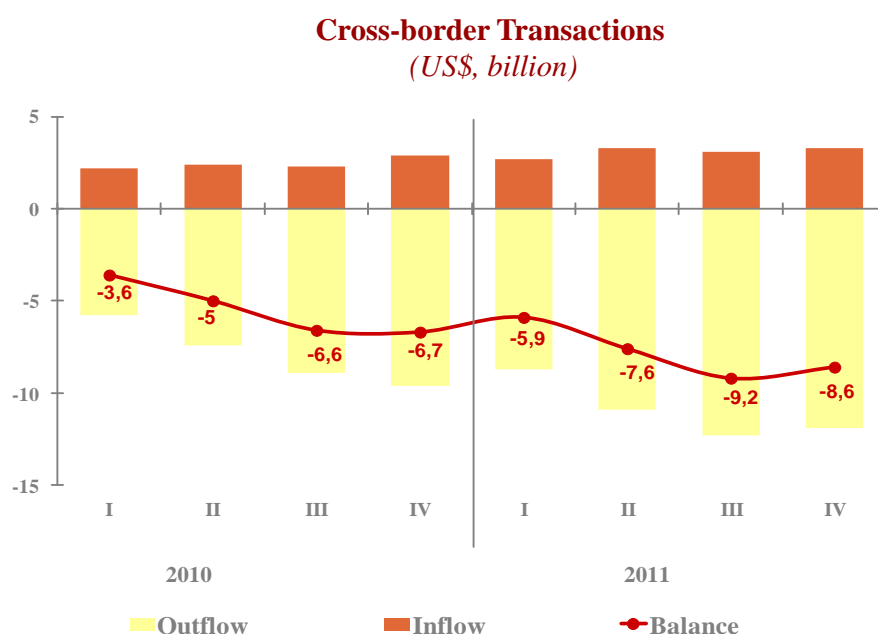




CROSS-BORDER TRANSACTIONS OF INDIVIDUALS IN 2011

Total **cross-border transactions carried out by individuals** (both residents and non-residents)¹ increased by 35% in 2011 year on year to \$56.3 billion, returning to the pre-crisis level of 2008. Money transfers by individuals from Russia grew faster than remittances from abroad in favour of individuals (by 38% and 27% respectively). As a result, the balance was negative at \$31.4 billion, registering the highest level since 2005.

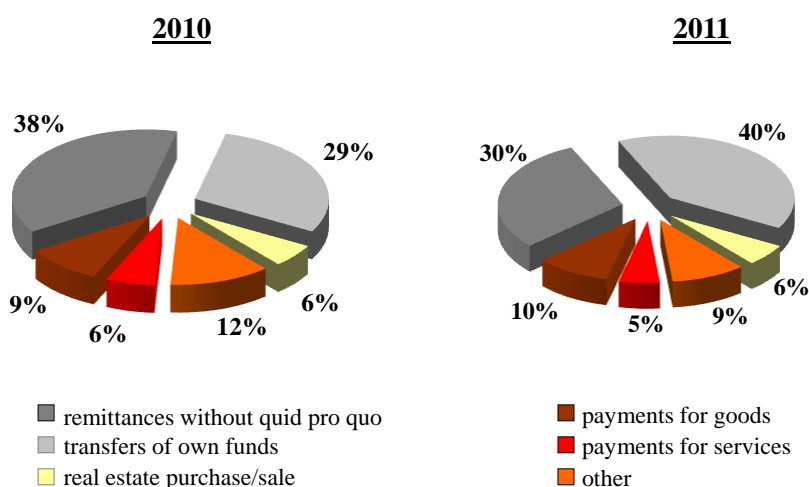


Money transfers from individuals in Russia rose from \$31.7 billion to \$43.8 billion. Transactions carried out by resident individuals accounted for almost three-fourths of this growth. The value of their remittances grew from \$19.0 billion to \$28.0 billion and their share of funds transferred abroad increased to 64%. The relative growth of these remittances (by 47.2%) outpaced the growth of money remittances made by non-resident individuals (by 24.5%). The value of funds transferred by non-residents from Russia totalled \$15.8 billion, while their share of the total volume declined from 40% to 36%.

