

APPENDIX



Glossary of Terms

Term	Definition	Source
access point	Location where end users can send or receive remittance transfers. An access point can be physical (e.g., bank branch, post office, shop) or virtual (e.g., website, telephone).	CPSS
account-to-account transfers	Remittance products that require both the sender and the recipient to use a bank account.	OCC
automated clearing house	An electronic clearing system in which payment orders are exchanged among financial institutions, primarily via magnetic media or telecommunications networks, and handled by a data-processing center.	BIS
automated teller machine (ATM)/cash dispenser	An electromechanical device that permits authorized users, typically using machine-readable plastic cards, to withdraw cash from their accounts and access other services, such as balance inquiries, transfer of funds, or acceptance of deposits.	BIS
balance of payments	A system of accounts in which a country records its international transactions. Balance of payments statistics consist of the current account, and the capital and financial account.	IMF
border worker	A worker who regularly (each day or week) crosses a frontier to work in a neighboring country. The border worker is classified as a nonresident of the host country in the balance of payments.	IMF
<i>BPM5</i>	IMF <i>Balance of Payments Manual</i> , fifth edition, 1993.	IMF
<i>BPM6</i>	IMF <i>Balance of Payments and International Investment Position Manual</i> , sixth edition, 2008.	IMF
capital account	A record of international transactions that includes capital transfers and the acquisition and disposal of nonproduced, nonfinancial assets.	IMF
card-based products	Electronic money products that provide the customer with a portable, specialized computer device, typically an integrated circuit card containing a microprocessor chip.	BIS
cash card	Card for use in only ATMs or cash dispensers.	BIS
cash dispenser	Electromechanical device that permits consumers, typically using machine-readable plastic cards, to withdraw banknotes (currency) and, in some cases, coins. See also “automated teller machine.”	BIS
cash remittances	Transfers in the form of money or its equivalent, as opposed to transfers in kind. Physical currency carried from one country to another, to be delivered by or on behalf of the sender to an individual or a family in the receiving country (CEMLA, 2006).	CEMLA
channels of remittances	Different means of sending remittances, such as through banks, money transfer operators, credit unions, and hawala, or by placing a check in the mail, sending funds in the hands of a friend or relative, or carrying the funds oneself to the recipient.	CEMLA
clearing/clearance	The process of transmitting, reconciling, and, in some cases, confirming payment orders or security transfer instructions prior to settlement, including the netting of obligations and the establishment of final positions for settlement. Sometimes the term is used (imprecisely) to include settlement.	BIS
compensation of employees	Wages, salaries, and other compensation in cash or in kind earned by nonresidents for work performed for residents, or earned by residents for work performed for nonresident employers. Nonresident workers are defined as individuals who have been in, and intend to remain in, the host country for less than one year. See also “net compensation of employees” (<i>BPM6</i>).	IMF

Note: The Glossary is based on the Glossary of Terms presented in CEMLA (2006).

