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PERSONAL TRANSFERS IN THE SWISS HOUSEHOLD BUDGET SURVEY*

1. Introduction

1. This paper focuses on the monetary and non-monetary transfer payments between households resident in Switzerland and abroad. It explores to which extent the household budget survey (HBS) can contribute to the estimation of the volume of personal transfers inside Switzerland and between Switzerland and foreign countries. The results are compared with data from other sources, especially the estimations on remittances of foreign workers by the Swiss National Bank (SNB).

2. The second chapter gives a short description of the reference population and the basic concepts of the HBS. The third chapter presents estimations about transfer outflows and inflows. The fourth chapter includes a short discussion of the contribution of the HBS for the estimation of personal transfers between private households.

2. Personal transfers in the HBS

2.1 Concepts and definitions

3. The HBS refers to private households of the Swiss resident population. It covers Swiss citizens and foreign citizens with an annual or a permanent resident permit. Tourists, visitors, short term and border workers are not part of the resident population and therefore not subject of the survey.

4. The HBS measures all expenses and earnings (monetary and non-monetary) affected to or received by a sample of private households during a specific period, in general one month. Each month a new subsample of households is surveyed. The monthly data are pooled over the year to calculate an annual average. For our analysis we pooled in addition the data sets of the HBS from 2002 to 2004. We can thus cover 10'471 households over a three year period. As a general rule, the household writes in a notebook (in German, French or Italian) all monetary

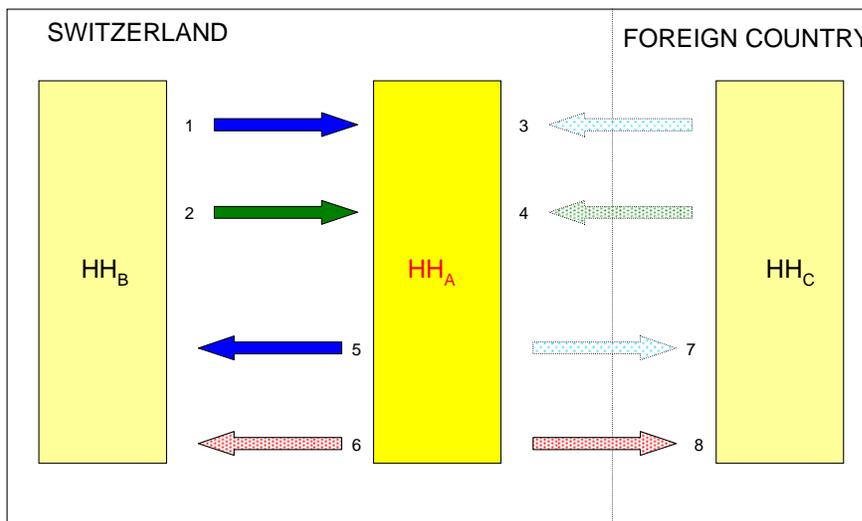
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and non-monetary expenditures and income according to a detailed list of items. This way of collecting information implies that at least one member of the household should be able to read and write one of the three main languages of Switzerland.

5. In contrast to consumption expenditures and primary income (composed of income from work and from capital), transfers are payments with no direct counterpart in goods or services. If we compare the flows measured in the HBS with the conceptual framework of remittances as defined for the balance of payments, we can note that the HBS 2002-2004 measured all international personal transfers of the resident population with one exception: the non-monetary outflows were not recorded in the HBS 2002-2004. They were recorded for the first time in the HBS 2006.

6. The following graph shows the flows as they are recorded in the HBS. The arrows illustrate the monetary and non monetary flows with respect to household A (HH_A) which can receive and effect transfers, inside Switzerland and to and from Switzerland. The non monetary flows include goods and services as well as payments for instance for health insurances and personal taxes on behalf of other households. The dark colours illustrate the interaction between households in Switzerland, the dotted arrows the interactions with foreign countries. In the HBS 2002-2004, the monetary in- and outflows were observed for both Switzerland and foreign countries. However, only the non monetary inflows from Switzerland and from abroad were recorded.

Graph 1: Concept of measuring monetary and non-monetary personal transfers in the HBS 2002-2004



Legend:

Income		Expenses	
1	Monetary personal transfers received (from Switzerland)	5	Monetary personal transfers paid (in Switzerland)
2	Personal transfers received, in kind (from Switzerland)	6	Personal transfers effected, in kind (in Switzerland)
3	Monetary personal transfers received (from abroad)	7	Monetary personal transfers paid (to foreign countries)
4	Personal transfers received, in kind (from abroad)	8	Personal transfers effected, in kind (to foreign countries)

2.2 Structure of personal transfers in the HBS

7. Table 1 shows the structure of the households of the resident population and the volume of the transfers done by private households inside Switzerland and to and from foreign countries. We distinguish different types of households according to nationality: households with only Swiss nationals, households with only foreign nationals and mixed households.

