

Remittance Prices Worldwide

Issue n. 17, March 2016

This Report reflects the latest trends observed in the data published in March 2016.

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. 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.

As of Q4 2015, RPW covers 35 remittance sending countries and 99 receiving countries, for a total of 300 (up 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.

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Key Findings

Based on the data collected for the Q1 2016 release of RPW, and when compared to previous iterations,ⁱ the following main findings have been identified.ⁱⁱ

- In Q1 2016, the Global Average total cost of sending remittances experienced a modest increase – the first since Q4 2014 – to 7.53 percent, up from 7.37 percent in the previous quarter.
- The International MTO Index also increased and now stands at 8.25 percent in Q1 2016, compared to 8.05 percent in Q4 2015.
- The Global Weighted Average experienced a modest increase in Q1 2016, up from 5.60 percent in Q4 2015.ⁱⁱⁱ
- In Q1 2016, nearly 80 percent of corridors had an average total cost of 10 percent or below compared to just over half in 2009 and, in the same time period, the percentage of corridors with average cost over 15 percent has been reduced by approximately two-thirds.
- The average cost of sending remittances from the G8 countries was recorded at 7.06 percent in Q1 2016. All but two countries – Canada and France – remained substantially stable or recorded at least some increase in Q1 2016.
- In Q1 2016, the cost of sending remittances from the G20 countries was recorded at 7.61 percent, up from 7.46 percent in the previous quarter. The average cost of sending money to the G20 countries that are included in RPW as receiving markets decreased and was recorded at 7.51 percent, compared to 7.10 percent in Q4 2015.
- In Q1 2016, the general trend of increasing costs was also evident at the regional level. LAC was the only region to experience a decline in the cost of sending remittances.^{iv} SA remains the least costly region to send money to, and SSA remains the most expensive.
- The cost of sending money through commercial banks (11.09 percent) remained substantially stable in Q1 2016 and the most expensive of all Remittance Service Provider (RSP) types, followed by Post Offices (6.69 percent) and MTOs (6.35 percent).
- Pre-paid card services emerged as the least expensive product type at 3.53 percent, but still account for a very small portion of the RPW sample. Account-to-account products remain the most expensive product type (11.12 percent).

Global trends

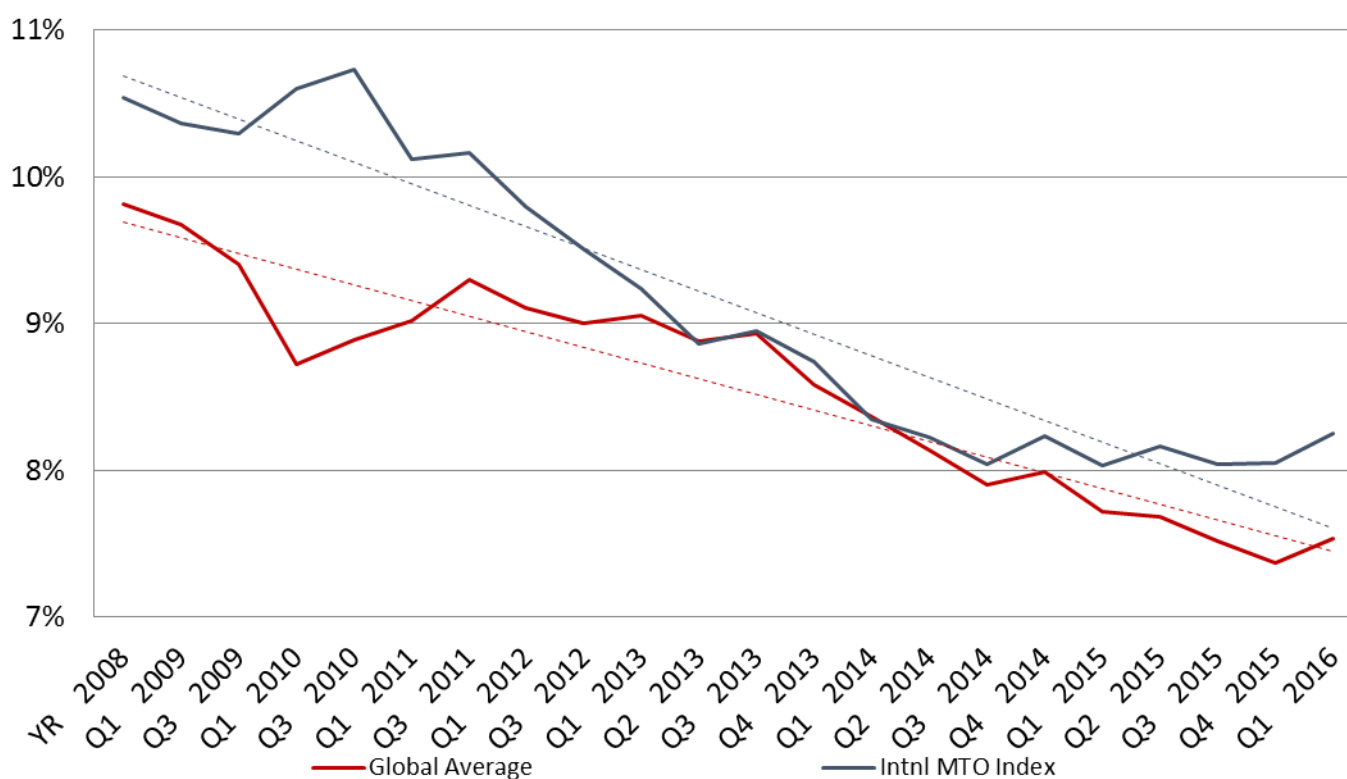
Global Average Total Cost increases for the first time in over a year

