

Remittance Prices Worldwide

Issue n. 16, December 2015

*This Report reflects the latest trends observed in the data published in December 2015.
Remittance Prices Worldwide is available at <http://remittanceprices.worldbank.org>*

Overview

Remittance Prices Worldwide (RPW) monitors remittance prices across all geographic regions of the world. Launched in September 2008, RPW remains a key tool to monitor the cost incurred by remitters when sending money along major remittance corridors. In Q4 2015, RPW coverage increased substantially from 32 to 35 remittance sending countries and from 89 to 99 receiving countries, for a total of 300 (from 227) country corridors worldwide.

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.

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.

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Key Findings

Based on the data collected for the Q4 2015 release of RPW, and when compared to previous iterations,ⁱ the following main findings have been identified.ⁱⁱ

- In Q4 2015, the coverage of RPW increased from 227 to 300 corridors globally, now covering 35 sending and 96 receiving countries.
- In Q4 2015, the Global Average total cost of sending remittances experienced a modest decline to 7.37 percent, down from 7.52 percent in the previous quarter.
- The International MTO Index remained stable and now stands at 8.05 percent in Q4 2015, compared to 8.04 percent in Q3 2015.
- The Global Weighted Average declined dramatically – from 5.91 percent last quarter to 3.29 percent in Q4 2015 – but this can largely be attributed to changes in the sample.
- In Q4 2015, 80 percent of corridors had an average total cost below 10 percent compared to only half in 2009 and, in the same time period, the percentage of corridors with average cost over 15 percent has been reduced by two-thirds.
- The average cost of sending remittances from the G8 countries was recorded at 6.89 percent in Q4 2015. Germany and Russia were the only two G8 countries not to experience a decline over the last quarter.
- In Q4 2015, the cost of sending remittances from G20 countries was recorded at 7.46 percent, remaining substantially stable compared to the last quarter. The average cost of sending money to the G20 countries that are included in RPW as receiving markets decreased and was recorded at 7.10 percent, compared to 7.64 percent in Q3 2015.
- In Q4 2015, the changes in the cost of sending remittances by region were relatively small for most regions.ⁱⁱⁱ The MNA region experienced a significant decrease from 8.37 percent to 7.42 percent. SA remains the least costly region to send money to, and SSA remains the most expensive.
- Commercial banks (11.12 percent) remained the most expensive of all Remittance Service Provider (RSP) types, followed by MTOs (6.24 percent) and Post Offices (5.88 percent).
- Online services are the least expensive product type at 5.57 percent, while account to account products are the most expensive product type (10.86 percent).

Global trends

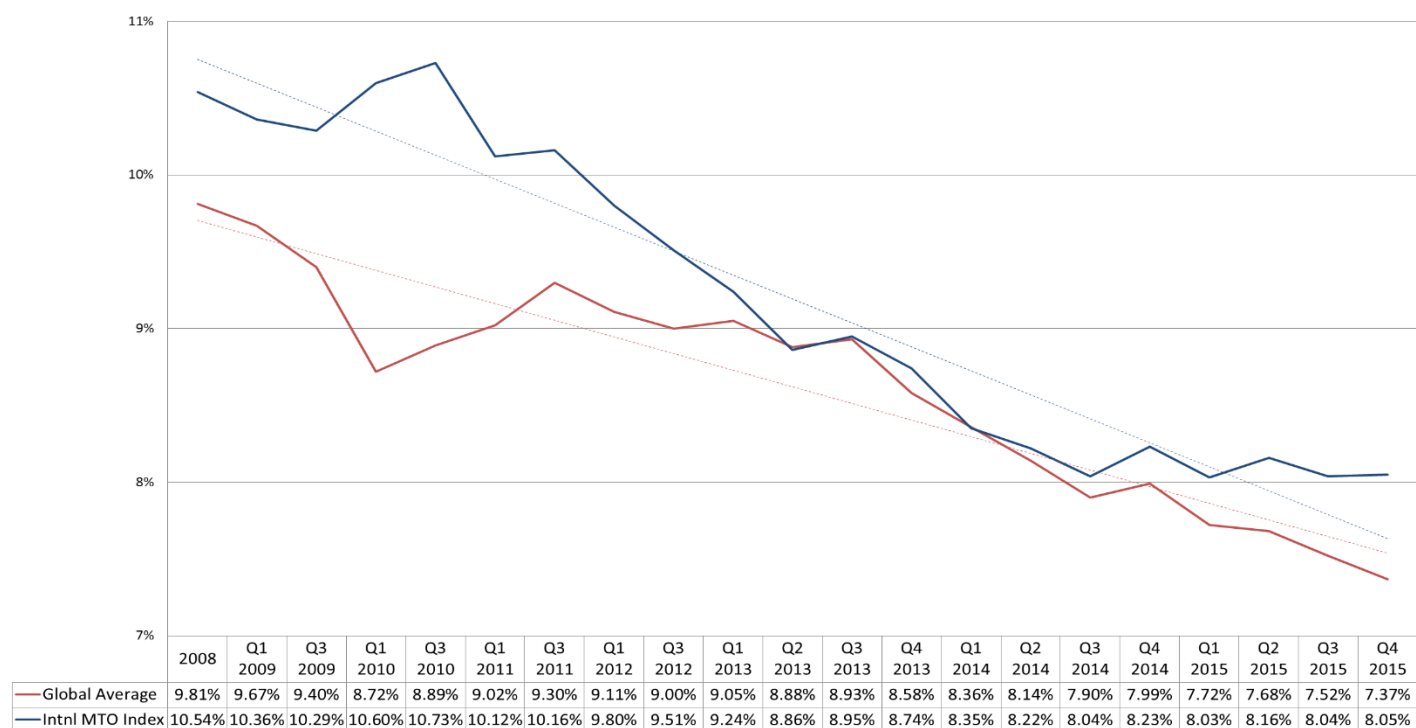
Global Average Total Cost reaches new lifetime low

In Q4 2015, the Global Average total cost for sending remittances was recorded at 7.37 percent – representing a 0.15 percentage point decline compared to the previous quarter when the average was 7.52 percent – and has remained below 8 percent for more than a year, since Q3 2014 (see Figure 1 and Table 1 in the Annex). This represents a decline of 2.30 percentage points over the last six years, as in Q1 2009 the same figure was recorded at 9.67 percent.

