

Impact of high migration on compilation of external accounts statistics

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Compilation of External accounts in Armenia

- ✓ The Central bank of Armenia is responsible by law to compile ESS
- ✓ Methodology is fully consistent with BPM6
- ✓ The responsibility for data collection from non-bank private sector remains with National Statistical Service (ArmStat).
- ✓ The Central bank of Armenia is collecting information only from financial sector and other financial institutions.
- ✓ Administrative data sources and frequent surveys are also used by CBA
- ✓ CBA is free to make corrections and estimations based on all available data and expertise



Travel account of BOP

- ✓ The Travel account statistics is compiled by ArmStat based on survey conducted in 2013, some revision is made in 2018.
- ✓ A new extensive international visitors survey for the year 2023 is presently underway.
- ✓ Travel statistics is calculated based on number of tourists and average spending:
 - **Average spending** by a tourist is based on survey data. Furthermore, the ratios for various objectives of tourism are used to compile the BOP Travel supplementary accounts.
 - To calculate the **number** of tourists, an IT support system was created. This system utilizes specific criteria to convert border crossing data into tourism statistics:
 - *length of stay in the country < 365 days*
 - *no tax payment in the economy of stay*
 - *no refugee status*



Current issues and challenges

Need for extra calculations/ estimations

- ✓ Since February 2022, the conflict between Russia and Ukraine has resulted in the arrival of numerous foreign citizens to Armenia. Up to 50 thousands of foreign settlers have chosen to stay in Armenia.
 - no need for visa
 - ability to stay and work up to 6 month
 - tax privilege for IT sector, 49% growth in IT sector for 2022
 - easy and fast procedure of enterprise registration
 - liberalized financial system
 - absence of language obstacles
 - familiar culture
- ✓ An almost equal number of Armenians of descent have also returned to their homeland, in addition to the foreign nationals.



Country specific issues

- ✓ After residing in Armenia for a period of 6 months, citizens of the EAEU are required to depart from the country, but they are permitted to immediately re-enter and stay for an additional 6 months.
- ✓ Individuals who are employed by an employer registered in RA or have registered a sole proprietorship, along with their family members, are considered exceptions.
- ✓ If residency determination is based solely on passport data, it can become complicated for many Armenians who hold dual citizenship
- ✓ The classification of a traveler as an inbound tourist is only done when they are leaving Armenia.



Revision of “classic” tourists’ expenses

Data sources available

- Data from National Card Operator (ArCa) on the payments in Armenia using payment **cards issued abroad** broken down by Merchant Category Code (MCC)
- Currently used valuation indexed with CPI and ExRate
- Corrections for payments in cash
- Estimation of average expense



“Classic” Tourists

Groups of expenses, USD	Q1	Q2	Q3	Q4
Car rental	69	106	125	82
Cash	66	69	85	83
Fast-food services	29	29	37	32
Hotels	168	208	235	202
Restaurants and bars	106	106	132	97
Supermarkets and grocery	32	32	34	35
Taxi services	9.0	12	15	15
Tourism	347	285	237	250
Transport	32	5	9	7
Cinemas, theaters, entertainment	17	31	33	21
Clubs, pools	66	76	64	57
Duty Free shops	52	58	57	57
Jewelry	76	131	124	84
Total non cash expenditure	1,069	1,147	1,187	1,022
Total + Cash	1,319	1,397	1,437	1,272
Currently used, Indexed by inflation	897	863	1,013	1,102
Average	1,108	1,130	1,225	1,187



Estimation of average spending for settlers and repatriates

Data sources available

- Data from National Card Operator (ArCa) on the payments in Armenia using payment cards issued abroad broken down by Merchant Category Code (MCC). (March 2022)
- Data from ArCa on the payments in Armenia using payment cards issued in Armenia and the share of transactions by nonresident cardholders broken down by MCC.
- Withdraw funds from the cards mentioned earlier
- Financial statistics of the banking sector's reporting form on the number of new accounts opened categorized by the citizenship of the account owners, as well as data on foreign currency exchange