In Q1 2016, the Global Average total cost for sending remittances was recorded at 7.53 percent – representing a 0.16 percentage point increase compared to the previous quarter when the average was 7.37 percent and the first increase in the Global Average since Q4 2014. Despite the increase, the Global Average still remains well below 8 percent, as it has been consistently since Q3 2014 (see Figure 1 and Table 1 in the Annex). Overall, this represents a decline of 2.14 percentage points since Q1 2009, when the same figure was recorded at 9.67 percent.

International MTO Index increases, by slightly more than the Global Average

The International MTO Index tracks the prices of MTOs that are present in at least 85 percent of corridors covered in the RPW database.^v A convergence between the Global Average and the Intl MTO Index was noted in Q1 2014 and continued for several quarters. The Intl MTO Index continues to move in lock step with the Global Average, though the increase recorded in Q1 2016 – 0.20 percentage point – was slightly higher than that recorded in the Global Average.

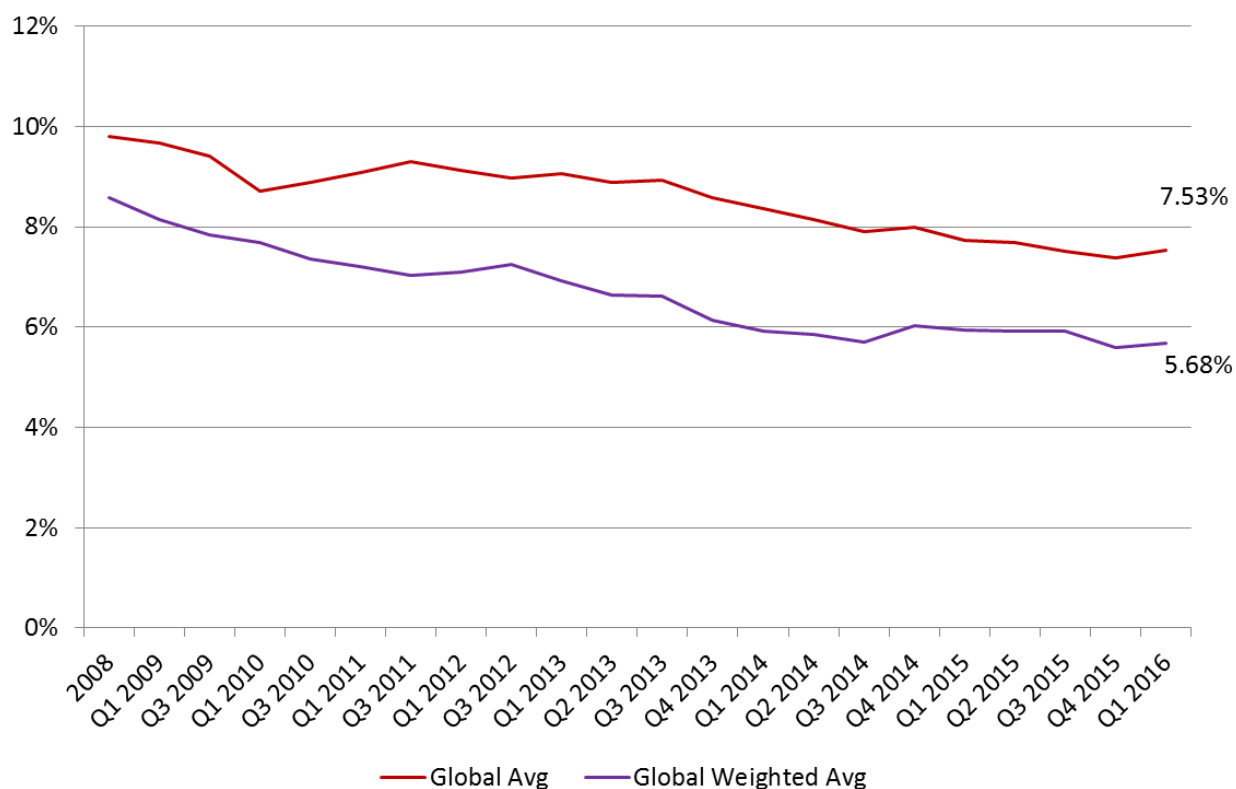
Figure 1 Global Average Total Cost for sending USD 200^{vi}



Global Weighted Average

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.^{vii} 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 increased slightly – from 5.60 percent in Q4 2015 (correction of previously reported figure) to 5.68 percent in Q1 2016. The dramatic increase in the Global Weighted Average reported in Q4 2015, and attributed to the expansion of the RPW sample, was actually due to an error, suggesting that the impact on the Weighted Average of the sample increase was overstated in issue n. 16 of this report and was, in fact, minimal.

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 nearly 80 percent of RPW corridors in Q1 2016. Conversely, for the higher bands, the percentage has dropped: the proportion of corridors with an average total cost above 15 percent is roughly one third of what it was in Q1 2009.

