6.40	6.69	6.65	6.72	6.64	6.90	6.67	6.94	6.59	6.55	6.48	6.27	6.51	6.42

Annex II - Cost trends for USD 500 sent

This Annex is a continued supplement to the ongoing Global Cost Reduction monitoring efforts established with the main RPW Quarterly Report. Global targets for reduction of remittances cost have focused on the USD 200 (or local currency equivalent) as the amount sent, which is believed to be an accurate representation of a typical remittance transaction size. However, data for USD 500 (or equivalent) have also been collected alongside the data for USD 200 and have been analyzed since Q4 2017 to complement the USD 200 analysis.

The analysis in this annex 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 analysis additionally confirms that the cost of sending USD 500 has followed a similar trend to the one observed over the last years for USD 200.

Global trends for sending \$500

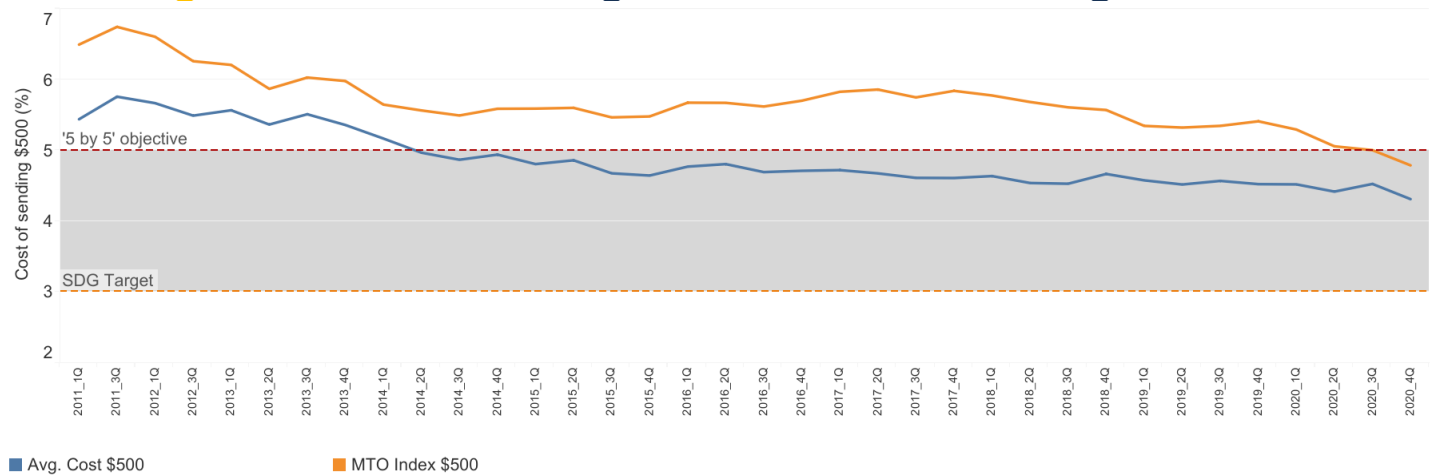
Global Average Total Cost

In Q4 2020, the Global Average cost for sending USD 500 was 4.31 percent. The average cost of sending USD 500 has remained below the 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 15 below. This represents a decline of 1.13 percentage point since Q1 2011, when the figure was recorded at 5.44 percent. Over the preceding 5-year period (Q4 2015 – Q4 2020), the total cost of sending USD 500 has decreased by 0.33 percentage point.

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.⁷ In Q4 2020, the International MTO Index for USD 500 experienced a moderate decrease to 4.79 percent from 5.00 percent in Q3 2020. This is the first quarter in which the International MTO Index has been recorded below 5.00 percent. As seen in Figure 15, the International MTO Index exhibits an overall downwards trend. Over the preceding 5-year period (Q4 2015 – Q4 2020), the total cost of sending USD 500 has decreased by 0.69 percentage point.