¹ Cross-border transactions of individuals signify cross-border cashless transfers (receipts) of resident and non-resident individuals to resident and non-resident individuals (in favour of resident and non-resident individuals) made with opening an account with credit institutions or without it, including remittances made via money transfer systems.



**Money Transfers from Resident Individuals in the Russian Federation
in Breakdown by Purposes in 2010-2011**



Remittances made by Russian citizens to their accounts with foreign banks made up the largest part of money transfers by resident individuals abroad (40%). The value of these remittances doubled in 2011 to a record \$11.2 billion. More than a half of all funds were transferred to accounts with commercial banks in Switzerland, Cyprus, the United Kingdom and Spain. Remittances to accounts with Cypriot banks quadrupled in 2011 as compared with 2010.

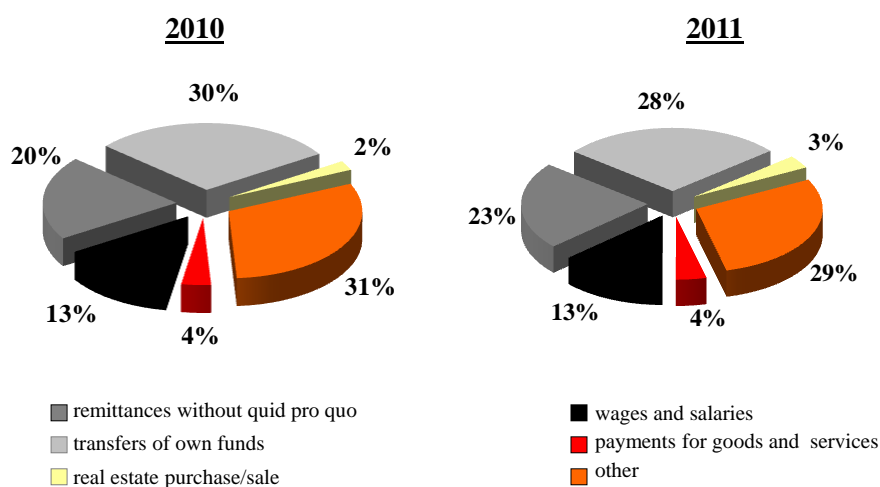
Remittances without quid pro quo, which reached \$8.4 billion in value in 2011, ranked the second (30%) in the structure of money transfers made by resident individuals abroad. These transactions were mainly conducted via money transfer systems whose share of non-quid-pro-quo remittances came close to 90%.

Payments for goods and services remained unchanged (at 15%) in the total volume of money transfers by resident individuals abroad. Payments for goods grew by 50% to \$2.7 billion, while payments for services increased by a third to \$1.5 billion in 2011. Money transfers to Japan, largely related to payments for the purchase of cars, made up the largest part of payments for goods (24%).

Money transfers to Russia in favour of individuals amounted to \$12.4 billion in 2011 as compared with \$9.8 billion in 2010. Most of these funds (\$9.4 billion) were transferred in favour of resident individuals whose share of total transactions to Russia in favour of individuals amounted to 75%. Money transfers to Russia in favour of non-resident individuals equalled \$3.1 billion and accounted for 25% of the total amount.



Money Transfers in favor of Resident Individuals to the Russian Federation in Breakdown by Purposes in 2010-2011



Most frequently, money transfers to Russia involved remittances by individuals to their own accounts with Russian banks. These remittances amounted to \$2.6 billion, or 28% of all money transfers. Over \$0.9 billion came from accounts with Swiss commercial banks and another \$0.6 billion - from Cyprus and the United Kingdom.