Figure 3 Distribution of Average Total Costs

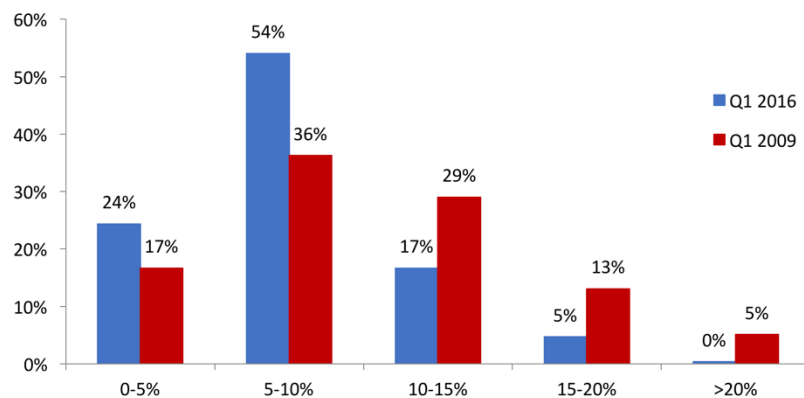
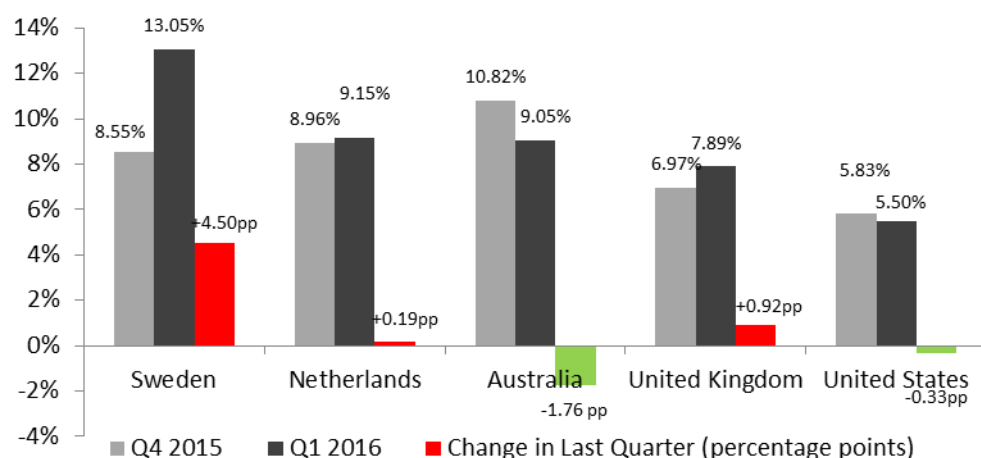


Figure 4 Cost of Sending USD 200 to Somalia by Sending Country



The case of Somalia has become well-known in the last few years, as MTOs serving this country have been severely impacted by bank account closures in the context of the so-called 'de-risking'^{viii} phenomenon. Indeed, this seems to have also impacted the cost of sending remittances to Somalia, which increased from 7.77 percent in Q4 2015 to 9.16 percent Q1 2016, as Figure 4 illustrates.

G8 and G20 countries

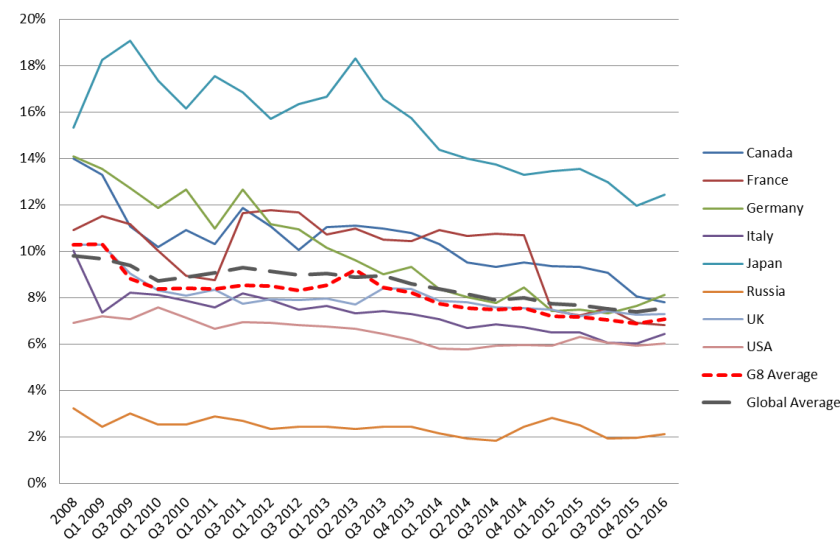
Average cost of sending from G8 countries experiences a modest increase

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 increase from 6.89 percent in Q4 2015 and now stands at 7.06 percent.

As Figure 5 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, Germany, 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, until recently, was among the countries listed as consistently above, but has 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 Q1 2016.

In Q1 2016, all but two G8 countries – Canada and France – experienced at least some increase, however modest.