Estimation of the number of settlers and repatriates

Data sources available

- Monthly data on the number of **inbound/outbound tourists** broken down by citizenship, average length of stay in Armenia and border crossing point.
- Monthly data on the number of people **crossing the border** broken down by citizenship, sex and birth year.
- Data from the State Register of the Legal Entities of the Ministry of Justice on the **new registered enterprises** broken down by sector of the economy, the citizenship of the owner and type of legal entity.
- Monthly data from the State Revenue Agency on the number of registered nonresident workers.
- Data from Migration Service of Armenia on the number of foreign citizens who received the **work permit** in Armenia broken down by citizenship.



Settlers and repatriates

	March	Q2	Q3	Q4
Appliances	142	83	115	111
Beauty	86	152	158	172
Clothes	77	84	90	138
Fast-food services	42	57	71	93
Hotels	149	102	143	181
Medical services	58	60	65	71
Pets	18	33	37	38
Restaurants and bars	94	158	185	226
Shoes	48	72	77	132
Supermarkets and grocery	70	209	239	384
Taxi services	36	81	101	102
Utility Payments	40	46	40	65
Other	121	104	90	121
Total, expenditure per person, USD	982	1,241	1,412	1,834
Number of returned Armenians	3 000	18 000	37 000	48 000
Number of relocated individuals	7 000	23 000	33 000	51 000
Total number	10 000	41 000	70 000	99 000
Total non cash expenditure, mln USD	9.8	31.6	78.3	181.5
Rent	201.2	666.6	734.1	754.6
Total non cash expenditure + rent, mln USD	11.2	41.6	98.9	220.0
Cash withdrawal from cards, mln USD	10.9	14.8	20.7	38.1
Net foreign currency exchange by non res. individuals, mln USD	7.8	11.3	10.3	6.6
Corrections of Travel exports to BOP, mln USD	30.0	67.8	129.9	264.7