International MTO Index substantially stable over the last year

The International MTO Index tracks the prices of MTOs that are present in at least 85 percent of corridors covered in the RPW database.^{iv} A convergence between the Global Average and the Intl MTO Index was noted in Q1 2014 and continued for several quarters. Over the last year, while the Global Average continued to decline, the Index remained substantially stable and it was recorded at 8.05 percent in Q4 2015.

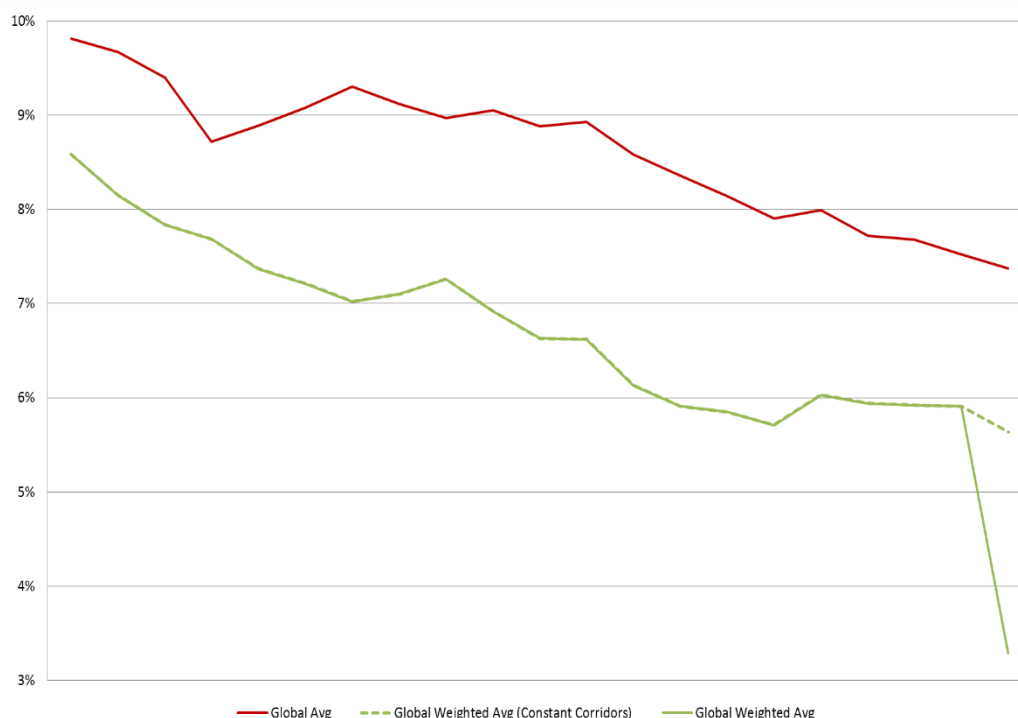
Figure 1 Global Average Total Cost for sending USD 200^v



Global Weighted Average declines dramatically, largely due to sample increase

In addition to the Global Average, a global weighted average total cost is calculated, which accounts for the relative size of the flows in each remittance corridor.^{vi} The Global Weighted Average of sending remittances, as illustrated in Figure 2 (see also Table 1 in the Annex), has at times shown a different pattern from the simple average. The Global Weighted Average declined dramatically – from 5.91 percent last quarter to 3.29 percent in Q4 2015 – but this can largely be attributed to the increase of the RPW sample. In fact, the Global Weighted Average, considering only those corridors present in Q3 2015 would have been 5.64 percent in Q4 2015.

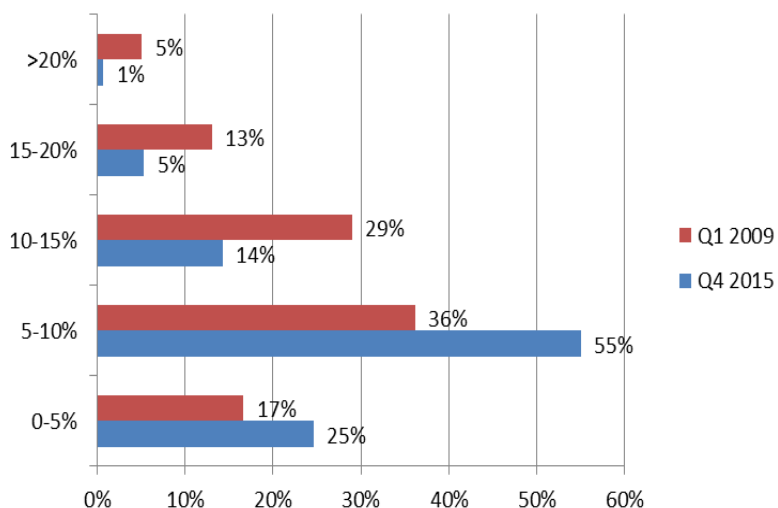
Figure 2 Global Weighted Average for sending USD 200



Corridor level trends

Figure 3 shows that the overall downward trend reflected in the Global Average is even more evident when looking at the individual corridor level. The percentage of corridors where remitters could pay less than 10 percent on average to send money home has increased significantly since 2009 – just about half of corridors in Q1 2009 compared to 80 percent of RPW corridors in Q4 2015. For the higher bands, the percentage has dropped: the proportion of corridors with an average total cost above 15 percent is one third of what it was in Q1 2009.