Figure 5 Total average in G8 countries



The largest increases were seen in Russia (1.95 to 2.11 percent), Italy (6.02 to 6.42), and Germany (7.64 to 8.12 percent). Despite this increase, Russia remains the least expensive sending country in the G8. More modest increases were also recorded in UK (7.25 to 7.29 percent), Japan (11.95 to 12.43 percent), and the USA (5.93 to 6.04 percent). The cost of sending remittances from Canada and France decreased in Q1 2016, from 8.05 to 7.80 percent for Canada, and from 6.91 to 6.82 percent for France.

Cost of sending remittances from and to G20 follows trends in the Global Average

With the exception of Q3 2009, the cost of remitting from G20 countries^{ix} 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 seven quarters, as shown in Figure 6 (see also Table 2 in the Annex). The cost of remitting from G20 countries was recorded at 7.61 percent in Q1 2016, showing a notable increase compared to 7.46 percent in Q4 2015.

Figure 6 Average cost of sending USD 200 from G20 countries



Figure 7 Average cost of sending USD 200 to G20 countries

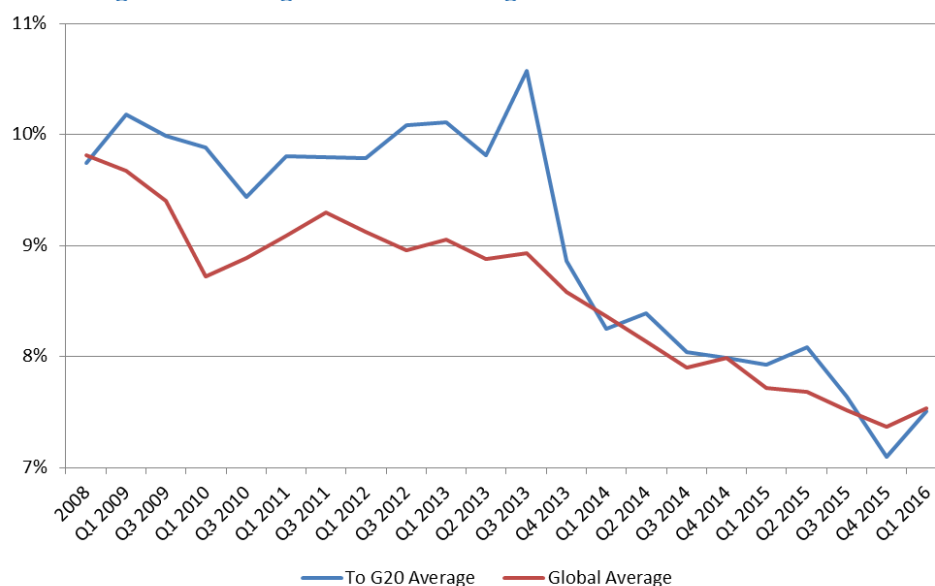
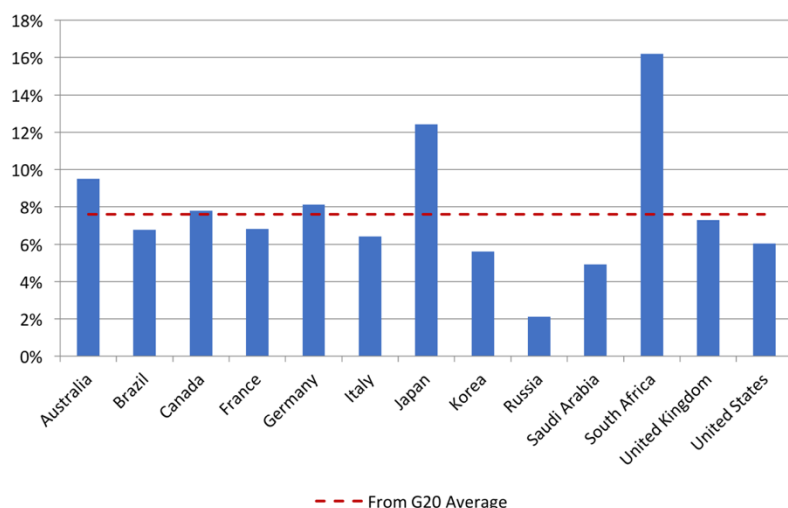
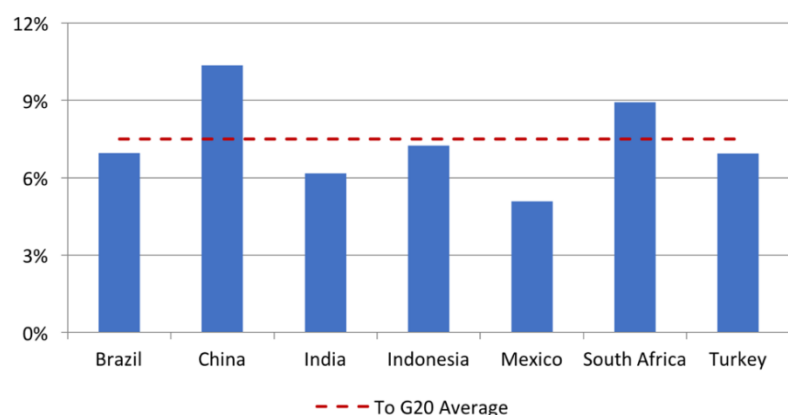