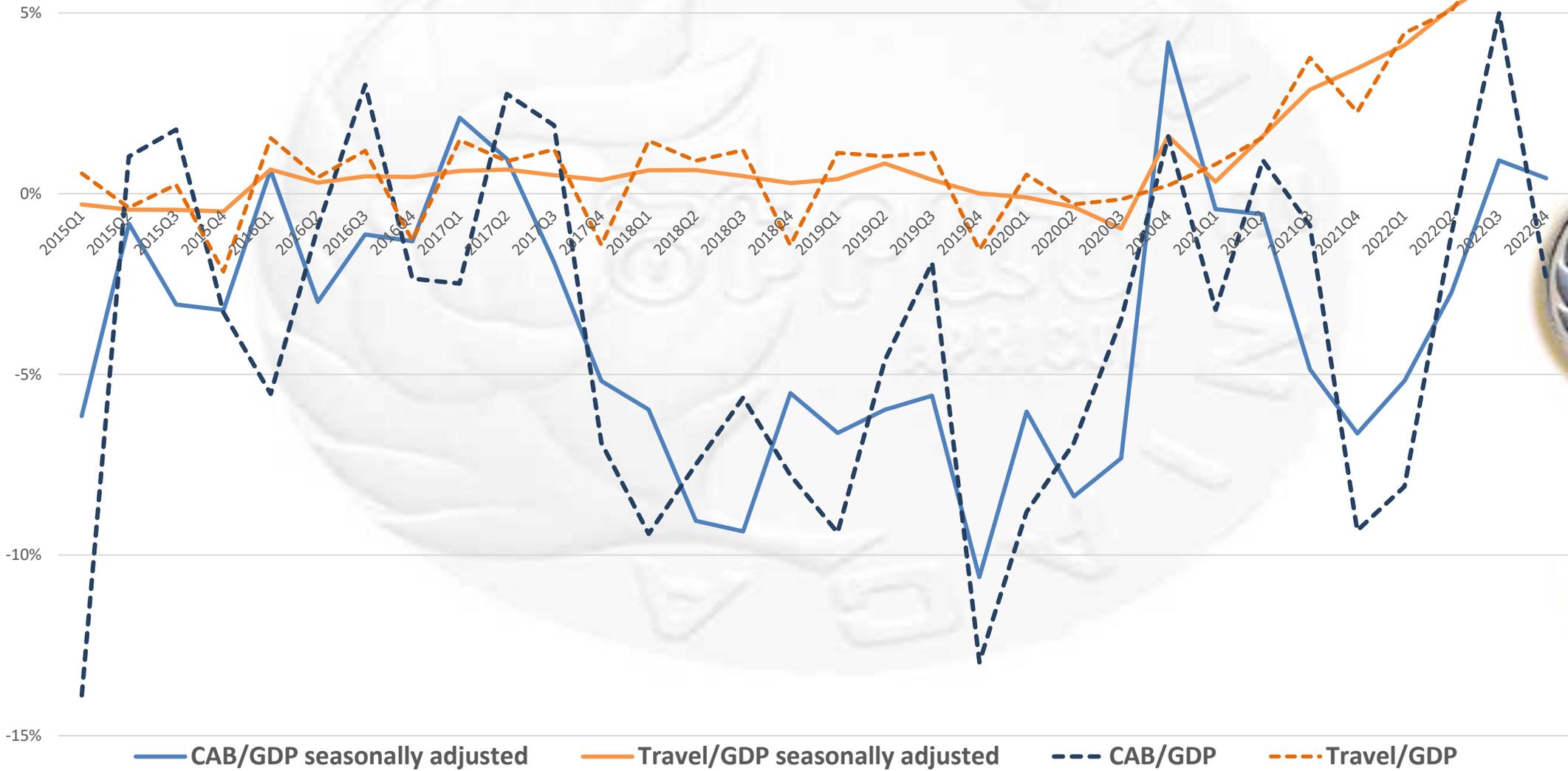


Results in BOP, 2022, mln USD

By NSS	Q1	Q2	Q3	Q4	2022
Personal	69.9	108.7	148.9	108.3	436
credit	163.5	242.3	492.0	351.7	1,249
debit	93.6	133.6	343.1	243.4	814
Estimations by CBA	Q1	Q2	Q3	Q4	2022
Personal	75.8	118.7	260.5	273.2	728
+ credit	99.7	166.7	380.6	383.8	1,031
+ debit	23.9	48.0	120.2	110.6	303
Final results	Q1	Q2	Q3	Q4	2022
Personal	145.7	227.4	409.4	381.4	1,164
credit	263.2	409.1	872.6	735.5	2,280
debit	117.5	181.7	463.2	354.0	1,116