Figure 3 Distribution of Average Total Costs



G8 and G20 countries

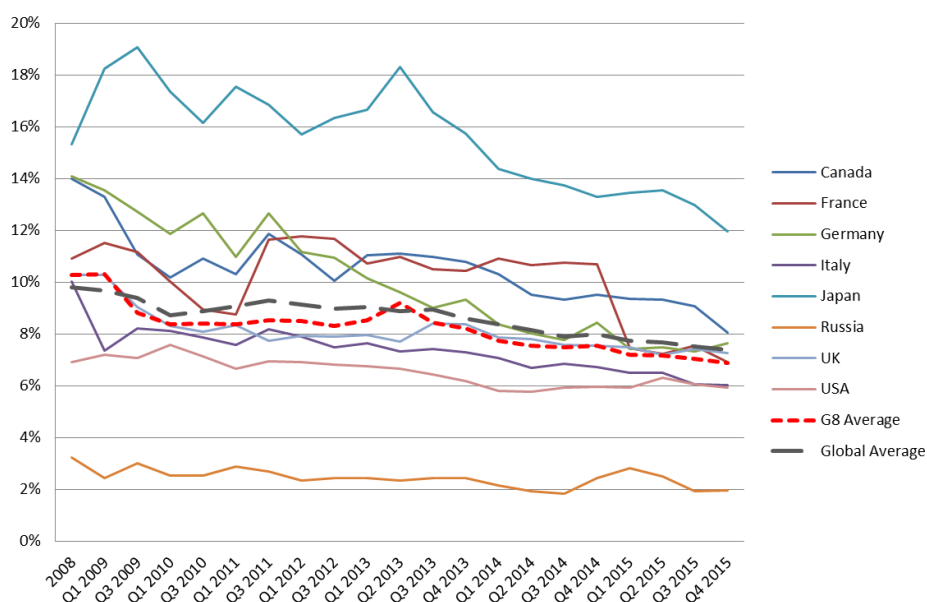
Average cost of sending from G8 countries falls below 6 percent for the first time

The G8 countries include some of the major sending countries in the world. The average cost for sending remittances from the G8 countries experienced a modest decline from 7.02 percent in Q3 2015 and now stands at 6.89 percent. This represents a new lifetime low for G8 sending countries and the first time the figure has fallen below 6 percent.

As Figure 4 illustrates, there are significant disparities in the cost structure across these countries (see also Table 2 in the Annex). The average cost of sending money from Japan and Canada are consistently above both the Global Average and the G8 average, while costs in Russia, the United States, and Italy are consistently below. France and Germany, until recently, were among the countries listed as consistently above, but both countries have converged towards the global average in recent quarters. The UK tends to oscillate between the two – typically above G8 average but below Global Average, as it was in Q4 2015.

In Q4 2015, all but two G8 countries – Germany and Russia – experienced at least some decline, however modest.

Figure 4 Total average in G8 countries



The largest declines were seen in Canada (9.08 to 8.05 percent), France (7.56 to 6.91 percent), and Japan (12.97 to 11.95 percent). Despite this decline, Japan remains the most expensive G8 sending country. Russia remains the least expensive sending country. More modest declines were also recorded in Canada (9.31 to 9.08 percent), Germany 7.48 to 7.32 percent), and the USA (6.30 to 6.04 percent). The cost of sending remittances from Germany and Russia increased in Q4 2015, from 7.32 to 7.64 percent for Germany, and from 1.92 to 1.95 percent for France.

Cost of sending remittances from G20 countries remains stable, cost of sending to the G20 countries declines

With the exception of Q3 2009, the cost of remitting from G20 countries^{vii} followed roughly the same pattern as the Global Average, until Q1 2013. In Q2 2013, the two figures began to move in opposite directions, and continued to do so every quarter, with the exception of Q4 2013, when both indices declined. Once again, the cost of remitting from the G20 countries moved in the opposite direction to the Global Average cost in Q1 2014, but beginning in the following quarter, both indices have moved in sync in the following six quarters, as shown in Figure 5 (see also Table 2 in the Annex). The cost of remitting from G20 countries was recorded at 7.46 percent in Q4 2015, substantially stable compared to 7.42 percent in Q3 2015.

