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Mapping digital remittance infrastructure in Russia and Central Asia

**Mitigating Socio-Economic Effects of the COVID-19 Pandemic on Migrants and Communities
in Central Asia and The Russian Federation**

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CALL TO ACTION
**REMITTANCES IN CRISIS:
HOW TO KEEP THEM FLOWING**

- ДЕНЕЖНЫЕ ПЕРЕВОДЫ В КРИЗИСНЫЙ ПЕРИОД: КАК ОБЕСПЕЧИТЬ ИХ БЕСПЕРЕБОЙНОСТЬ?
- Несмотря на COVID-19, объем денежных переводов в мире в 2020 году остался на стабильном уровне, а его снижение составило **1,6% вместо 20%**, согласно оценкам ВБ в **мае 2021 г.**

В чем секрет такой устойчивости к «коронавирусу»?

Ответ 1: Формализация

Ответ 2: Цифровизация

Что известно о ДП в коридоре Россия-Центральная Азия?

38,2% - снижение объема наличных ДП из России в СНГ через операторов платежных систем

157 млрд. руб. в 2019 г. - **97,3** млрд. руб. в 2020 г.

Research design: demand side vs. supply side approach

DEMAND SIDE (migrants and remittance recipients)

- 1) have an account/bank card;
- 2) be equipped with a device with internet access to use mobile banking;
- 3) have sufficient skills (IT literacy level) to make an online money transfer/use a bank card.

MIGRANTS SURVEY in RU (N=500) and KZ (N=400)
RECIPIENTS SURVEY in KZ (N=100), TJ (N=250), UZ (N=300), KG (N=150)

SUPPLY SIDE (RSPs, regulators and regulations)

- 1) financial inclusion of migrants and recipients (access to financial services in destination and origin countries);
- 2) digital financial (remittances) services infrastructure (MTOs, banks);
- 3) financial literacy programs targeting migrant population (government, national banks).

EXPERT INTERVIEWS: MTOs (RU), commercial banks (RU, TJ, KG) and national/central banks (RU, TJ, KG).

Research methodology: supply-side

DR patterns

Digital – Cash
Cash-Digital
Digital – digital

Assessment criteria

AVAILABILITY
ACCESSIBILITY
AFFORDABILITY

Supply-side research results: key MTOs in the corridor Russia – Central Asia countries