CAB/GDP and Travel/GDP, %

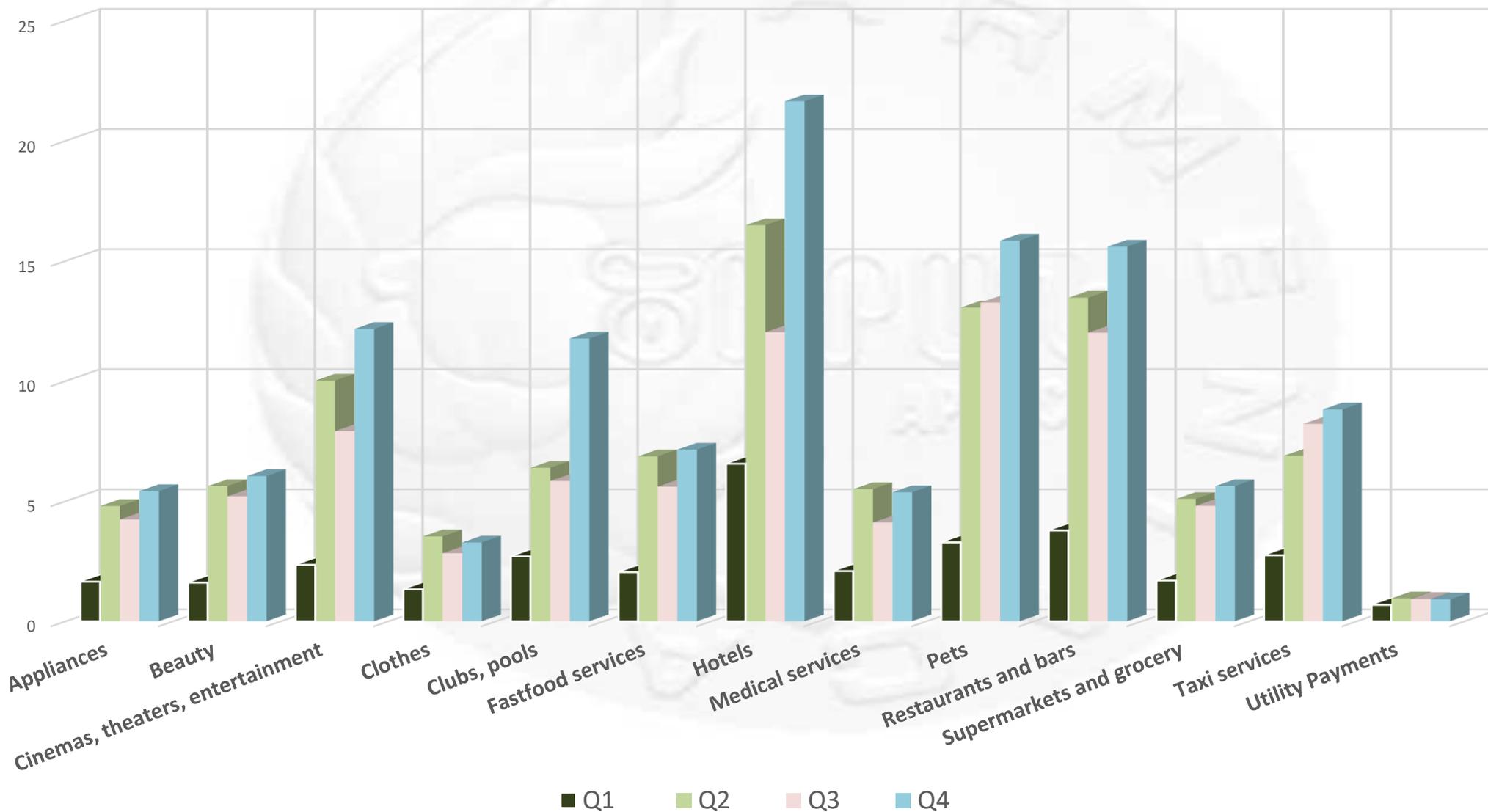


Official number of inbound and outbound tourists



	Total inbound	of which Russian citizens	of which Armenian citizens	Total outbound
2021	884,398	354,703	174,888	440,797
2022	1,672,755	795,712	263,275	1,156,810