Figure 5 Average cost of sending USD 200 from G20 countries

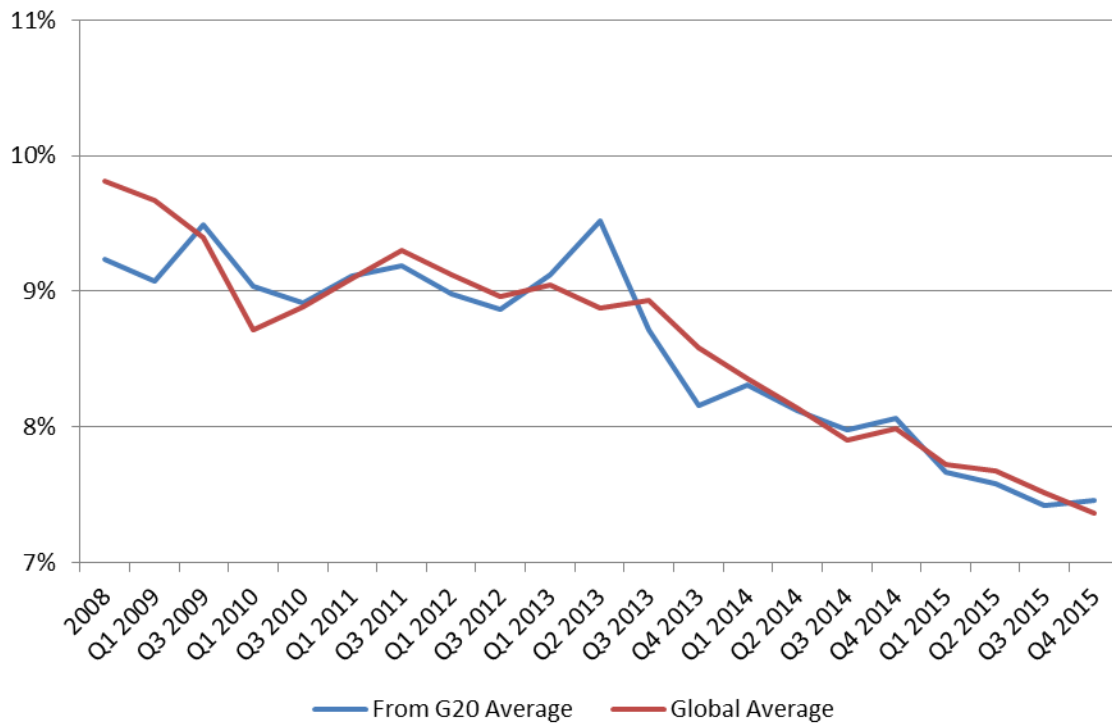


Figure 6 Average cost of sending USD 200 to G20 countries

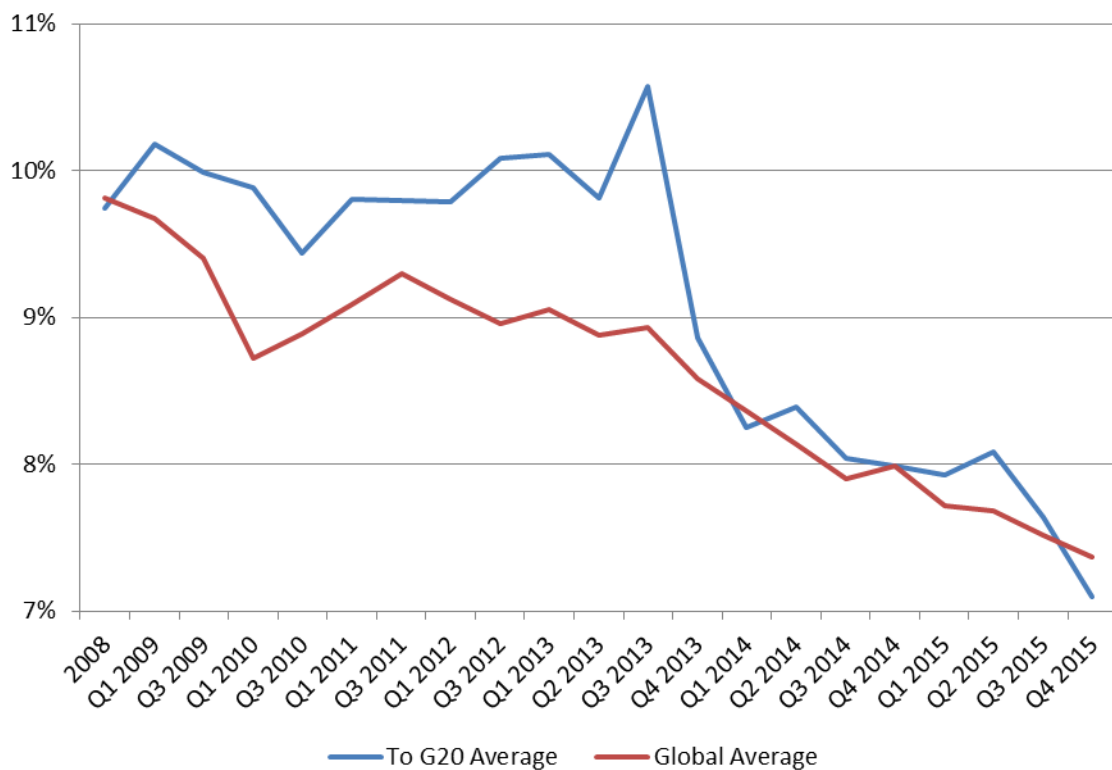
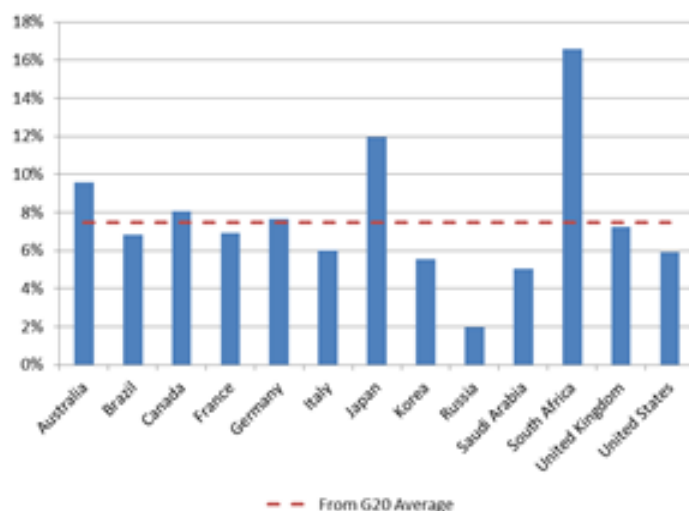
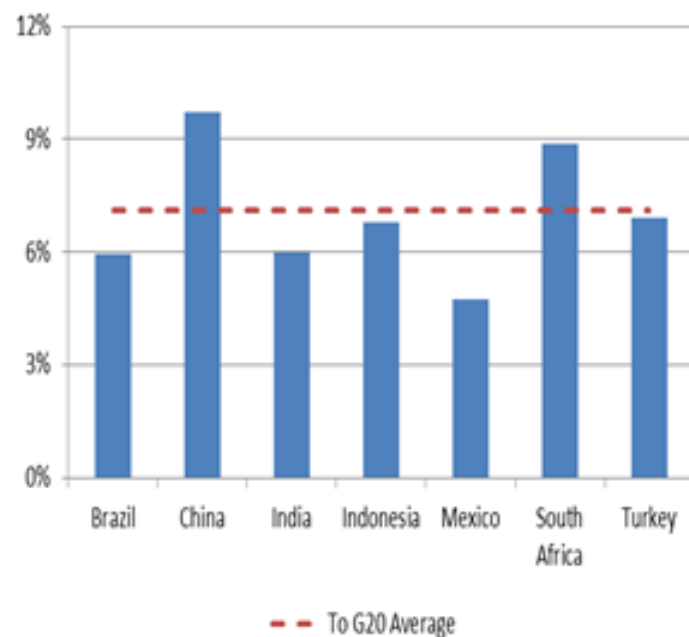