Table 1: Yearly amounts of personal transfers in Switzerland, by nationality of the household, HBS 2002-2004

Structure	All households	Swiss households (1)	Mixed households (2)	Foreign households (3)
Distribution of the households	a 100.0%	a 75.1%	c 10.4%	c 14.6%
Number of persons in the household (average)	2.28 a	2.15 a	2.79 b	2.61 b
Yearly average of total household income from work, in million Swiss francs	232'876 b	165'442 b	31'647 c	35'787 c
Yearly average of total household income, in million Swiss francs	322'670 a	240'580 a	38'455 c	43'635 b
Personal transfers paid by private households	Amounts in million Swiss francs per year			
Monetary personal transfers paid to other households	4'856.4 c 100.0%	3'877.1 c 100.0%	466.2 e 100.0%	513.1 e 100.0%
Monetary personal transfers paid from Switzerland to Switzerland	4'245.6 c 87.4%	3'629.1 c 93.6%	350.4 e 75.2%	266.1 e 51.9%
Monetary personal transfers paid from Switzerland to foreign countries	610.7 d 12.6%	248.0 d 6.4%	115.8 e 24.8%	247.0 e 48.1%
Personal transfers received from private households				
Personal transfers (monetary and in kind) received from other households	11'123.4 c 100.0%	8'812.8 c 100.0%	1'244.4 d 100.0%	1'066.2 d 100.0%
Monetary personal transfers received from other households	4'516.5 c 40.6%	3'647.3 d 41.4%	436.3 e 35.1%	432.9 e 40.6%
Monetary personal transfers received from Switzerland to Switzerland	4'281.3 c 38.5%	3'529.3 d 40.0%	397.0 e 31.9%	355.0 e 33.3%
Monetary personal transfers received from foreign countries to Switzerland	235.2 f 2.1%	118.0 f 1.3%	(39.3) f 3.2%	(77.9) f 7.3%
Non monetary personal transfers received from other households	6'606.9 c 59.4%	5'165.5 c 58.6%	808.1 d 64.9%	633.4 d 59.4%
Income in kind from Switzerland to Switzerland	5'872.2 b 52.8%	4'836.1 c 54.9%	655.7 d 52.7%	380.4 d 35.7%
Income in kind from foreign countries to Switzerland	734.8 d 6.6%	329.4 e 3.7%	152.4 e 12.2%	253.0 e 23.7%

¹ Household composed by people with only the Swiss nationality.

² Households composed by people with different nationalities where at least one member has the Swiss one (including people with double nationality).

³ Household only composed by people with foreign nationality.

Quality of the estimators:

- a Excellent: coefficient of variation < 1%.
- b Good: 1% = coefficient of variation < 2%.
- c Medium: 2% = coefficient of variation < 5%.
- d Sufficient: 5% = coefficient of variation < 10%.
- e Bad: 10% = coefficient of variation < 20%.
- f Very bad: 20% = coefficient of variation.

(15) Number of observations insufficient for statistical analysis (N < 50)

8. According to the survey 15% of all households include only foreign citizens. If the "mixed" households are also considered, the households with foreign citizens represent 25%. The household size is bigger in foreign and mixed households than in Swiss households.

9. This table shows that the monetary transfer payments by households living in Switzerland to other households reached CHF 4.8 billion in 2002-2004. This was more than the transfers received from other households (CHF 4.3 billion). The difference is due to the monetary transfers to households abroad which amounted to CHF 0.6 billion, whereas the resident households received from foreign countries only CHF 0.2 billion. The observed monetary transfers paid and received within Switzerland were almost equal (which is an indication for the good quality of the data).

10. It is particularly relevant to note that the non monetary transfers were in absolute terms more important than the monetary transfers received from other households (CHF 6.6 billion).

As the non-monetary outflows were not measured in the HBS 2002-2004, we cannot compare the size of the non monetary inflows and outflows.

11. However, preliminary results of the HBS 2006 survey indicate non monetary outflows and inflows of similar magnitude (CHF 6.9 billion). The non monetary outflow to households in foreign countries amounts to CHF 1.0 billion, based on the provisional data for 2006. If we add up the monetary and non-monetary inflows for 2002-2004 we reach CHF 11.1 billion in personal transfers which were received by resident households in Switzerland (CHF 8.8 billion by Swiss households, CHF 1.2 billion by mixed and CHF 1.1 billion by foreign households).

