

National Bank of Romania



Compiling foreign remittances

- seminar on remittances statistics -

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The collection system

In Romania, remittances data are collected through ITRS.

The following sources are used:

- customers' declarations (payment orders and a special form designed for the receipts): transmitted by the banking system, "transaction by transaction" reporting.
- external accounts reports: transmitted by residents (legal persons) having accounts opened with banks abroad, monthly aggregates:
- banks' transactions: transmitted by the banking system, monthly aggregates. The relevant information comes from the banks acting as agents for money transfer companies like Western Union, MoneyGram, etc. Also, the Romanian Post offers the possibility of money transfer abroad through a certain bank.



Definitions for current remittances components:

- Compensation of employees: wages, salaries and other benefits earned by individuals in economies other than those in which they are residents;
- Workers' remittances: current transfers by migrants who are employed in new economies and considered residents there;
- Migrants' transfers: contra-entries to the flow of goods and changes in financial items that arise from the migration of individuals from one economy to another.



Problems in the process of foreign remittances compilation:

The workers abroad do not always use the banking system.

A survey realised by a private money transfer company showed that large amounts are transferred through other means, like:

- personal;
- friends, transport company, etc;

Estimates are hard to make taking into consideration that, until recently, the official statistics showed only a small number of workers abroad. A study made by the “Foundation for an Open Society” estimated a number of roughly 2 millions workers abroad, the large majority of which are working in the European Union.



Compilation process:

The current studies show that large sums of money are not transferred through the banking system or through the money-transfer companies due to the large commissions and, also, because a certain number of workers were presumably in a semi-legal situation and therefore not able to hold accounts abroad.

In accordance with the current studies estimates 65% of the sums are transmitted through legal channels (i.e. money-transfer companies, banks, etc) while the rest is transmitted informally (transport company, personally, etc). Therefore, the sums resulted from the ITRS are adjusted accordingly.



The situation for the last three years:

mil. euro

| | 2004 | | | 2005 | | | 2006 | | |
|----------------------------|--------|-------|------|--------|-------|------|--------|-------|------|
| | Credit | Debit | Net | Credit | Debit | Net | Credit | Debit | Net |
| Compensation of employees: | 91 | 5 | 86 | 771 | 19 | 752 | 916 | 33 | 883 |
| Workers' remittances | 1321 | 6 | 1315 | 3033 | 3 | 3030 | 4356 | 5 | 4351 |
| Migrants' transfers | 1 | 2 | -1 | 20 | 5 | 15 | 35 | 6 | 29 |



Evolutions and plans for improving the foreing remittances representation in bop:

Even though the 12.500 Euro threshold has been already introduced for cross-border transactions and it is expected that settlement information will have a lower quality in the near future, we consider that the sums reported through ITRS will increase. The threshold will only affect the banking transfers which, as it is, represent only a small amount of the total.

Also, the legal situation of the Romanian workers abroad will improve as Romania has become a member of the European Union.



Evolutions and plans for improving the foreing remittances representation in bop:

According to a recent study realized by the Foundation for an Open Society there are 2 millions Romanian workers abroad. Also, the official numbers has been reviewed by the Ministry of Foreign Affairs as new information has become available from countries of destination for the Romanian workers. According to these new data, out of the 2 millions workers abroad 1,2 millions are in a legal situation.

Also, in accordance to some studies, the average sum transmitted monthly home by a Romanian worker is 300 euros. Thus, we have a possiblity to cross-check the reliability of our data.

There are plans for realizing a survey with the National Institute for Stastistics (NSI) using the structure and population of the already existent household survery.