Figure 7 Average cost of remitting from G20 countries in Q4 2015



South Africa remains the most costly G20 country to send remittances from (see Figure 7), and this is despite a decline of about 5 percentage points in the last two years, when the cost of sending from South Africa was in excess of 20 percent. The cost of sending from the second most expensive G20 sending country – Japan – was recorded at 11.95 percent, falling below 12 percent for the first time in the history of RPW. Russia remains the least expensive G20 sending country, followed by Saudi Arabia (5.05 percent), Korea (5.54 percent) and the USA (5.93 percent).

Figure 8 Average cost of remitting to G20 countries in Q4 2015



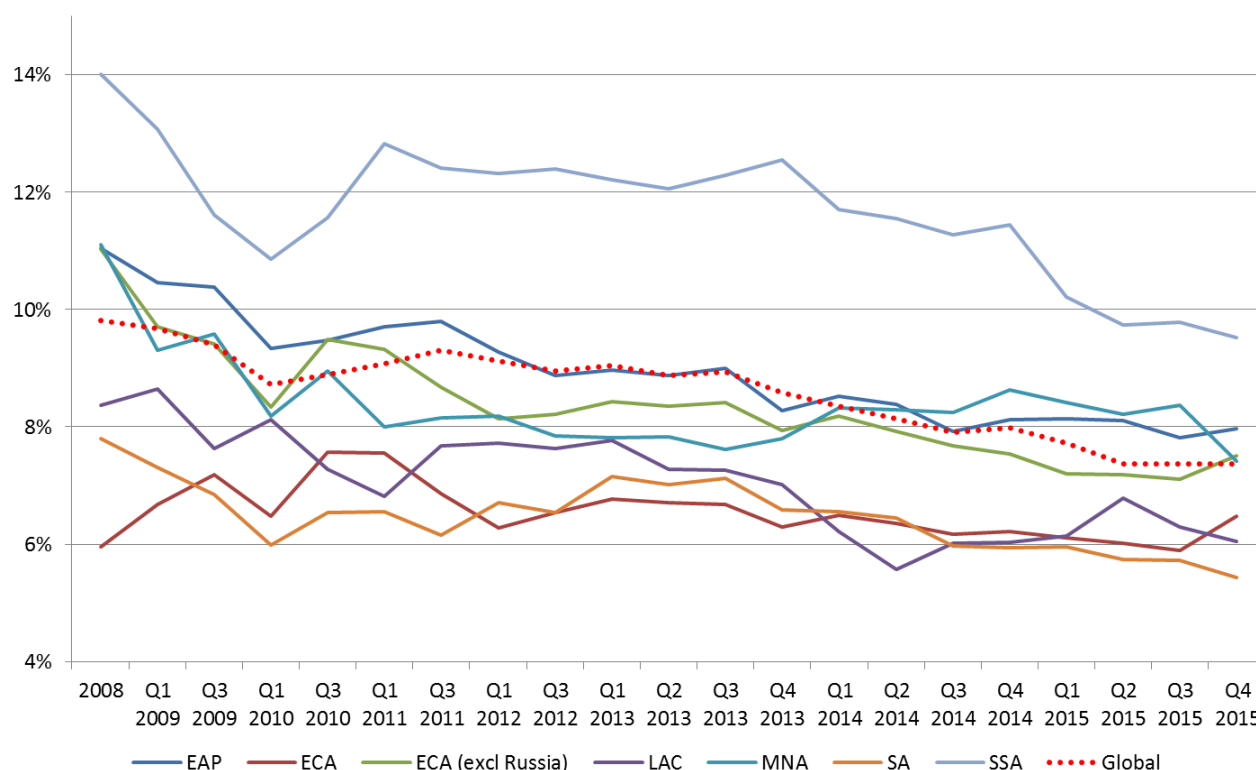
The average cost of sending money to the G20 countries that are included in RPW as receiving markets was recorded at 7.10 percent, decreasing from 7.64 percent in Q3 2015. Apart from a few quarters, the average cost of sending money to the G20 countries has followed the pattern of the Global Average. The disparity between the average cost of sending money to the G20 and the Global Average increased over time, and reached a peak in Q3 2013 (see Figure 6 and Table 3 in the Annex). The convergence between the two figures – a narrowing of the distance between the two Indices first noted in Q4 2013 – has continued to the present time, though the cost of sending to G20 countries declined at a faster rate than the Global Average in the most recent quarter. In Q4 2015, China (9.72 percent) was the most expensive country in the G20 to send money to, (Figure 8), followed by South Africa (8.89 percent). Mexico (4.75 percent) and India (5.95 percent) were the cheapest receiving markets in the G20 group.