12. The results according to the nationality of the households are also of interest. As expected, foreign and mixed households transferred in relative terms with 48% and 25% of their total transfers much more to foreign countries than Swiss households (6%). However, in absolute terms, the Swiss households transferred approximately the same amount to foreign countries as the foreign households. It is also interesting to note that foreign households did not only transfer important amounts of money to foreign countries but also to other households in Switzerland. The amount of money transferred inside Switzerland was slightly larger than the remittance outflows.

13. The other important observation relates to the non monetary personal transfers. The non monetary transfers turn out to be more important for all types of households than the monetary transfers. This is particularly true for the Swiss households, but it is also true for foreign households.

14. If we look at the transfers received from abroad, we note that the non monetary transfers have approximately three times the size of the monetary transfers. And this is true for the Swiss households and for the foreign households alike. Preliminary data for 2006 indicate that the volume of non monetary transfers sent abroad is even four times higher than the volume of monetary transfers.

15. We can conclude three things from these data:
- The analysis of personal transfers has to take into account not only the behaviour of the foreign population but also of the national (in this case the Swiss) population which is in exchange with households abroad.
 - Foreign households transfer important amounts not only to households abroad but also to other households inside the country of residence. This raises the question of the relationship and the dynamics between internal and external transfers of the immigrant population.
 - The analysis of personal transfers remains incomplete without the inclusion of non monetary transfers between households which seem to be larger than the monetary transfers as they are measured in the HBS.

2.3 Which households are involved in transfers?

16. The following table shows the percentage of households having sent or received at least one transfer payment.

Table 2: Households with at least one transfer payment, in percentage, HBS 2002-2004

Structure	All households with at least one observation	Swiss households (1)	Mixed households (2)	Foreign households (3)
Personal transfers paid by private households				
Monetary personal transfers paid to other households	33.16%	35.62%	29.63%	22.97%
Monetary personal transfers paid from Switzerland to Switzerland	29.25%	32.96%	23.05%	14.55%
Monetary personal transfers paid from Switzerland to foreign countries	6.16%	4.71%	9.77%	11.06%
Personal transfers received from private households				
Personal transfers (monetary and in kind) received from other households	61.78%	65.06%	62.37%	44.43%
Monetary personal transfers received from other households	21.33%	22.56%	22.14%	14.45%
Transfer payments from Switzerland to Switzerland	20.51%	22.15%	19.85%	12.52%
Transfer payments from foreign countries to Switzerland	1.56%	0.92%	3.58%	3.39%
Non monetary personal transfers received from other households	58.08%	61.42%	58.96%	40.22%
Income in kind from Switzerland to Switzerland	56.64%	60.56%	55.61%	37.16%
Income in kind from foreign countries to Switzerland	10.67%	8.30%	18.26%	17.46%

¹ Household composed by people with only the Swiss nationality.

² Households composed by people with different nationalities where at least one member has the Swiss one (including people with double nationality).

³ Household only composed by people with foreign nationality.

17. 33% of all households affected at least one monetary personal transfer to other households. In contrast, only 21% of all households received at least one monetary personal transfer from other households. The sending households are more numerous than the receiving households. The receiving households seem to attract money from several households and the average amount received by a household is bigger than the average amount spent by sending households on personal transfers.

18. 33% of all Swiss households did a transfer payment to other households in Switzerland and 5% transferred money to a household abroad. Among the foreign households, only 15% did transfer payments to other households within Switzerland and 11% did a payment to a household abroad. 12% of all foreign households received money from another household in Switzerland (compared to 22% of all Swiss households). 3.4% of all foreign households in Switzerland received a transfer payment from a foreign country (1% of all Swiss households). 58% of all households received non monetary personal transfers. This source of income was not only relevant for Swiss households (61%), but also for mixed (59%) and foreign households (40%). 8% of all Swiss households and 17% of all foreign households received a non monetary transfer from abroad.

3. Comparison with other sources

3.1 Swiss National Bank

19. The Swiss National Bank estimated the outflow of personal remittances to foreign countries at CHF 17.4 billion in 2006. The largest share (78%) with CHF 13.2 billion was compensation for non resident employees (border workers). According to the SNB estimates, workers remittances (of short term, annual and permanent foreign residents) made up an estimated amount of CHF 4.2 billion. If an estimated CHF 0.6 billion for the holders of short term permits is deduced – to be comparable with the reference population of the HBS – we reach an amount of CHF 3.6 billion. For the period 2002-2004, the average workers

remittances of the resident population (without short term permits) can be estimated at CHF 2.9 billion.