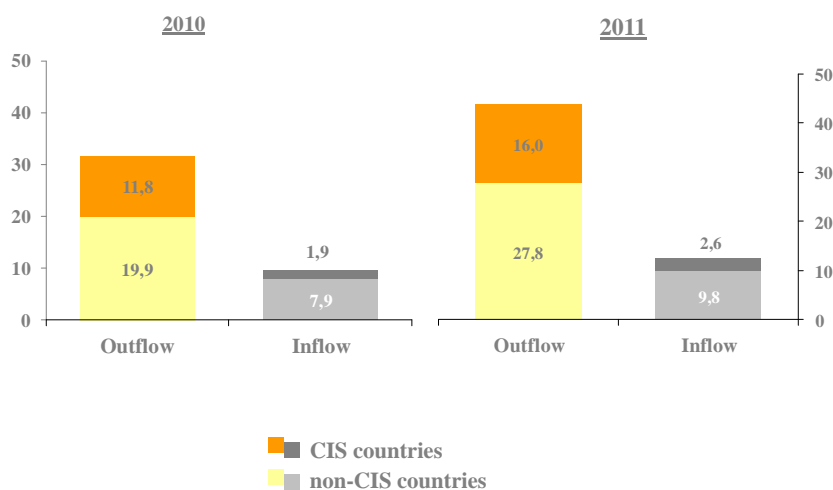
Remittances without quid pro quo ranked the second (\$2.1 billion) in the structure of money transfers from abroad and were characterised by positive growth dynamics in 2010-2011. Their share increased from 20% in 2010 to 23% in 2011. As was the case with remittances from Russia, most of these transactions (91%) were conducted via money transfer systems.

Wages and salaries, bonuses and other remittances to Russia under labour contracts grew at an annual rate of 23% to exceed \$1.2 billion. As a result, these operations accounted for 13% of all funds remitted in favour of resident individuals.

Geographically, transactions with non-CIS countries traditionally prevailed in the structure of cross-border transactions: their value increased by 35% in 2011 as compared with 2010 to over \$37.6 billion, while the value of operations with CIS countries stood at \$18.6 billion. The regional breakdown of transfers from Russia remained unchanged: CIS countries accounted for 37% and non-CIS countries for 63% of all receipts. The structure of remittances from abroad registered structural shifts in favour of CIS countries: they accounted for 21% of all remittances to Russia in 2011 as compared with 19% in 2010.



Regional Breakdown of Cross-Border Transactions in 2009-2010
(US\$, billion)



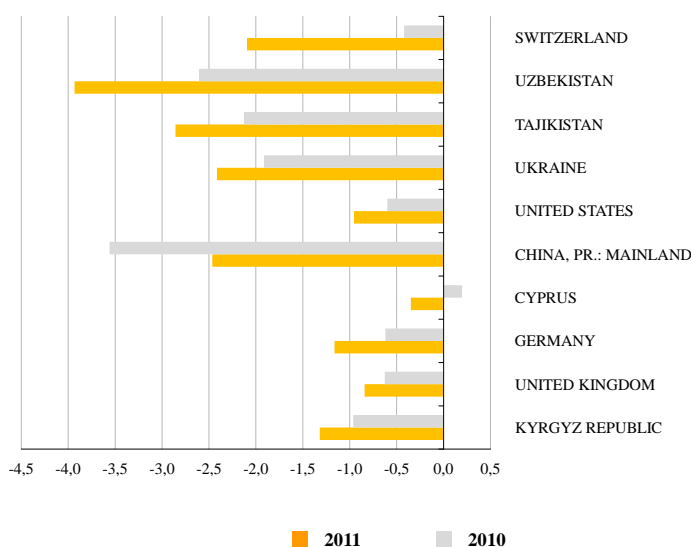
As in the previous years, transactions carried out by individuals with both groups of countries registered a deficit. As remittances abroad grew faster than money transfers to Russia, net outflow of money from Russia to non-CIS countries increased to \$18.0 billion, while net outflow of money to CIS countries rose to \$13.4 billion.

Russia registered a deficit with all major countries involved in cross-border transactions in 2011. The largest bilateral deficit was recorded with Uzbekistan, Tajikistan, Ukraine and Kyrgyzstan. This deficit amounted to \$10.5 billion in total and was attributable to higher volume of remittances by individuals temporarily working in Russia in favour of their families in their home countries.