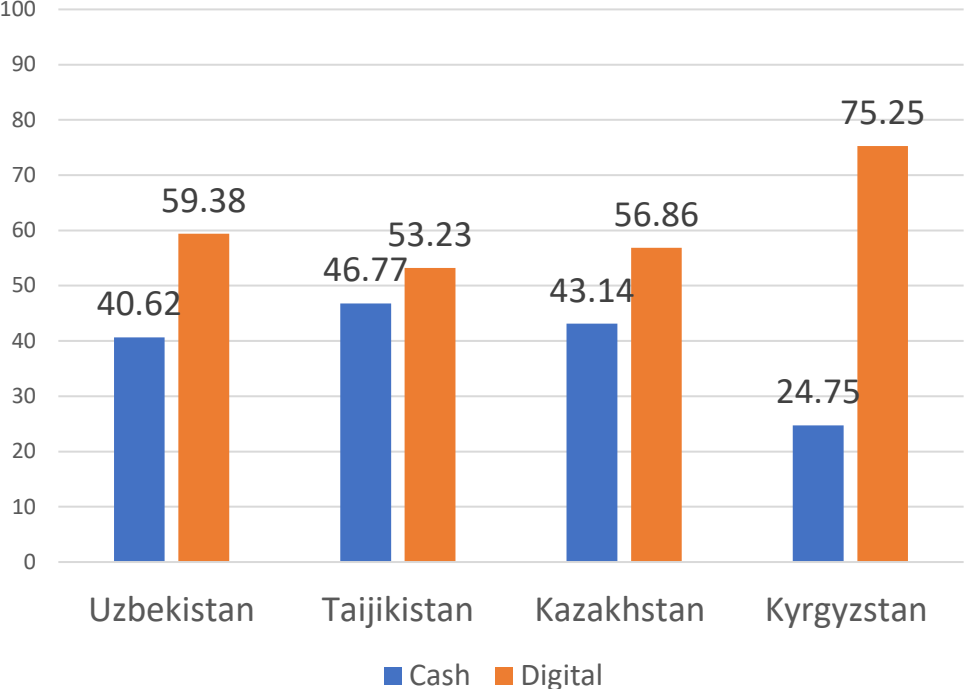


Supply-side research results: fully DR pattern the costliest

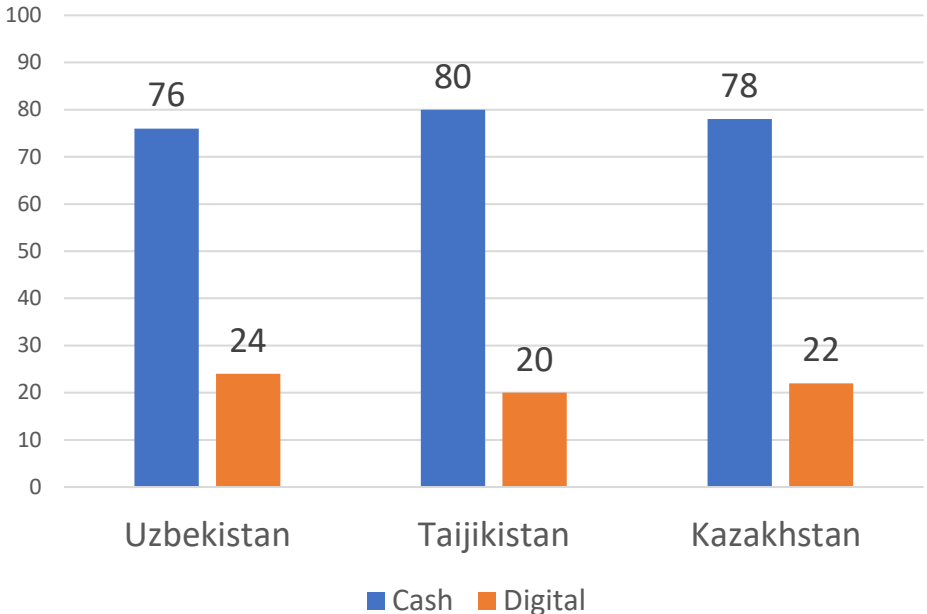
	Sending country –sender’s perspective	Receiving country –recipient perspective
AVAILABILITY	<p>MTOs websites MTOs mobile apps Sberbank online mobile app E-wallet, Mobile money account</p>	<p>MTO to be licensed by a national financial regulator and to meet regulator’s requirements; Bilateral agreement btw commercial banks; bank cards which allow for incoming international money transfers.</p>
ACCESSIBILITY	<p>For a bank card issued in Russia, the required documentation includes a national id, Russian mobile phone number and a migration card; Recipient’s bank card number or a phone number.</p>	<p>A bank card of a payment system: Visa/Mastercard/Maestro in KZ Elcard in KG Korti Milli in TJ UzCard or HUMO in UZ</p>
AFFORDABILITY	<p>Around 1%; May vary depending on a country and amount to be sent; 0% if sent by MTO and received in USD or Euro; Bank card service/issuance fee.</p>	<p>Bank card service/issuance fee; Travel costs if ATM or a bank branch are far (to pick up the issued card).</p>