Term	Definition	Source
correspondent banking	An arrangement under which one bank (correspondent) holds deposits owned by other banks (respondents) and provides payment and other services to those respondent banks. (Cross-border payments are normally made through correspondent banking but may also occur through connected payments systems or connections between central banks.)	CPSS
corridors of remittances	The paths between a specific pair of countries or a specific pair of cities between which international remittances flow.	CEMLA
counterpart data	Statistics from pairs of countries that are linked by the sending and receiving of remittances. Sending country's debits to a receiving country should be comparable with the receiving country's credits from the sending country.	IMF
credit card	A card indicating the holder has been granted a line of credit, enabling the holder to make purchases or withdraw cash up to a prearranged ceiling.	BIS
cross-border netting scheme	An arrangement to net positions or obligations between or among parties in more than one country or jurisdiction.	BIS
cross-border settlement	A settlement that takes place in a country other than the country in which one trade counterparty or both are located.	BIS
current account	In the balance of payments, a record of international transactions that includes trade in goods and services, primary income, and secondary income.	IMF
debit card	Card enabling holders to have their purchases directly charged to funds on their account at a deposit-taking institution (may sometimes be combined with another function, such as that of a cash card or check guarantee card).	BIS
direct participant	A participant in an interbank funds transfer system who is responsible to the settlement agent (or to all other direct participants) for the settlement of its own payments, those of its customers, and those of the indirect participants on whose behalf it is settling.	BIS
draft	A written order from one party (the drawer) to another (the drawee) to pay a specific sum to a party identified on the order (payee) or to the bearer, either on demand (sight draft) or on a specified date (time draft).	BIS
entrepreneurial income	Earnings from self-employment.	IMF
exchange rate differential	Margin by which the foreign exchange rate employed in the transaction exceeds the current interbank or market rate.	CPSS
financial account	In the balance of payments, a record of transactions in financial assets and liabilities that take place between residents and nonresidents.	IMF
financial institution	A category of entities engaged in financial services, including banks, credit unions, savings and loan associations, money transfer operators, microfinance institutions, and currency exchange offices.	FinCEN, Banco de México
forced remittances	An expression referring to the deduction of a portion of migrants' and short-term workers' pay by the governments of sending or receiving countries, or by banks in the migrants' and short-term workers' country of origin, or by employers of migrants and short-term workers, with the intention of ensuring the return of the migrants and short-term workers to their home country or the promotion of investment in that country.	GEP
foreign direct investment	The category of international investment associated with a resident entity in one economy (the direct investor) having control or significant influence on the management of an enterprise resident in another economy.	IMF
foreign exchange earnings	Income denominated in a currency other than its own that a country derives from transactions with other countries.	GEP
funds transfer system (FTS)	A formal arrangement, based on private contract or statute law, with multiple membership, common rules, and standardized arrangements, for the transmission and settlement of money obligations arising between the members.	BIS
General Data Dissemination System (GDDS)	A set of principles intended to provide guidance for the overall development of macro-economic, financial, and socio-demographic data with emphasis on progress toward higher-quality data that are disseminated more frequently and in a more timely fashion.	IMF
giro system	A type of credit transfer system.	BIS
gross settlement system	A transfer system in which the settlement of funds (or securities transfer) instructions occurs individually (on an instruction-by-instruction basis).	BIS
hawala remittances	One type of transfers that take place without the intermediation of a formal financial institution. Hawala transfers rely on trust and personal connections. Settlement may occur through goods markets or financial markets.	CEMLA

Term	Definition	Source
home banking	Banking services that a retail customer of a financial institution can access using a telephone, television set, terminal, or personal computer as a telecommunications link to the institution's computer center.	BIS
home country	The country of origin of the migrant and short-term worker (or any other individual).	EU
hometown associations	Organizations and clubs for social, charitable, educational, and civic purposes formed in a host country by migrants and short-term workers who share a hometown in their country of origin.	EU
host country	The country where the migrants and short-term workers work and live.	EU
household	Individuals or group of individuals residing in the same dwelling; a household is a unit for the population census.	EU
household surveys	One method of obtaining information for the estimation of remittance flows.	WB
indirect participant/member	In a funds transfer system, indirect participants are unable to perform some of the system activities (such as input of transfer orders and settlement) and therefore require the services of direct participants to carry out these activities on their behalf.	BIS
informal channels of remittances	An inexact concept that would include sending remittances by means of hawala-type enterprises, placing a check in the mail, sending funds in the hands of a friend or a relative, or carrying the funds oneself to the recipient.	CEMLA, CPSS
informal remittances	See "informal channels of remittances."	CEMLA
informal sector	The exchange of goods and services not accurately recorded in government figures and accounting. The informal economy, which is generally untaxed, commonly includes goods and services including day care, tutoring, or black market exchanges.	WB
interbank funds transfer system	A funds transfer system in which most (or all) direct participants are financial institutions, particularly banks and other credit institutions.	BIS
international bank account number	A globally recognized code that uniquely identifies an account held at a financial institution.	CPSS
International Household Survey Network	An organization established by the World Bank that supports countries in the generation of reliable and timely data, and the harmonization of existing survey instruments.	WB
international remittance transfer	A cross-border, person-to-person payment of relatively low value.	CPSS
international transactions reporting system (ITRS)	An international transactions reporting system measures individual balance of payments cash transactions that pass through domestic banks and through enterprise accounts with banks abroad, noncash transactions, and positions.	IMF
investment income	In the balance of payments, income flows between residents and nonresidents derived from financial assets; the most common types of investment income are income on equity (dividends and reinvested earnings) and income on debt (interests).	IMF
large-value payments	Payments, generally of very large amounts, that are mainly exchanged between banks or between participants in the financial markets and usually require urgent and timely settlement.	BIS
limited-purpose prepaid card	A prepaid card that can be used for a limited number of well-defined purposes. Its use is often restricted to a number of well-identified points of sale within a well-identified location (e.g., a building, corporation, or university). In the case of single-purpose prepaid cards, the card issuer and the service provider may be identical (e.g., cards used in public telephones). See also "prepaid card."	BIS
memorandum item	An item that the IMF recommends for inclusion in the balance of payments to elucidate certain standard components.	IMF
messaging	The arrangements that allow information about a remittance to be passed from the capturing agent to the disbursing agent.	CPSS
metadata	In terms of the balance of payments, metadata consist of descriptions of methodologies, compilation practices, and data sources used by individual countries in compiling their balance of payments accounts.	IMF
migrants' transfers	In the capital account of the balance of payments in <i>BPM5</i> , migrants' transfers are contra-entries to the flow of goods (recorded in the current account) and changes in financial items (recorded in the financial account) that arise from the migration (change of residence for at least one year) of individuals from one economy to another. The concept is no longer used in <i>BPM6</i> .	IMF