Figure 8 Average cost of remitting from G20 countries in Q1 2016



South Africa remains the costliest G20 country to send remittances from (see Figure 8), and this is despite a decline of nearly 5 percentage points since the peak in Q1 2013, 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 12.43 percent, once again rising above 12 after just one quarter recording an average cost below. Russia remains the least expensive G20 sending country, followed by Saudi Arabia (4.91 percent), Korea (5.61 percent) and the USA (6.03 percent).

Figure 9 Average cost of remitting from G20 countries in Q1 2016



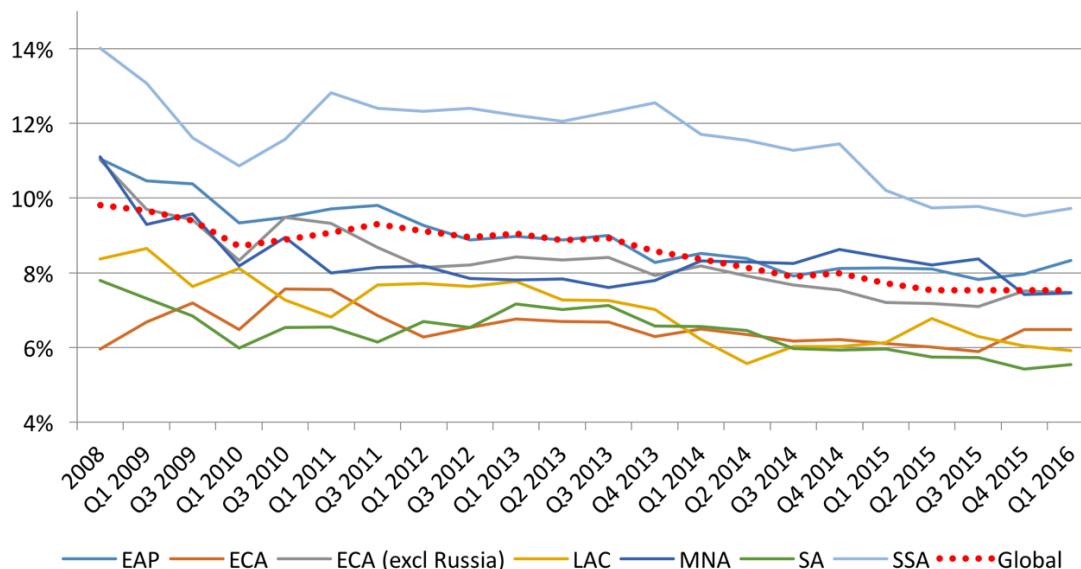
The average cost of sending money to the G20 countries that are included in RPW as receiving markets was recorded at 7.51 percent in Q1 2016, increasing from 7.10 percent Q4 2015. Apart from a few quarters, the average cost of sending money to the G20 countries has followed the pattern of the Global 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 7 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, at times, showed a larger change, despite moving in the same direction. In Q1 2016, for example, the average cost of sending to G20 countries increased at a faster rate than the Global Average. In Q1 2016, China (10.36 percent) was the most expensive country in the G20 to send money to, (Figure 9), followed by South Africa (8.94 percent). Mexico (5.09 percent) was the cheapest receiving market 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 10 and Table 4 in the Annex). Different trends were observed in different regions. The most meaningful change in Q1 2016 was an increase in the cost of sending remittances to the East Asia and Pacific region (EAP), which increased from 7.97 to 8.33 percent. All other regions experienced very modest changes or remained essentially stable. South Asia (5.54 percent) maintains its position as least costly region to send money to, despite a small increase in the most recent quarter, while Sub-Saharan Africa, which also increased in Q1 2016, remains the most expensive region to send money to, but has remained below 10 percent consistently over the past year.

