Foreign currency held by Households

Moldovan FABS

Liudmila Ichim

2024

Foreign currency held by HHs

Official data on remittances though banks, MTO and post offices

Nr. d/o	Code of services	Country code	Currency code	Transfer initiation/release mode	Remittances received in favor of individuals		Money remittances made on the behalf of individuals	
					Number	Amount	Number	Amount
A	B	C	D	E	1	2	3	4
1	SWIFT							
2								
...								
n								

A model is used where informal cash inflows/outflows of HHs are estimated by analyzing:

estimated net inflow of personal remittances during the reporting period;

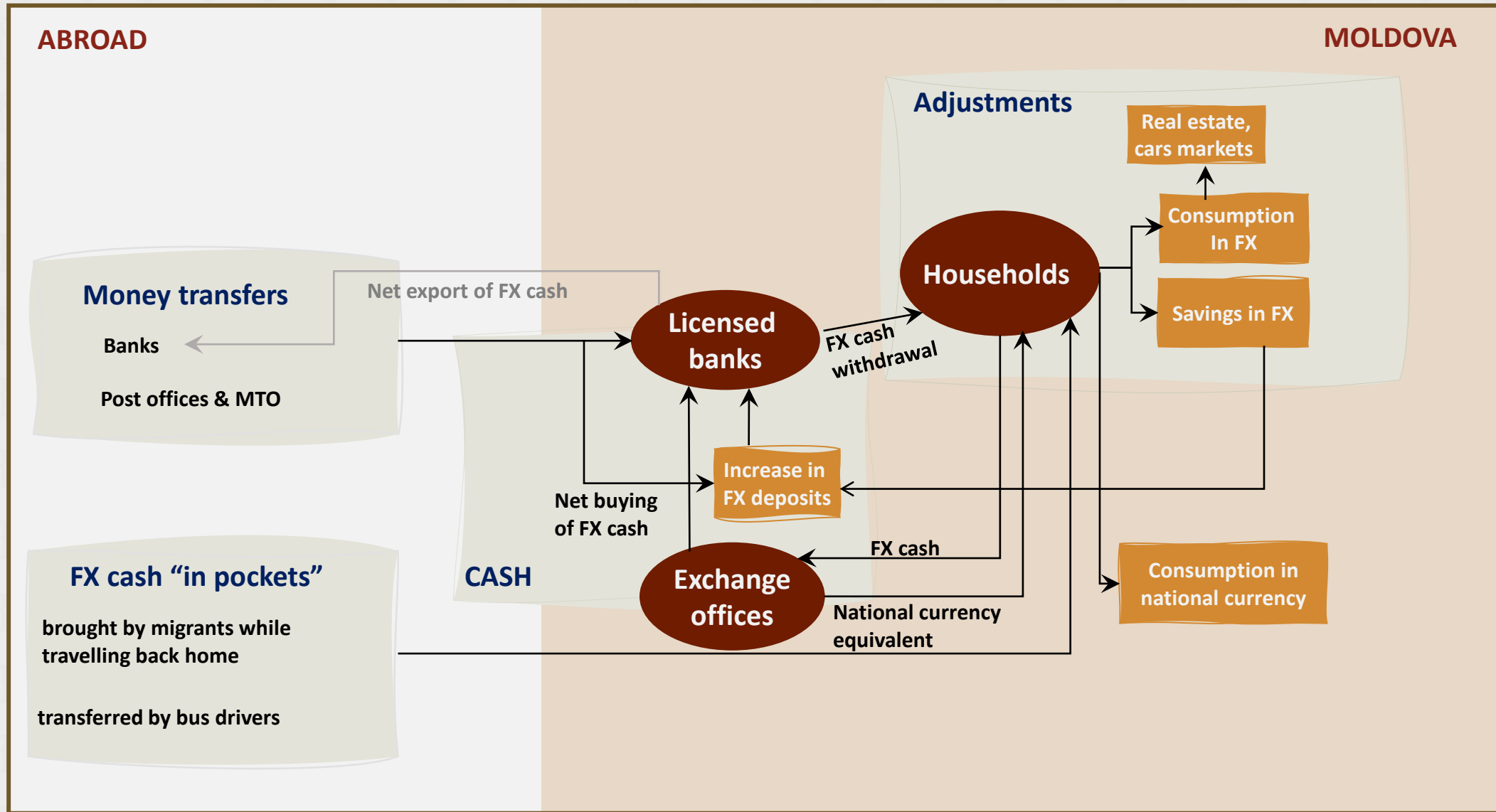labour force survey (National Bureau of Statistics);

data on foreign exchange demand and supply in the market;

increases and withdrawals of deposits in foreign currency;

data on changes in residents' deposits in banks abroad (BIS statistics).

Foreign currency held by HHs

ABROAD

MOLDOVA

Adjustments

Real estate, cars markets

Consumption In FX

Savings in FX

Households

FX cash withdrawal

Money transfers

Banks

Post offices & MTO

Net export of FX cash

Licensed banks

Net buying of FX cash

Increase in FX deposits

CASH

FX cash

Exchange offices

National currency equivalent

Consumption in national currency

FX cash "in pockets"

brought by migrants while travelling back home

transferred by bus drivers

National Bank of Moldova

Main data sources for estimation model

monthly → ITRS (International Transactions reporting system) - Summary report on international banking transactions

monthly → Report on transfers of individuals, by payment system and country

monthly → Assets and liabilities in FX of Moldovan banks (data on foreign cash holdings)

monthly → Banks' financial statements - data on deposits in FX

monthly → Sale/purchase transactions by independent foreign exchange offices

monthly → Transactions with FX at banks' cash desks

monthly → Cash received / sent abroad by banks

National Bank of Moldova

Main data sources for estimation model

→ Data sources on main HHs spending categories where FX in cash is typically used

quarterly | Transactions with real estate

quarterly | Average market prices of real estate

quarterly | Number and value of cars imported by individuals

→ Migration and labor force statistics

quarterly | Labor Force Survey

Specially Designed Surveys

National Bank of Moldova

ITRS

Date of transaction	Month	Year	Bank Code	Account Code	Currency Code	Country Code	Partner Country Code	Code of transaction	Debit amount	Credit amount	Debit amount (USD)	Credit amount (USD)	Debit amount (MDL)	Credit amount (MDL)	Explanation	Fiscal Code	Payer	Beneficiary

Advantages	Disadvantages
Closed system, 100 % of transaction are reported	Unclear or no description of transactions in ITRS system
No reporting threshold	No reliable data on the relationship between the value earned and money transferred using banks

National Bank of Moldova

Some shortcomings of the model

The model relies on many assumptions.

Impossible to determine employer-employee relationship

Not possible to use all counterpart statistics

More variables should be added on the side of cash expenditures in foreign currency

It is not really possible to measure the in the final consumption of households paid cash

National Bank of Moldova

Conclusions

➜ Remittances as part of foreign currency holdings of HHs are country-specific issues and depend on many factors

➜ Countries should consider all available data sources in developing the estimation methods and confront them to check all the assumptions made

➜ Estimation methods need to be periodically reviewed due to constantly changing pattern of migration, remittances and geopolitical situation

How do you address this issue in your country?