The negative balance with China contracted by a third in 2011 as compared with 2010 to - \$2.5 billion.

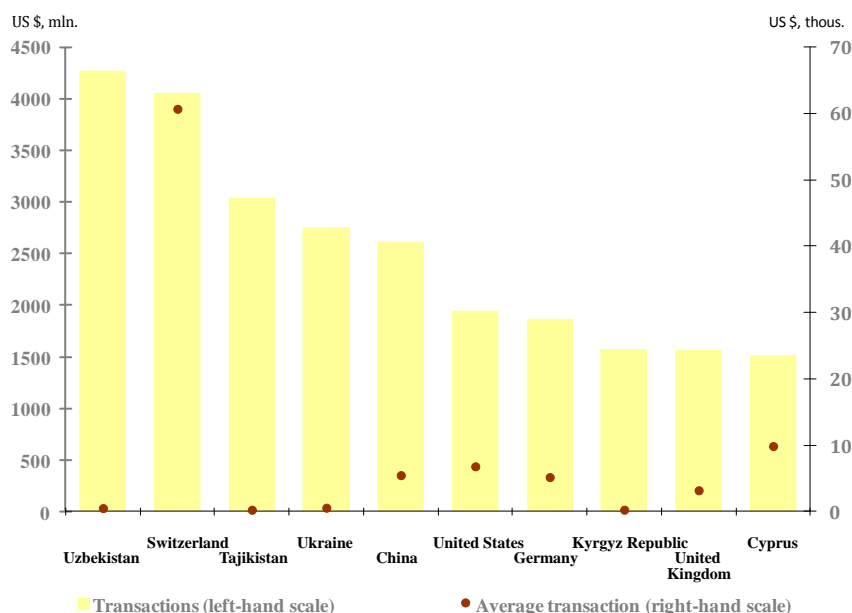


Cross-border Transactions by Individuals (Residents and Non-residents) by Country in 2010-2011 (US\$, billion)



The main recipients of money from individuals from Russia were Uzbekistan, Switzerland, Tajikistan, Ukraine and China. The share of remittances in the structure of payments to each of the above five countries accounted for more than 5% of the total value. Overall, they contributed 38% of all remittances abroad.

Top 10 Recipient-Countries in 2010



The largest amount of money transfers from Russia went to Uzbekistan, with remittances to that country increasing by 50% to \$4.3 billion. Almost all transactions were conducted via money transfer systems (three money transfer operators accounted for 77% of these operations). Most of remittances were





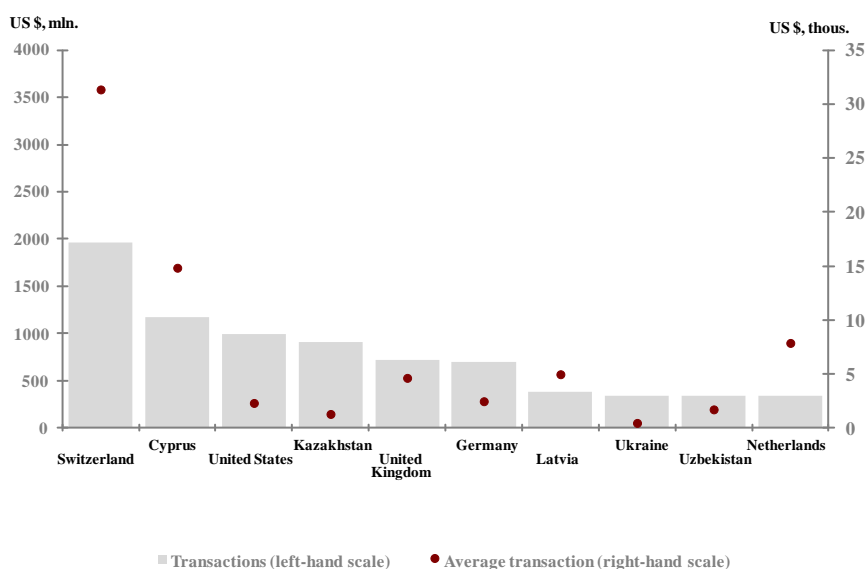
made by non-resident individuals whose share in money transfers from Russia rose from 51% in 2010 to 83% in 2011.