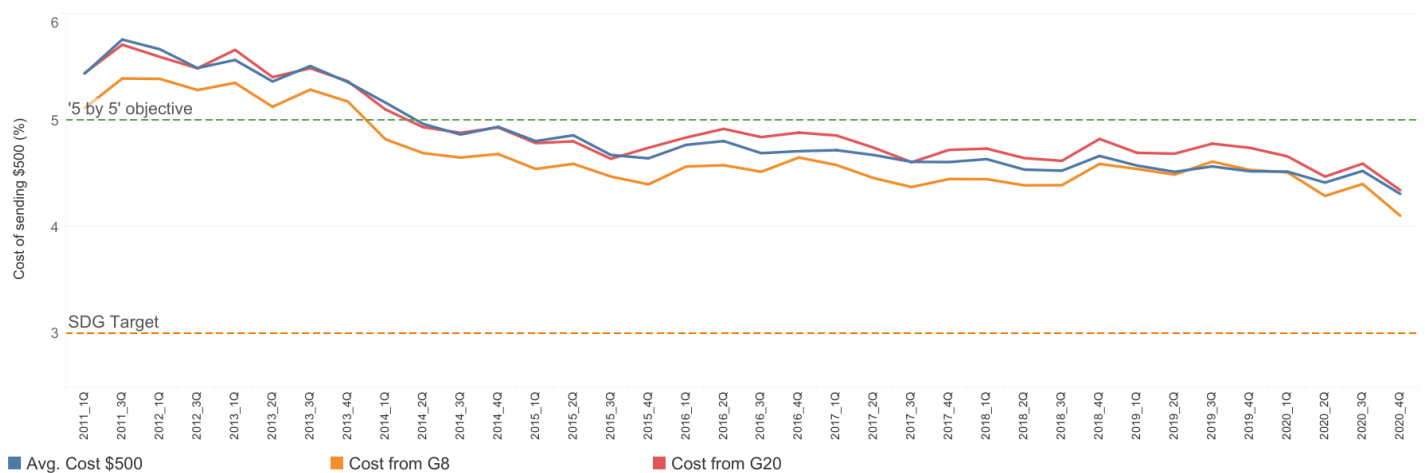
⁷ The International MTOs Index includes all MTOs that are present in over 85 percent of RPW corridors. Thus far, it has included Western Union and MoneyGram, which operate in 95 percent and 90 percent of the country corridors covered in the database, respectively.

Figure 15 Global Average Total Cost for sending USD 500

G20 Countries

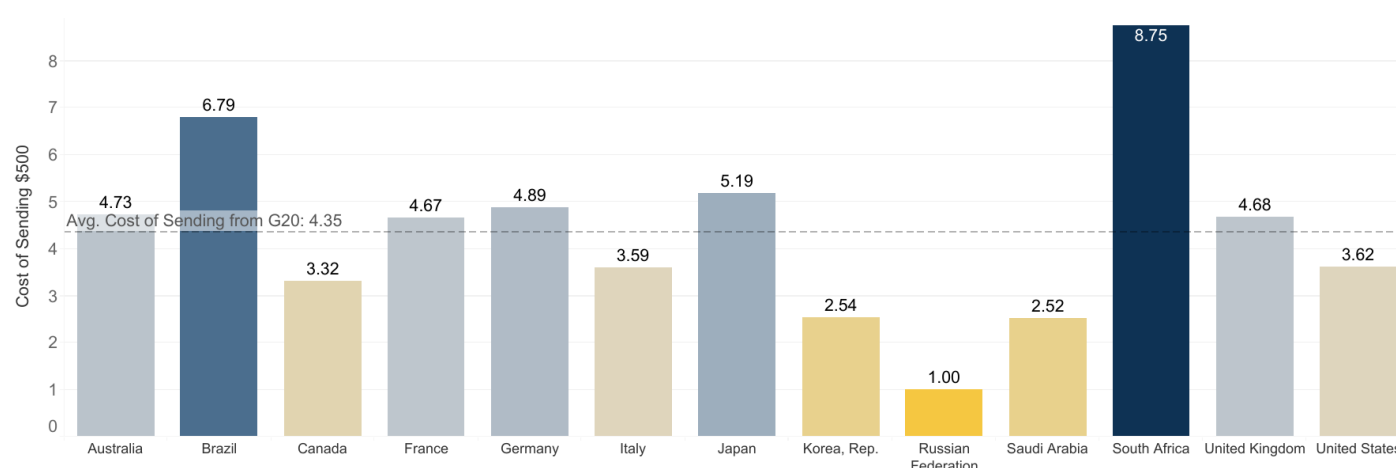
Cost of sending remittances from and to G20 countries