Regional trends

The cost for remittance services varies significantly depending on the region where the money is being sent (see Figure 9 and Table 4 in the Annex). Different trends were observed in different regions.

The most meaningful change in Q4 2015 was a decline in the cost of sending remittances to the Middle East and North Africa region (MNA), which decreased from 8.37 to 7.42 percent. All other regions experienced very modest changes or remained essentially stable. South Asia (5.43 percent) maintains its position as least costly region to send money to, while Sub-Saharan Africa – still the most expensive region – stays below 10 percent for the third consecutive quarter.

Figure 9 Average total costs by region of the world

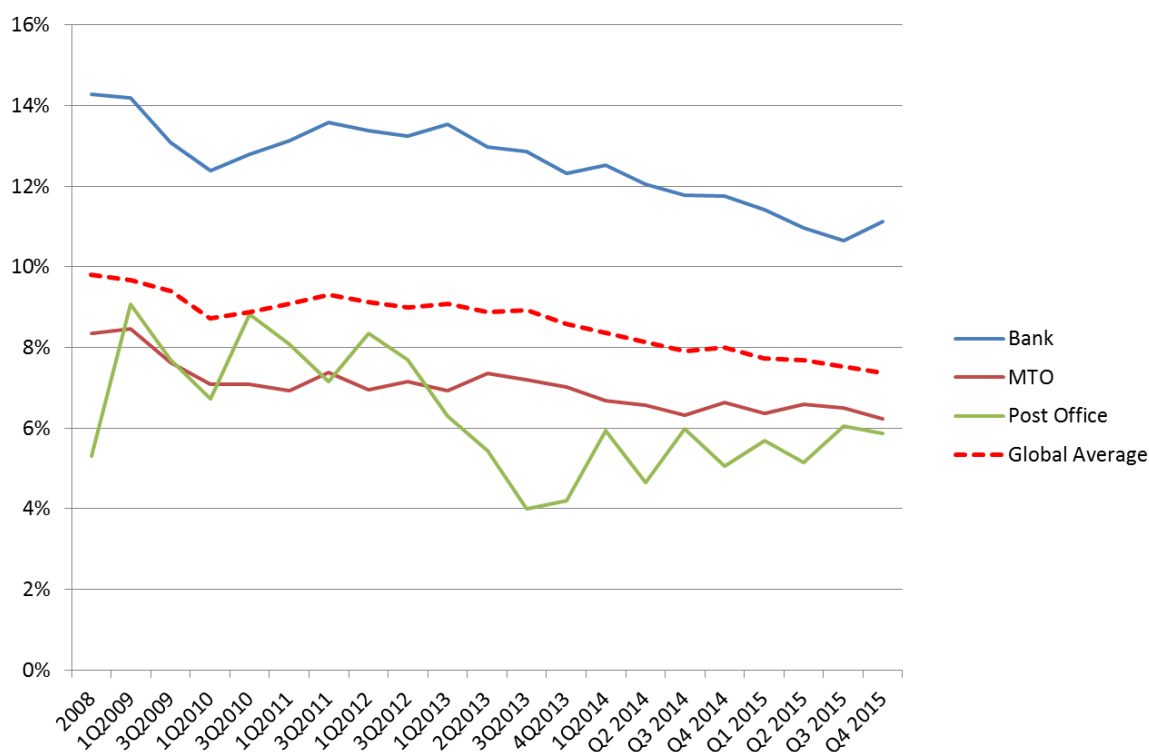


The cost of sending remittances by region in Q4 2015, beginning with the most expensive, were 9.53 for Sub-Saharan Africa (SSA), 7.97 percent for the East Asia and Pacific region (EAP) region, 7.42 percent for the Middle East and North Africa region (MNA) region, 6.48 for the Eastern Europe and Central Asia (ECA) region, 6.04 percent for the LAC region, and 5.43 for the South Asian region (SAR). Due to the peculiarity of the Russian 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 7.51 percent – nearly 1 percentage point higher than the average including Russia.

Costs by RSP type

RPW tracks the cost of sending remittances for three main RSP types; commercial banks, MTOs, and post offices. Based on the data from Q4 2015 (see Figure 10) and following a slight increase from last quarter, banks (11.12 percent) continue to be the most costly RSP type. The cost of using post offices and MTOs is significantly lower – 6.24 and 5.88 percent, respectively – and experienced a slight decline in the last quarter.