The group of the top ten recipients of money transfers from Russia also included such CIS countries as Tajikistan, Ukraine and Kyrgyzstan, which accounted for \$7.4 billion in total. Money remittances by individuals to these countries in favour of households were largely made in small amounts, with an average remittance equalling \$275, \$582 and \$280 respectively.

Remittances from Russia to Switzerland amounted to \$4.1 billion, including \$3.4 billion remitted by resident individuals for the placement of their financial resources with Swiss commercial banks.

Half of all remittances to Russia came from six countries-counterparties: Switzerland, Cyprus, the United States, Kazakhstan, the United Kingdom and Germany.

Top 10 Donor-Countries in 2011



Remittances from Switzerland amounted to \$2.0 billion in 2011. Transfers from the accounts of resident individuals opened with Swiss banks to their accounts in Russia made up 47% of these receipts, with an average sum per transaction equalling \$31,000.

The other five donor-countries (Cyprus, the United States, Kazakhstan, the United Kingdom and Germany) accounted for \$4.5 billion, or 36% of all receipts. Remittances from Cyprus demonstrated the most dynamic growth: money transfers from that country grew by 58% on 2010, with an average remittance increasing by 41% to \$14,800.

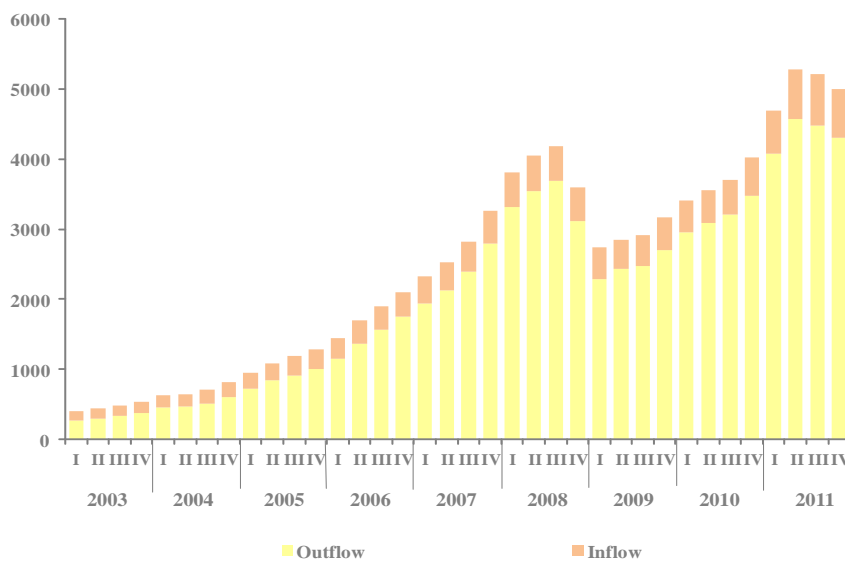
Remittances via money transfer operators (MTOs)¹ are an integral part of cross-border transactions made by individuals. They accounted for 40% of money transfers by individuals from Russia in 2011 and for 22% of money transfers to Russia in favour of individuals. The volume of remittances via

¹ Here and below money transfer operators (MTOs) include Anelik, BLIZKO, Coinstar Money Transfer, Contact, InterExpress, Migom, MoneyGram, PrivatMoney, UNISStream, Western Union, AsiaExpress, Allur, Blitz, Bistraya Pochta, Zolotaya Korona, LIDER, Pochta Rossii, Caspian Money Transfer.



MTOs had grown more than ten-fold since the start of observations in 2003 to an all-time high in 2011. This rapid growth was mainly attributable to the expansion of the network of services provided to customers as a result of the development of MTOs infrastructures. The average number of service outlets per MTO (including terminals) increased by 19% in 2011 as compared with 2010 to 15,000. The launch of new service outlets contributed to the active promotion of Russian MTOs on the CIS markets.