Figure 10 Average total costs by region of the world



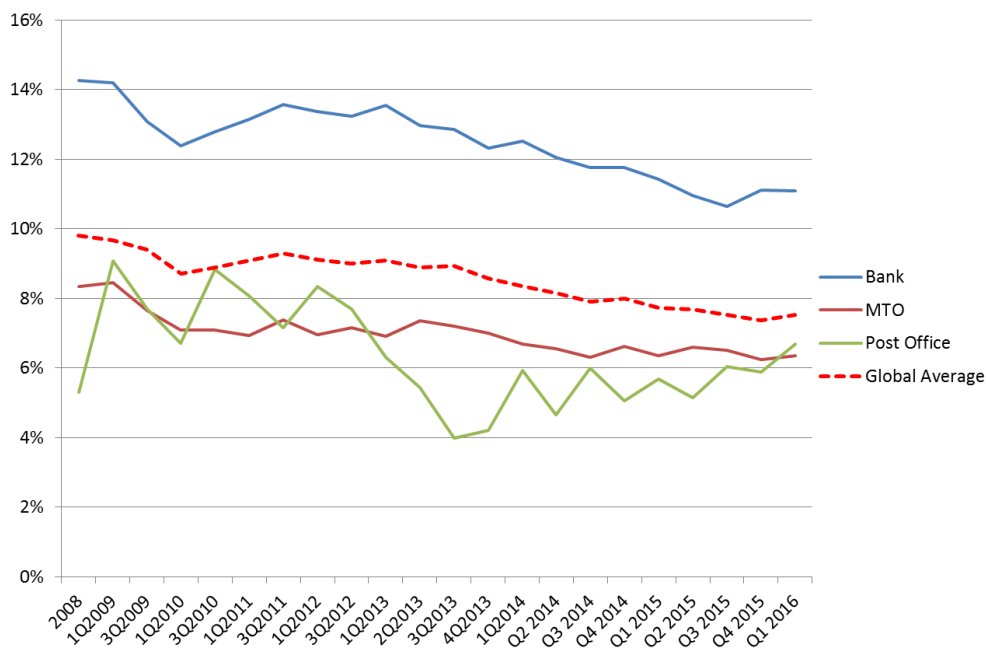
The cost of sending remittances by region in Q1 2016, beginning with the most expensive, were 9.72 for Sub-Saharan Africa (SSA), 8.33 percent for the East Asia and Pacific region (EAP) region, 7.46 percent for the Middle East and North Africa region (MNA) region, 6.48 for the Eastern Europe and Central Asia (ECA) region, 5.92 percent for the LAC region, and 5.54 for the South Asian region (SAR). Despite the general increasing trend noted in Q1 2016, the order from most to least expensive remained unchanged.

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 7.47 percent – nearly 1 percentage point higher than the average including Russia.

Costs by RSP Type

Figure 11 Total averages 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 Q1 2016 (see Figure 11) banks continue to be the costliest RSP type, with an average cost of 11.09 percent, followed by Post Offices (6.69 percent) and MTOs (6.35 percent).