Figure 10 Total averages by RSP type



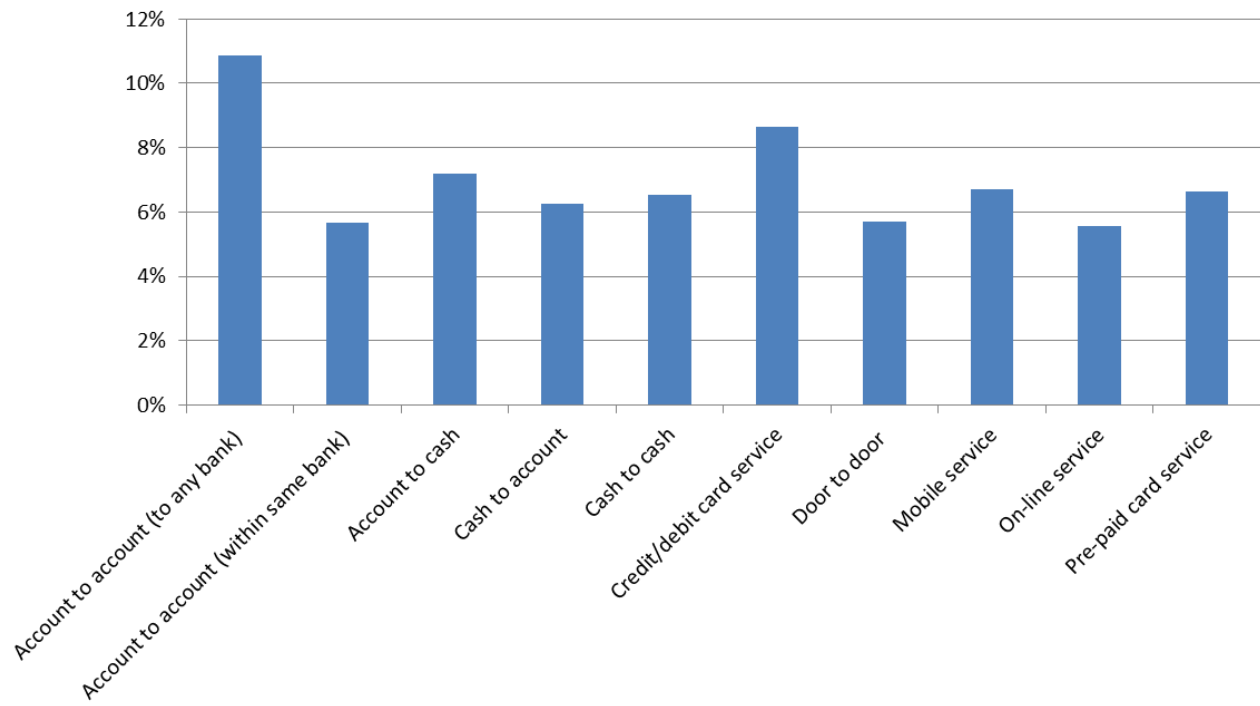
Costs by product type

Cash services remain one of the cheapest ways to send money, with an average cost of 6.54 percent, as shown in Figure 11.

Account to account services are still the most expensive product type at 10.86 percent. The cost of transfers within the same bank (or to a partner bank in the receiving country) is significantly cheaper (5.67 percent). The cost of account to account services has converged towards the price of cash services and, for only the second time as recorded by RPW, bank transfers within the same bank (or to a partner bank in the receiving country) are cheaper than cash to cash services.

Once again, online products are the cheapest product type, at an average cost of 5.57 percent. A number of providers are emerging in the online space, offering senders different options to pay for the transaction (from their bank accounts, with either a wire transfer or direct debit, or by debit or credit card). The sender can also choose different ways for the money to be delivered, for example to the beneficiary's bank account or in cash at an agent in the receiving country (however, this generally increases the total cost of the transaction).

Figure 11 Average cost by product type



Annex – Tables

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

	Q1 2011	Q3 2011	Q1 2012	Q3 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Intl MTO Index	10.12	10.16	9.80	9.51	9.24	8.86	8.95	8.74	8.35	8.22	8.04	8.23	8.03	8.16	8.04	8.05
Global Weighted Average	7.21	7.02	7.10	7.26	6.92	6.63	6.62	6.13	5.91	5.85	5.71	6.03	5.94	5.92	5.91	3.29*
Global Average	9.02	9.30	9.11	9.00	9.05	8.88	8.93	8.58	8.36	8.14	7.90	7.99	7.72	7.68	7.52	7.37

* When controlling for the change in RPW sample, the global weighted average for only those corridors available in Q3 2015 would have been 5.64 %

Table 2 - Total average in G20 sending countries (%)

	Q1 2011	Q3 2011	Q1 2012	Q3 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Australia	15.21	14.82	11.02	10.84	11.07	10.21	10.19	9.12	9.80	9.60	8.88	8.92	8.97	9.22	9.24	9.60
Brazil	6.31	11.12	13.00	5.88	8.66	6.35	5.94	9.65	6.35	4.24	5.26	4.74	5.02	5.72	7.40	6.81
Canada	10.31	11.87	11.08	10.06	11.03	11.09	10.97	10.79	10.31	9.50	9.31	9.52	9.34	9.31	9.08	8.05
France	8.76	11.63	11.78	11.68	10.72	10.96	10.48	10.43	10.91	10.65	10.74	10.70	7.45	7.22	7.56	6.91
Germany	10.98	12.64	11.16	10.94	10.16	9.62	9.01	9.31	8.37	8.03	7.76	8.43	7.43	7.48	7.32	7.64
Italy	7.57	8.18	7.88	7.47	7.64	7.31	7.42	7.28	7.06	6.70	6.83	6.73	6.49	6.49	6.05	6.02
Japan	17.54	16.84	15.70	16.32	16.66	18.31	16.57	15.73	14.36	14.00	13.74	13.28	13.43	13.55	12.97	11.95
Korea	8.28	6.36	6.73	6.65	6.49	6.20	6.43	6.08	5.98	5.99	6.00	6.20	6.19	6.09	5.43	5.54
Russia	2.88	2.68	2.33	2.42	2.43	2.34	2.43	2.44	2.16	1.92	1.83	2.44	2.82	2.51	1.92	1.95
Saudi Arabia	4.38	4.13	4.22	4.25	3.93	4.46	4.05	4.19	4.09	4.45	3.85	4.41	4.68	4.06	4.13	5.05
South Africa	18.29	17.73	18.77	20.56	20.72	20.69	19.29	18.16	19.80	19.56	19.54	19.76	18.00	16.79	15.19	16.59
UK	8.33	7.73	7.93	7.88	7.96	7.69	8.40	8.38	7.86	7.80	7.56	7.55	7.49	7.20	7.41	7.25
USA	6.67	6.93	6.91	6.80	6.75	6.65	6.42	6.18	5.80	5.78	5.92	5.97	5.92	6.30	6.04	5.93
G8	8.36	8.53	8.49	8.31	8.53	9.19	8.44	8.20	7.73	7.54	7.49	7.54	7.19	7.17	7.02	6.89
From G20	9.11	9.19	8.98	8.87	9.12	9.52	8.72	8.16	8.31	8.12	7.98	8.06	7.67	7.58	7.42	7.46
Global	9.02	9.30	9.11	9.00	9.05	8.88	8.93	8.58	8.36	8.14	7.90	7.99	7.72	7.68	7.52	7.37