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 16. The cost of remitting USD 500 from G20 countries in Q4 2020 experienced a moderate decrease, recorded at 4.35 percent.

Figure 16 Average cost of sending USD 500 from G20 countries

In Q4 2020, South Africa is the most expensive G20 country to send USD500 from, consistent with the USD200 findings (see Figure 16). The average cost of remitting USD 500 from South Africa decreased to 8.75 percent from 9.09 percent, 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. Brazil is the second most expensive G20 country to send USD 500 from, recorded at 6.79 percent. Russia is the least expensive sending country in this grouping, exhibiting a total average cost of sending USD 500 of 1.00 percent, followed by Saudi Arabia (2.52 percent), Republic of Korea (2.54 percent), Canada (3.32 percent), Italy (3.59 percent), and the United States (3.62 percent). Of this group Australia, France, Germany, Japan, the UK, Brazil, and South Africa exhibit costs higher than the Global Average in Q4 2020.

Figure 17 Average cost of remitting from G20 countries



Figures 18 and 19 display the total average cost of sending USD 500 to G20 countries over time and in Q4 2020, respectively. The average cost of sending USD 500 to the G20 countries that are included in RPW as receiving markets decreased between Q3 2020 and Q2 2020, recorded at 4.19 percent in Q4 2020. In contrast with the Global Average cost of sending USD 500, the total average cost of sending USD 500 to G20 countries has led a more volatile path over the past year.

For the past 4 consecutive years, the cost of remitting USD 500 to G20 countries is recorded below the Global Average cost of sending USD 500. South Africa (6.23 percent) is the most expensive country in this grouping to remit to, followed by Brazil (5.17 percent), Turkey (4.94 percent), and China (4.93 percent). Over the last 5 years, the total average cost of sending to G20 countries has decreased slightly by 0.03 percentage point (in Q4 2015, this figure was recorded at 4.22 percent).