Demand-side research results: preferences of migrants

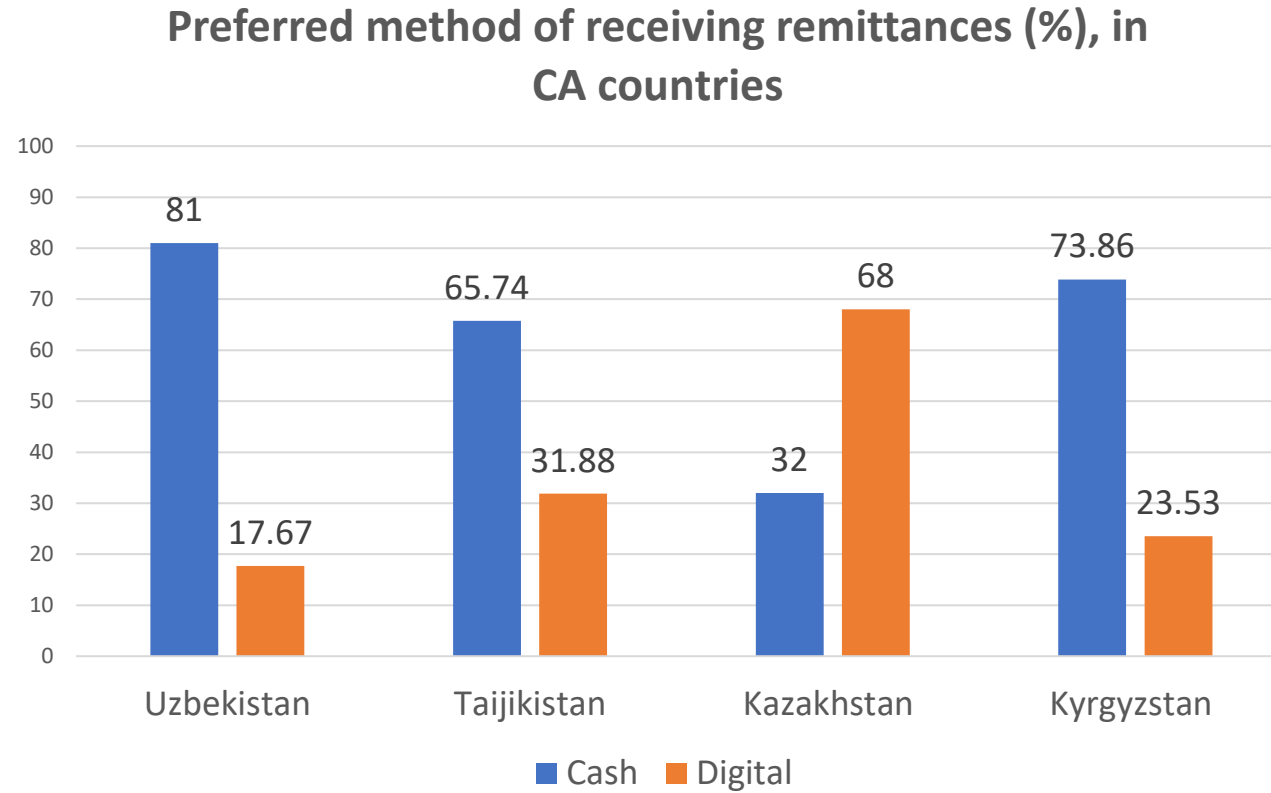
Preferred method of remittance sending from Russia (%), by countries of origin



Preferred method of remittance sending from Kazakhstan (%), by countries of origin



Demand-side research results: preferences of recipients



Demand-side research results: bank card ownership among migrants and DR uptake

Migrants in Kazakhstan

Migrants in Russia

Origin country of a migrant in KZ	Kyrgyzstan (N =50)	Tajikistan (N =50)	Uzbekistan (N = 300)	Total (N = 400)	Origin country of a migrant in RU	Kazakhstan (N =51)	Kyrgyzstan (N =101)	Tajikistan (N =124)	Uzbekistan (N =224)	Total (N = 500)
Has a bank card	56%	34%	44.3%	44.5%	Has a bank card	86.3%	85%	84.9%	86.2%	80.6%
<i>Among them: used the bank card to send money abroad in the past 12 months</i>	85.7%	100%	90.2%	90.4%	<i>Among them: used the bank card to send money abroad in the past 12 months</i>	77.3%	81.2%	73.8%	72.7%	80.1%

Demand-side research results: recipients' bank card ownership and DR uptake

Recipients' country	Kazakhstan (N = 100)	Kyrgyzstan (N =150)	Tajikistan (N = 250)	Uzbekistan (N = 300)	Tota; (N = 800)
Has a bank card	99%	62%	54.4%	49%	59.6%
Among them: received remittance on this card in the past 12 months	62.5%	61%	57.4%	49%	56.6%

Bringing together supply and demand-side: Key highlights

- DR infrastructure in RU-CA corridor has been established by 2020, with national payments systems facilitating accessibility of DR for recipients.
- Migrants in RU experience less barriers in accessing bank services compared to KZ, where only 46% respondents had a bank card. Overall, 74% of migrants in KZ prefer sending informally and in cash.
- Migrants with a bank card made use of the available DR infrastructure to remit digitally in 2020: 80% bank card holders in RU and 90% in KZ.
- Some migrants card holders still prefer sending in cash: 14% in RU and 33% in KZ.
- Digitalization of remittance on the recipients' end is low in practice, with most CA recipients giving preference to cash, except for KZ.

Thank you for your attention!

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