Term	Definition	Source
money order	An instrument used to remit money to the named payee, often used by persons who do not have a checking account relationship with a financial institution, to pay bills or to transfer money to another person or to a company. There are three parties to a money order: the remitter (payer), the payee, and the drawee. Drawees are usually financial institutions or post offices. Payees can either cash their money orders or present them to their bank for collection.	BIS
money transfer company/ money transfer operator (MTO)	Nonbank organizations that are in the business of international remittance transfers.	CEMLA
multifunctional cards	A card that, in addition to a stored value card function, may include other payment facilities, such as a debit or credit card function or nonpayment facilities.	BIS
multilateral netting	An arrangement among three or more parties to net their obligations. The obligations covered by the arrangement may arise from financial contracts, transfers, or both. The multilateral netting of payment obligations normally takes place in the context of a multilateral net settlement system.	BIS
net compensation of employees	Wages, salaries, and other compensation in cash or in kind earned by nonresidents for work performed for a resident less (net of) social contributions, taxes on income, and travel and transportation related to short-term employment. Net compensation of employees is a component of "personal remittances," a supplementary item in the balance of payments.	IMF
net settlement	The settlement of a number of obligations or transfers between or among counterparties on a net basis.	BIS
nonbank financial institution	A financial institution that is not defined as a "bank" (e.g., a financial institution other than a credit institution in Europe or a depository institution in the United States).	BIS
nonprofit institutions serving households (NPISHs)	Nonprofit institutions serving households include hometown associations, charities, churches, disaster relief organizations, and some microfinance organizations that are organized as not-for-profits. In <i>BPM6</i> , transfers from NPISHs to households and NPISHs are included in total remittances and transfers to NPISHs.	OECD, SNA
nonresident worker	A person who is employed in an economy other than his or her own economy of residence, including employees of international organizations. A nonresident worker is considered as a "visitor" to the host economy.	IMF
official development aid	Assistance, in cash or in kind, extended to other countries by a government or by an international financial institution.	WB
originator	The purchaser of a remittance product; the initiator of a transfer.	WB, IADB
participant/member	A party who participates in a transfer system. This generic term refers to an institution that is identified by a transfer system (e.g., by a bank identification number) and is allowed to send payment orders directly to the system or that is directly bound by the rules governing the transfer system. See also "indirect participant/member."	BIS
payer	The disbursing agent (entity) in the destination country that pays the recipient of the remittance.	CPSS
payment	The payer's transfer of a monetary claim on a party acceptable to the payee. Typically, claims take the form of banknotes or deposit balances held at a financial institution or at a central bank.	BIS
payment card company	A company that owns trademarks of payment cards (credit, debit, or prepaid cards) and may also provide a number of marketing, processing, or other services to institutions issuing its cards.	BIS
payment instrument	Any instrument enabling the holder/user to transfer funds.	BIS
payment message/ order/ instruction	An order or message to transfer funds (in the form of a monetary claim on a party) to the order of the beneficiary. The order may relate either to a credit transfer or to a debit transfer.	BIS
payment netting	Settling payments due on the same date and in the same currency on a net basis.	BIS
payment system	A payment system consists of a set of instruments, banking procedures, and, typically, inter-bank funds transfer systems that ensure the circulation of money.	BIS
personal remittances	Personal remittances are personal transfers plus net compensation of employees plus capital transfers between households. This is a supplementary item in the balance of payments.	IMF
personal transfers	Personal transfers consist of all current transfers in cash or in kind made by or received by resident households to or from nonresident households. Personal transfers thus include all current transfers between resident and nonresident individuals. This is a standard item in the balance of payments.	IMF