Figure 18 Average cost of remitting to G20 countries

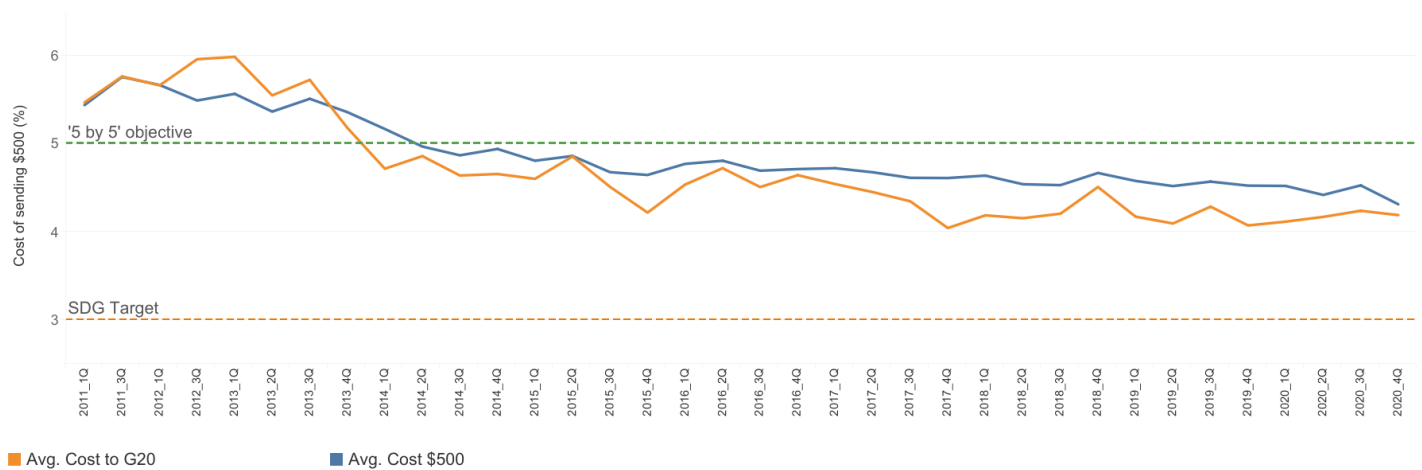
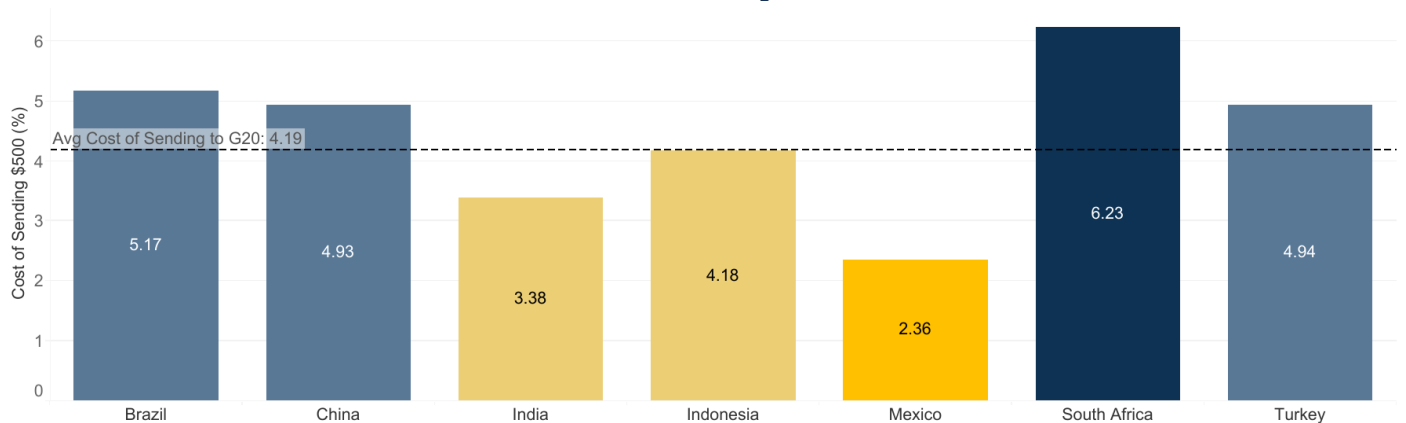


Figure 19 Average cost of remitting USD 500 to G20 countries, by Country



Annex III – Tables (\$500)

Table 6 – Global Average, International MTO Index (USD 500)

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Avg. Cost \$500	4.71	4.72	4.67	4.61	4.61	4.64	4.54	4.53	4.67	4.58	4.52	4.57	4.52	4.52	4.42	4.53	4.31
MTO Index \$500	5.70	5.83	5.86	5.75	5.84	5.77	5.68	5.61	5.57	5.34	5.32	5.35	5.41	5.29	5.06	5.00	4.79