**Cross-Border Remittances by Individuals via MTOs
(Seasonally adjusted)
US\$, million**



Remittances from Russia grew by 37% to over \$17.5 billion in 2011, while *remittances to Russia* increased by 40% to \$2.8 billion.

Money transfers by individuals working abroad to their families living in Russia accounted for more than a half of all receipts.² Funds transferred as one-off gifts to relatives, and also for recurrent expenses of foreign nationals in Russia, which accounted for 19% and 17% of the total volume of money transfers via money transfer systems respectively were the other major sources of receipts from abroad. Remittances by individuals working in Russia to their families living abroad prevailed in the structure of money transfers by individuals from Russia (74%).

Both remittances abroad and money transfers to Russia were dominated by transactions with CIS countries: the outflow of money from Russia equalled \$15.1 billion (86% of the value of money transfers via money transfer systems and 95% of total remittances to the CIS countries), while the inflow of funds to Russia stood at \$1.8 billion (65% and 68% respectively). Remittances by individuals to non-CIS countries totalled \$2.4 billion, while receipts from these countries amounted to \$1.0 billion.

As in 2010, the main recipients of remittances from Russia were Uzbekistan (24%), Tajikistan (17%), Ukraine (13%), Kyrgyzstan (9%) and Armenia (7%). The main donor countries were Kazakhstan (16%), Uzbekistan (11%), Ukraine (9%), Azerbaijan (7%) and Kyrgyzstan (7%).

² Money transfers were categorised according to the data obtained from a survey of MTOs held by the Bank of Russia in May 2012.



The geographical breakdown of money remittances differed significantly by concentration. The five largest donor countries contributed more than a half of money received by individuals in Russia, while the top five recipient countries accounted for 71% of money remitted from Russia.

Remittances via MTOs by Country in 2011

Remittances from Russia	US\$ million	Share, %	Remittances to Russia	US\$ million	Share, %
Total	17,533	100	Total	2,767	100
UZBEKISTAN	4,262	24	KAZAKHSTAN	444	16
TAJKISTAN	3,015	17	UZBEKISTAN	313	11
UKRAINE	2,360	13	UKRAINE	247	9
KYRGYZSTAN	1,547	9	AZERBAIJAN	197	7
ARMENIA	1,284	7	KYRGYZSTAN	190	7
MOLDOVA	1,076	6	UNITED STATES	168	6
AZERBAIJAN	1,049	6	TAJKISTAN	151	5
CHINA	683	4	ARMENIA	127	5
GEORGIA	669	4	CHINA	85	3
Other countries	1,588	9	Other countries	770	16

An average remittance from Russia grew by 1.6% in 2011 as compared with 2010 to \$530, while an average remittance to Russia in favour of individuals increased more rapidly, by 14.4% to \$715. An average remittance to non-CIS countries remained twice as large as an average remittance to CIS countries (\$956 as against \$495). An average remittance from CIS countries, on the contrary, came to exceed an average remittance from non-CIS countries by \$106 after it grew by 22% (\$757 as compared with \$651).

Average Amount of a Cross-border Transaction via MTOs in 2010-2011

	2010	2011
Remittances from Russia, total (US\$)	<u>521</u>	<u>530</u>
to non-CIS countries	957	956
to CIS countries	486	495
Remittances to Russia, total (US\$)	<u>625</u>	<u>715</u>
from non-CIS countries	645	651
from CIS countries	616	757

The development of modern money transfer technologies, and also tough competition between money transfer operators contributed to a persistent downward trend in remittance fees in the reporting period. According to a Bank of Russia estimate, the average fee charged from a client for a remittance abroad via MTOs fell in 2011 to an all-time low for the entire period of observations to 2.2% of the remittance sum, or half the fee charged in 2003. Therefore, with the average remittance from Russia at \$530, the average fee equalled about \$12.



Average Fee
(weighted for the share of particular MTO in the annual volume of remittances from Russia)