20. To obtain the compensation of the non resident employees, the SNB multiplies the number of border workers according to border worker statistics with their average wage according to the structural earnings survey (both data sources are based on establishment surveys). For the resident population, the assumptions of the SNB on the remittance behaviour are the following:

Permanent residents: 5% of the average wage

Holders of annual permits: 14% of the average wage

Holders of short term permits: (< 1 year) 25% of the average wage.

21. These estimates are only approximate and do not distinguish according to nationality or duration of stay. If the composition of the foreign population according to permits changes (for instance through a shift from short term to annual permits), the estimated amount of remittances changes automatically. In addition, there are no estimates about the inflow of remittances to households in Switzerland. Estimates of the remittance inflows exist only for border workers from Switzerland in neighbouring countries.

22. According to the HBS 2002-2004 the monetary personal transfers paid by foreign and mixed households to foreign countries amounted to CHF 0.36 billion. If the transfers of the Swiss households are included, the monetary transfers to foreign countries reached a total of 0.6 billion.

23. This amount is much inferior than the estimated CHF 2.9 billion in remittances, based on SNB data. However, the SNB data include implicitly also the non monetary outflows which are not included in the HBS 2002-2004. If we assume that the non monetary transfers abroad represent three times the volume of the monetary transfers, the total amount of personal transfers increases to 2.4 billion. If we assume that the non-monetary transfers abroad represent four times the monetary transfers (as suggested by the preliminary HBS data for 2006) we reach CHF 3.0 billion. These HBS based estimates come extremely close to the estimates based on SNB data.

24. We have also to consider the low response rates of more marginal households, particularly of recent immigrants and of immigrants without knowledge of a national language, in the HBS. The weighting scheme of the HBS cannot fully correct this because of the limited sample size. This could also affect the estimation of transfers abroad which are higher among recent and less settled immigrants.

3.2 Contribution of SILC (EU Statistics on Income and Living Conditions)

25. SILC stands for “Statistics on Income and Living Conditions” and is a survey on income and living conditions (including transfers) which is harmonized in all EU countries. In Switzerland, SILC started for the first time in March 2007. The first results will be available in autumn 2009.

26. The Swiss SILC collects information on transfer payments received from resident households living in Switzerland or abroad and on transfer payments sent within Switzerland and to foreign countries. The nationality of the household members is known too. A disadvantage of the SILC survey (compared to the HBS) is the lack of seasonal data (the survey is conducted in the second quarter of the year). It is also more difficult to collect data on non monetary transfers, as the Swiss SILC is a telephone survey. However, the comparison of SILC and HBS data will give additional information. On the level of the EU SILC, transfers between private households inside the country and with foreign countries are unfortunately not distinguished. Strange enough, the EU SILC does not acknowledge the existence of a “foreign sector”, in line with National Accounts.

4. Conclusions

27. Personal transfers between households are a frequent and important economic reality. Large numbers of households are involved as senders and/or as recipients of transfers, nationally and internationally. International transfers to and from households in foreign countries are only a particular case of inter household transfers in general. This said, it is also clear that they do not only concern foreigners or migrants, they concern also nationals and long term residents. This broader view of personal transfers is important from the household perspective and for understanding the income dynamics of households nationally and internationally. This perspective is definitively larger than the balance of payment perspective.

28. Household Budget Surveys are useful tools for the measurement of personal transfers in this broader sense, if certain conditions are fulfilled:

- A first condition is the distinction of a “foreign sector” in the HBS. This condition is usually fulfilled in HBS, which are close to the concepts of National Accounts.
- A second condition is the inclusion of items relating to non monetary transfers in the household questionnaires. This condition is not always fulfilled in HBS for methodological reasons.
- A third condition is the inclusion of migration related variables in the HBS, such as citizenship or migrant status as context and explanatory variables.

29. An advantage of HBS is the seasonal nature of the survey with monthly (or quarterly) data. This is very important for the measurement of personal transfers and international remittances in particular which have marked seasonal patterns.

30. An important limitation of HBS, particularly from the balance of payment perspective, is the restriction to permanent residents. Short term migrants are generally not included. In addition, marginal groups and recent immigrants might be underrepresented in the HBS samples.

31. Therefore, the main contribution of HBS – if the above mentioned criteria are fulfilled – is structural: it gives information about the composition and origin of sending and receiving resident households, both national and foreign, about the types of personal transfers and both the inflows and outflows in household budgets.