Table 7 – Cost of sending USD 500 from G20 countries

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Australia	5.85	6.00	5.78	5.57	5.46	5.23	4.99	5.00	5.34	4.91	5.00	4.82	4.94	4.91	4.71	4.68	4.73
Brazil	4.70	5.02	2.77	3.99	5.13	3.94	6.14	4.58	5.99	5.87	5.85	4.38	5.65	4.15	9.19	9.46	6.79
Canada	5.20	4.92	4.36	4.57	4.68	4.65	4.77	5.15	4.95	5.27	4.34	5.48	5.68	4.84	4.74	4.22	3.32
France	5.45	5.45	5.63	5.17	5.14	5.34	5.06	5.16	4.96	5.15	5.32	5.46	5.33	5.36	4.86	5.00	4.67
Germany	5.24	5.51	5.21	5.15	4.95	5.15	4.97	5.06	5.74	5.40	5.52	5.34	5.23	5.44	4.82	5.22	4.89
Italy	4.18	3.80	4.01	3.91	4.09	4.09	3.98	4.03	4.06	3.98	4.13	4.35	3.74	3.82	3.99	4.43	3.59
Japan	6.18	6.10	5.49	5.64	4.99	5.36	6.30	5.05	5.45	5.40	5.38	5.17	5.02	4.83	5.32	5.89	5.19
Korea, Rep.	2.69	2.57	3.07	2.47	2.63	2.71	2.62	2.63	2.55	2.69	2.65	2.60	2.18	2.46	2.38	2.40	2.54
Russian Federation	1.88	1.82	1.73	1.79	1.48	1.48	1.54	1.58	1.63	1.61	1.62	1.48	1.94	1.50	1.55	1.61	1.00
Saudi Arabia	2.96	3.36	3.64	2.84	3.56	3.67	3.79	4.40	4.55	2.92	3.22	3.11	2.87	2.65	2.94	2.66	2.52
South Africa	10.51	9.87	9.52	9.25	9.41	10.48	9.49	9.02	8.97	9.24	8.93	10.11	10.93	9.74	8.58	9.09	8.75
United Kingdom	5.20	5.42	5.16	4.74	5.09	4.95	4.76	5.04	4.86	4.91	4.87	5.17	5.09	5.26	4.76	4.74	4.68
United States	3.98	3.75	3.66	3.74	3.83	3.68	3.64	3.52	4.09	3.90	3.84	3.67	3.75	3.73	3.58	3.50	3.62
From G20	4.88	4.86	4.74	4.61	4.72	4.73	4.65	4.62	4.83	4.70	4.69	4.78	4.74	4.66	4.47	4.59	4.35

Table 8 – Cost of receiving USD 500 in G20 countries

	2016_4Q	2017_1Q	2017_2Q	2017_3Q	2017_4Q	2018_1Q	2018_2Q	2018_3Q	2018_4Q	2019_1Q	2019_2Q	2019_3Q	2019_4Q	2020_1Q	2020_2Q	2020_3Q	2020_4Q
Brazil	5.68	4.80	4.49	4.66	4.74	4.64	5.27	5.17	5.40	5.16	5.37	5.56	5.20	5.78	5.42	5.00	5.17
China	5.63	5.63	5.49	5.27	4.69	4.92	4.48	4.77	5.36	5.29	5.01	5.83	5.06	4.91	5.02	5.25	4.93
India	3.51	3.60	3.55	3.54	3.29	3.29	3.29	3.38	3.60	3.27	3.10	3.31	3.20	3.24	3.20	3.29	3.38
Indonesia	5.07	5.04	5.12	4.66	4.21	5.20	4.78	4.55	5.11	4.10	4.20	3.75	3.84	3.84	4.32	4.17	4.18
Mexico	3.13	3.32	3.86	3.37	3.02	2.82	2.35	2.65	4.10	3.00	3.04	3.16	2.94	2.57	2.81	2.69	2.36
South Africa	6.07	5.46	5.49	5.71	6.13	5.24	5.36	6.23	5.66	5.60	6.16	5.78	6.20	6.06	5.72	6.29	6.23
Turkey	5.78	5.40	5.02	4.94	5.21	5.29	6.05	5.29	4.36	4.96	5.30	4.82	4.94	5.01	4.90	5.45	4.94
Grand Total	4.64	4.54	4.45	4.34	4.04	4.18	4.15	4.20	4.51	4.17	4.09	4.28	4.07	4.11	4.17	4.24	4.19



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