Term	Definition	Source
point of sale	This term refers to the use of payment cards at a retail location (point of sale). The payment information is captured either by paper vouchers or by electronic terminals, which in some cases are designed also to transmit the information. Where this is so, the arrangement may be referred to as “electronic funds transfer at the point of sale,” or EFTPOS.	BIS
prepaid card	A card on which value is stored, and for which the holder has paid the issuer in advance. See “stored value card.”	BIS
price (of remittance)	The total cost to the end users of remittance transfers, including fees charged to the sender and the recipient, and the exchange rate differential.	CPSS, WB
public disclosure	Making information publicly accessible, such as by posting on a website or by making copies publicly available.	BIS
real-time transmission, processing, or settlement	The transmission, processing, or settlement of a funds or securities transfer instruction on an individual basis at the time it is initiated.	BIS
remittance service provider/ payment service provider	An entity that provides payment services such as remittances. This includes both deposit-taking entities and non-deposit-takers, such as money transfer operators.	CPSS, WB
remittances	As used in everyday discourse (without regard to formal balance of payments terminology), “remittances” are cross-border payments of relatively low value, often recurrent person-to-person payments by migrants.	CPSS, WB
remittances in kind	Transfers in the form of goods and services as opposed to transfers (remittances) in cash. (See “cash remittances.”)	IMF
residence	In the balance of payments, the concept of residence is based on the predominant center of economic interest of an individual or other institutional unit, such as a household, an enterprise, or a nonprofit institution.	IMF
resident	A person is resident in the country where he or she has the predominant center of economic interest. In practice, a person is considered resident in a country if he or she intends to stay in that country for a period of 12 months or longer.	IMF
retail payments	This term describes all payments that are not included in the definition of large-value payments. Retail payments are mainly consumer payments of relatively low value and urgency.	BIS
seasonal worker	One who may, because of seasonal demand for labor, work part of the year in another country and then return to the household in his or her country of residence. Seasonal workers are classified as nonresidents of the host country.	IMF
settlement	An act that discharges obligations with respect to funds (or securities) transfers between two or more parties. See also “gross settlement system” and “net settlement.”	BIS
smart card	An integrated circuit card with a microprocessor, capable of performing calculations.	BIS
social benefits	Current transfers (including pensions), received by households from corporations, government, and nonprofit institutions, and intended to provide for sickness, unemployment, retirement, housing, education, and other circumstances.	IMF, SNA
social contributions	Actual or imputed payments to social insurance schemes to make provision for social insurance benefits to be paid.	IMF, SNA
stored value card	A prepaid card on which the record of funds can be increased as well as decreased.	BIS
supplementary item	An item that should be considered for inclusion in the balance of payments when a country believes such information would be of interest to analysts and policymakers.	IMF
SWIFT	Society for Worldwide Interbank Financial Telecommunication (SWIFT): a cooperative organization created and owned by banks that operates a network that facilitates the exchange of payment and other financial messages between financial institutions (including broker-dealers and securities companies) throughout the world. A SWIFT payment message is an instruction to transfer funds; the exchange of funds (settlement) subsequently takes place over a payment system or through correspondent banking relationships.	BIS
System of National Accounts	A comprehensive set of macroeconomic accounts created jointly by the International Monetary Fund, the European Union, the Organization for Economic Cooperation and Development, the United Nations, and the World Bank.	SNA
threshold of reporting	The value above which a transaction must by law be reported to government authorities.	IMF
total remittances	The sum of personal remittances and social benefits. Social benefits include benefits payable under social security funds and pension funds. Total remittances will be recorded as a supplementary item in the balance of payments.	IMF
total remittances and transfers to NPISHs	Total remittances plus current and capital transfers to NPISHs. This is a supplementary item in the balance of payments.	IMF

Term	Definition	Source
transfers	Offset entries in the balance of payments to the provision of economic values provided and received without a quid pro quo, such as grants and gifts in cash or in kind. "Current transfers" affect the level of income and consumption of goods and services. "Capital transfers" result in a commensurate change in the stocks of assets of one or both parties to the transaction.	IMF
unbanked	Segments of the population who do not have access to a bank account and other banking services, or who choose not to avail themselves of such services. (The "unbanked" may include senders and recipients of remittances.)	
user	Payment system users comprise both participants and their customers for payment services.	BIS
workers' remittances	In <i>BPM5</i> , workers' remittances comprise current transfers by migrants who are employed in their host countries and considered residents there (i.e., who have stayed or are expected to stay for one year or longer).	IMF

Note on abbreviations used in sources: Where a term or a definition is taken or adapted from a particular source, the source is indicated in abbreviated form. Terms for which no source is given originated in academic institutions or in the remittance market. The abbreviations are explained in the List of Abbreviations.