Ratio of transactions by nonresident cardholders with cards issued in Armenia, %



Remittances, Compensation of employees

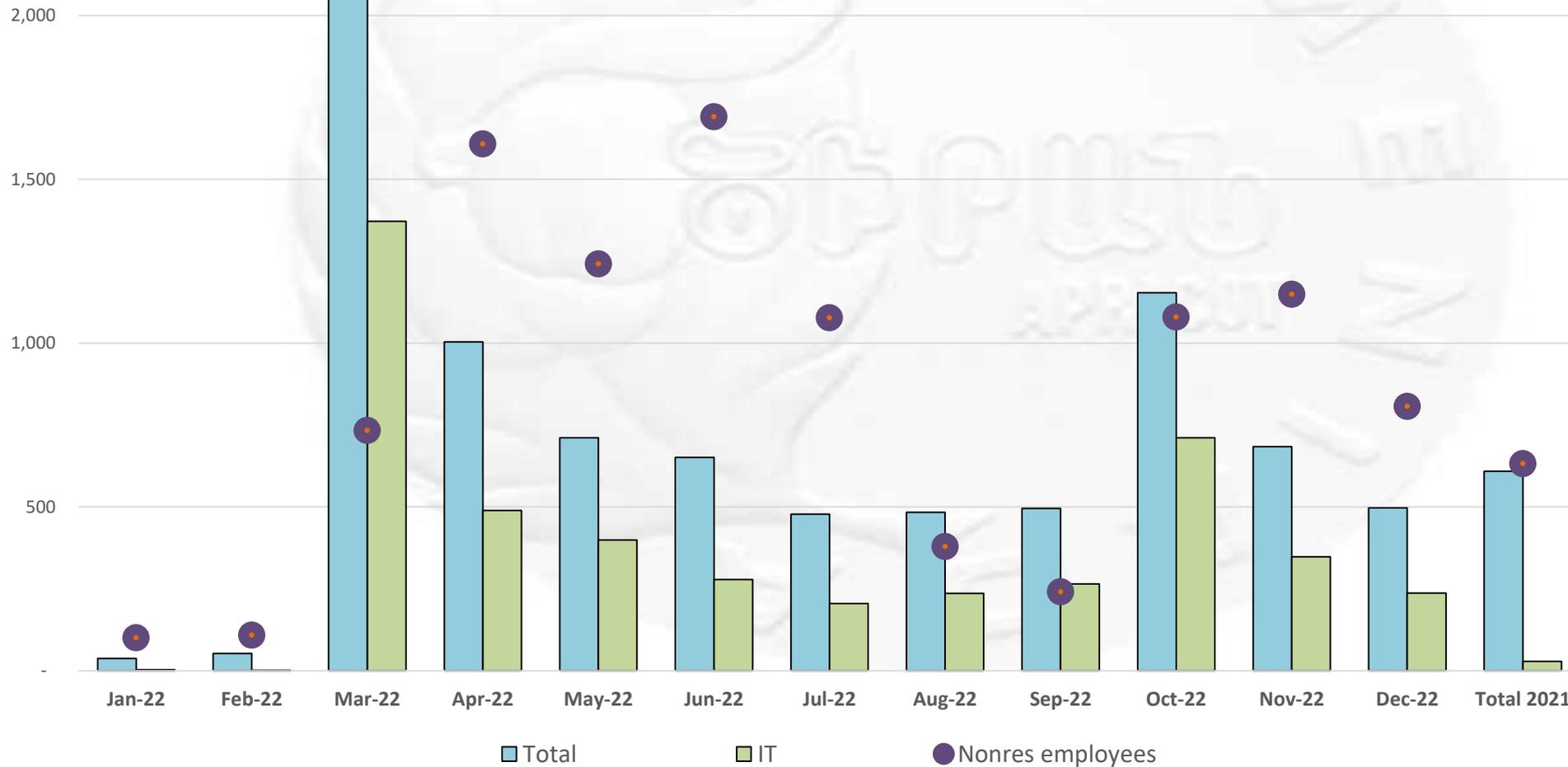
Remittance statistics is compiled based on:

- Reporting Form of Commercial banks
- Household Surveys
- Seasonal Workers Survey
- Surveys of individuals-clients of commercial banks

In 2022 debit of compensation of employees account was revised based on increase of nonresident workers registered by the State revenue committee. As a result, there was a twofold increase in the number of these workers for 2022 in comparison to the previous figure.



New registered enterprises with foreign owners and increase in number of non resident employees



Questions for discussion and some clarification

- Basis of 1 year is applied, or data on intention to stay in Armenia is used if available.
- Reclassification of settlers to residents leads to a shift in their expenditure from travel export to domestic consumption.
- One challenge is the adjustment of tourist numbers when individuals who are already residents according to international methodology continue to be counted as tourists each time they cross the border.

Future steps

- Replace the ArCa data with reporting forms from banks
- Use the results of new Visitors' survey
- Explore new data sources



Thank you for your attention

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Questions?