Table 3 - Total average in G20 receiving countries (%)

	Q1 2011	Q3 2011	Q1 2012	Q3 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Brazil	10.44	13.42	11.31	12.99	13.48	11.56	11.94	10.97	6.35	7.43	7.66	7.91	7.96	9.38	7.01	5.95
China	12.58	11.92	11.60	12.01	11.62	11.59	11.99	11.13	10.58	10.89	10.49	10.49	10.54	10.38	10.18	9.72
India	7.70	6.96	7.95	7.83	9.05	9.18	8.57	7.86	7.57	7.62	7.00	6.88	6.78	6.88	6.50	6.00
Indonesia	6.25	5.94	6.97	6.01	6.69	6.67	7.61	6.53	7.10	7.38	7.32	7.34	6.74	6.69	6.90	6.77
Mexico	6.58	5.97	5.86	5.56	5.31	5.67	4.41	5.29	4.48	4.51	4.48	4.37	4.62	5.30	5.59	4.75
South Africa	9.55	8.03	7.90	9.57	10.08	9.87	9.55	8.39	7.63	7.62	9.27	9.06	8.25	7.78	8.98	8.89
Turkey	9.25	8.76	8.76	7.75	7.26	8.43	7.95	7.24	7.02	7.28	6.91	6.42	6.72	6.79	6.95	6.89
To G20	9.80	9.80	9.79	10.08	10.11	9.81	10.57	8.86	8.25	8.39	8.02	7.99	7.93	8.08	7.42	7.10
Global	9.02	9.30	9.11	9.00	9.05	8.88	8.93	8.58	8.36	8.14	7.90	7.99	7.72	7.68	7.52	7.37

Table 4 - Total average by regions of the world (%)

	Q1 2011	Q3 2011	Q1 2012	Q3 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
EAP	9.71	9.80	9.27	8.88	8.97	8.88	9.00	8.28	8.52	8.38	7.92	8.12	8.13	8.11	7.82	7.97
ECA	7.55	6.86	6.28	6.54	6.77	6.70	6.68	6.29	6.49	6.35	6.17	6.22	6.11	6.02	5.89	6.48
ECA (x Russia)	9.32	8.68	8.14	8.21	8.43	8.35	8.41	7.93	8.18	7.92	7.67	7.54	7.20	7.18	7.10	7.51
LAC	6.82	7.68	7.72	7.65	7.77	7.28	7.26	7.02	6.21	5.57	6.02	6.03	6.14	6.78	6.29	6.04
MNA	8.00	8.15	8.19	7.85	7.81	7.83	7.61	7.80	8.32	8.29	8.25	8.63	8.41	8.21	8.37	7.42
SAR	6.56	6.15	6.70	6.54	7.16	7.02	7.12	6.58	6.56	6.45	5.97	5.94	5.96	5.74	5.73	5.43
SSA	12.82	12.41	12.32	12.40	12.21	12.06	12.29	12.55	11.71	11.55	11.28	11.45	10.21	9.74	9.78	9.53
Global	9.02	9.30	9.11	9.00	9.05	8.88	8.93	8.58	8.36	8.14	7.90	7.99	7.72	7.68	7.52	7.37

See note iv for list of abbreviations

Notes

ⁱ The first iteration of the database was released in September 2008. For the following five years, the RPW database was updated every six months with data releases published for Q1 and 3Q 2009, Q1 and 3Q 2010, Q1 and 3Q 2011 and Q1, and 3Q 2012. Starting in 2013, the RPW database was updated on a quarterly basis.

ⁱⁱ All figures refer to the cost of sending USD 200 or the local currency equivalent.

ⁱⁱⁱ The regions' abbreviations are as follows: East Asia and Pacific (EAP), Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), Middle East and North Africa (MNA), South Asia (SAR), Sub-Saharan Africa (SSA).

^{iv} 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.

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

^{vi} 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 2014, available at <http://go.worldbank.org/JITC7NYTT0>) 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.

^{vii} In the final declaration of the Cannes Summit on November 3 and 4 2011, the G20 head of state committed to work towards the reduction of the average cost of transferring remittances from 10 to 5 percent by 2014. The G20 adoption of a target created the need for an index that specifically monitors the price of remittances in the G20 members. As some G20 countries are included in RPW as remittance senders, while others are listed as receivers, two different indexes are presented here: (1) average for sending remittances from the G20 member countries; and (2) average for sending remittances to the G20 member countries. The following G20 countries are included in RPW. Sending countries: Australia, Canada, France, Germany, Italy, Japan, Republic of Korea, Russia, Saudi Arabia, United Kingdom, and the United States. Receiving countries: China, India, Indonesia, Mexico, and Turkey. Countries that are both sending and receiving: Brazil and South Africa. Argentina is not included in RPW. The European Union does not appear as such in RPW, although most EU member countries are included in the database.