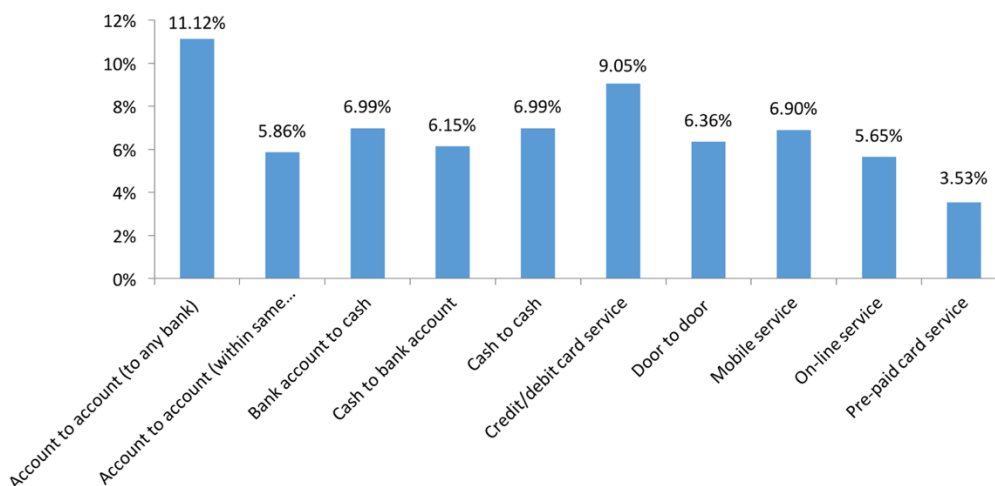
Costs by product type

Cash services remain the most widely covered in RPW and are among the cheapest ways to send money, with an average cost of 6.99 percent, as shown in Figure 12.

Account to account services are still the most expensive product type at 11.12 percent. The cost of transfers within the same bank (or to a partner bank in the receiving country) is significantly cheaper (5.86 percent). The cost of account to account services continues to converge towards the price of cash services and, for the fifth 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.

Pre-paid card services emerged as the least expensive product type at 3.53 percent, but still account for a very small share of services covered by RPW.

Figure 12 Average cost by product type (Q1 2016)



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	Q1 2016
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	8.25
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	5.60*	5.68
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	7.53

* The Global Weighted Average for Q4 2015 was erroneously reported as 3.29 percent and the dramatic decline was attributed to the expansion in the coverage from 32 to 35 sending countries and 89 to 99 receiving countries. The correct number for that quarter is 5.60 percent. When controlling for the change in RPW sample, the global weighted average for the only those corridors available in Q3 2015 would have been 5.64 percent, indicating that the change in the sample had a negligible impact on the Global Weighted Average.

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	Q1 2016
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	9.50
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	6.76
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	7.80
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	6.82
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	8.12
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	6.42
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	12.43
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	5.61
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	2.11
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	4.91
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	16.20
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	7.29
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	6.03
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	7.06
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	7.61
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	7.53

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	Q1 2016
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	6.96
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	10.36
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	6.17
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	7.25
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	5.09
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	8.97
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	6.94
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	7.51
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	7.53

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	Q1 2016
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	8.33
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	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	7.47
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	5.92
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	7.46
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	5.54
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	9.72
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	7.53

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 dramatic decline in the Global Weighted Average noted in Q4 2015, which was attributed to the change in coverage, was actually due to an error in the calculation for that quarter. The correct figure for the Global Weighted Average in Q4 2015 is 5.60 percent, suggesting that the impact of expanding the sample was in fact, minimal.

^{iv} 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).

^v 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.

^{vi} 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.

^{vii} 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/JITC7NYTTO>) 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.

^{viii} For more information, see <http://www.worldbank.org/en/news/press-release/2015/11/20/world-bank-surveys-confirm-concerns-over-reduced-access-to-banking-services>

^{ix} 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.