Balance of Payments

-Private transfers-

Jasminka Dodeva
Minsk, 2017
# BoP of RM: Current account

(As % of GDP)

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BoP of RM: net-inflows
Current transfers in R. Macedonia
(In millions of Euros, %)
Methodology

- Data source: International Transaction Reporting System (ITRS)
- Private transfers, net = personal transfers, net + cash exchange, net + other transfers, net
Cash exchange, net

As % of Current Transfers, inflows:

- 68.1% in 2013
- 65.2% in 2014
- 65.4% in 2015
- 63.1% in 2016
Project for estimating the private transfers

• conduct surveys on a regular periodical basis,
• analyze the results,
• cross-check the results with the current data sources,
• residual? (goods, travel, …)
• analyze potential data sources from statistical and other institutions in the country,
• analyze data published by institutions from abroad,
• confirm our findings with the IMF (IMF mission April 2017)
• revise the time-series of the BoP data
Private Transfers Surveys

• The surveys were conducted in 2007, 2011 and 2016;
• Two types of surveys: Senders (only 2007) and Recipients Household Survey;
• How the households were selected?
• Goal: to confirm/distribute the amount of the private transfers and their structure.
Survey Results

- Most of the households in R. Macedonia, that have family members living abroad, receive money from them.
- Data from the surveys were mostly consistent.
- The currency received *in most part* was consistent with the country where most emigrant lives.
- Approximately identical seasonal distribution (with a small time lag) of the cash exchange bought on the foreign exchange market and the received money through an informal channel.
- Larger amounts of remittances are received in July, August, and December
Survey Results, cont.

- The amounts of remittances reported in the surveys are considered undervalued, therefore an estimation model needs to be developed.
- Answers on percentage of remittances received through formal or informal channels will be used as a base for determining the total amount of formally received remittances (using the ITRS amounts) and the residual (the rest up to 100 percent) will be the remittances received in cash.
Survey Results, cont.

- Two alternatives: (1) using different weights for the formal remittances (25% from 2003-2007, 30% from 2008-2011 and 35% from 2012), (2) using 25% from 2003-2016.
- 10 percent of the total remittances received in cash are being invested (mainly in real estate), therefore needs to be reclassified in capital transfers.
- The estimated amount of remittances received, represent only part of the official data for private transfers received through the formal and informal channels. The residual (around 30%) is assumed to represent the ‘grey’ economy - payment in cash from unregistered export of goods and services, underestimated inflows from tourism etc.
Residuals

- Unrecorded and illegal transactions,
- Corroboration with the State Statistical Office (e.g. illegal trade, tourism)
- Exchanging bilateral data with other statistical units from abroad (esp. for tourism data),
- Contacting the major entities in the country to use their potential data sources (e.g. health institutions),
- Determining the amounts of foreign cash bought/sold by non-residents (tourism-credits).
- Determining the amounts of foreign cash bought by residents (tourism-debits).
Future plans and challenges

• Revision of the BOP data (reclassification of private transfers according to the surveys analyses)
• Conducting surveys on a regular basis
• Problems determining the number of emigrants (last census was conducted in 2002)
• Currency breakdown inconsistency-possible way for further analyses
Thank you!