

Remittances – the overlooked payments

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The G20 countries have recently adopted a new roadmap with the ambition to make cross-border payments more efficient. The new roadmap also include specific targets for remittances, which have grown fivefold in recent years and are an important source of revenue for many countries. The targets are ambitious and therefore the private and public sectors need to work together to ensure that they are achieved. High-quality statistics is needed to evaluate target achievement and to make important policy decisions. There is some room for improvement in this department. Statistics on cross-border payments are often of low quality and low priority. This is particularly true for remittances. Improvements are under way, but more can and should be done. This article takes a closer look at remittances based on the available data and describes the development work under way to improve the knowledge and efficiency of remittances. We also make a first assessment of how well Sweden is meeting the new targets.

1 Introduction

International payments are often more expensive, slower, less accessible and not as transparent as domestic payments. To improve international payments, the G20 countries therefore initiated a comprehensive work programme in 2020 to achieve faster, cheaper, more transparent and inclusive cross-border payment services that would improve the situation for citizens worldwide by supporting economic growth, international trade, global development and financial integration. Sweden, as a small and open economy, has a lot to gain from this if it is done in the right way.

In this article, we take a closer look at remittances, that is, the cross-border payments we often associate with the money that migrants send back to family and friends in their country of origin. For many countries, remittances are an important source of income. It is estimated that more than 70 countries receive remittances worth more than 3 per cent of GDP. However, remittances have been neglected and often overlooked when various initiatives to improve payments have been launched. It is natural that domestic payments are a higher priority because the volumes are much

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higher. When cross-border payments are discussed, it is often only retail payments or payments between financial institutions that are in focus. However, remittances are receiving more and more attention, and it is welcome that the G20 countries have adopted a roadmap to improve international payments in general, including remittances.

In 2021, the G20 countries adopted ambitious targets to provide a common vision for cross-border payments. The targets are defined in terms of cost, speed, access and transparency. They are also separately specified for payments between financial institutions (wholesale), retail payments and remittances.

High-quality statistics is needed to evaluate target achievement and to make sound policy decisions. There is some room for improvement in this department. Statistics on cross-border payments are often of low quality and low priority. This is particularly true for remittances. However, with the data available today, we can make an initial assessment of how well Sweden is fulfilling the remittance targets. Sweden is doing well in this respect and should be well placed to meet the targets. However, the statistics on and knowledge of remittances could be improved. Improvements are under way, but more can and should be done.

The article is structured so that in the next section we describe in more detail what remittances are, why they are important and how they work. In section three, we present survey data from the Riksbank and data from moneyfromsweden.se that describe what remittances look like from a Swedish perspective. In section four, we describe the G20's work to improve cross-border payments and the targets that the G20 has developed. We also present a first assessment of how well Sweden is meeting the G20 remittance targets in this section. In section five, we discuss the importance of having high-quality statistics and the improvement projects that are under way. Section six contains a concluding discussion.

2 Remittances – an important source of income for many countries

In this section, we look at how remittances are defined in statistics and describe some existing statistical problems. We also look at global statistics that highlight why remittances are important and describe in general how they work.

We often think of remittances as the money that migrants send to family and friends in their country of origin. But remittances don't have to be about money. It can also be ideas, behaviours, identities, human capital or knowledge that migrants acquire abroad or in another part of the country, and transfer to their community of origin (Levitt, 1998).

However, global estimates and the statistical definition of remittances include more monetary transactions than we often think of as remittances. This is because the statistical definition used to collect data on remittances is broader and not dependent on migration status. The International Monetary Fund (IMF), which is the main

provider of statistics on international remittances based on national data, defines remittances as the sum of:³⁵

1. Compensation of employees

This refers to the income earned by temporary migrant workers in the host country, and the income of workers employed by embassies, international organisations and foreign companies, or “the income of border and seasonal workers and other short-term workers employed in an economy where they are not resident and of residents employed by foreign entities”.³⁶

2. Personal transfers

These refer to all transfers, monetary or non-monetary, made or received by resident households to or from non-resident households.

The World Bank provides annual estimates of remittance flows globally and bilaterally based on national balance of payments statistics compiled by the IMF. According to estimated data for 2020, remittances have increased fivefold over the past 20 years and represent an important source of income for many countries. More than 70 countries receive remittances worth more than 3 per cent of their GDP (see Figure 1). Remittances are also often a relatively stable source of income. According to the World Bank (2021a), remittances also proved to be relatively resilient during the COVID-19 pandemic. Remittance flows declined by only 1.6 per cent in 2020, which compares with global GDP falling by a whole 3.3 per cent.

The UN agency International Fund for Agricultural Development (IFAD) estimates that one billion people send or receive remittances. Migrant workers send an average of USD 200 each month, which on average is only 15 per cent of what they earn, but can represent as much as 60 per cent of income for those who receive the money. However, the cost of sending money is high. The average cost of a remittance is 6.3 per cent of the value sent (World Bank, 2021b). Assuming a total volume of just over USD 700 billion per year, this means that about USD 45 billion per year ends up in the hands of intermediaries instead of the final recipients (Georgieva, 2022).

However, it must be said that there is considerable uncertainty in the data currently available on remittances. The first type of remittances – compensation of employees – can potentially overestimate remittances if a country has a large UN and/or embassy presence, or if there are factories owned by transnational corporations and employing large numbers of workers. Indeed, those employed there are counted as “non-residents” or migrants in the country, and all their wages are recorded as remittances (Alvarez et al., 2015).

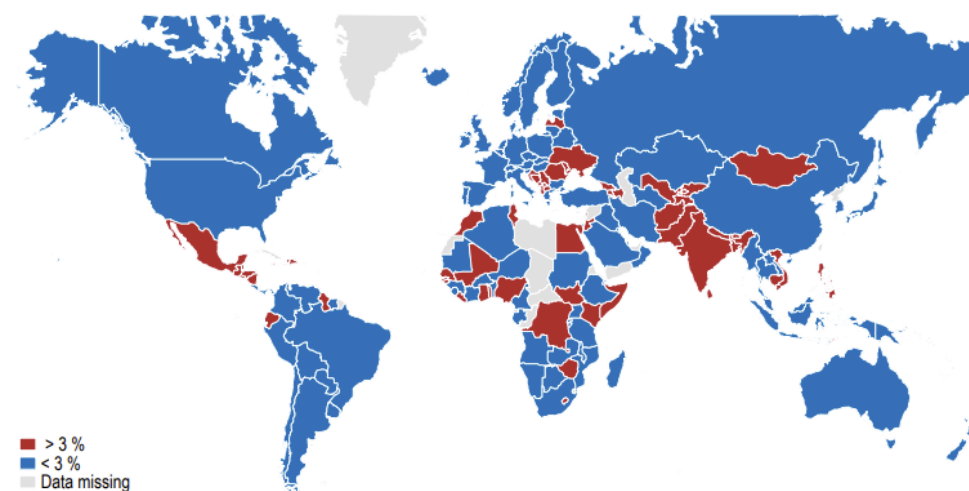
³⁵ See IMF (2009a,b) for more details on how remittances are defined and guidelines on how to include them in national statistics.

³⁶ Note that the entire income of temporary migrant workers is included in this definition, even if part of the income is never actually transferred to the country of origin because migrants still have to meet their own living expenses. Furthermore, the earnings of staff employed by foreign employers (such as embassies or transnational corporations) are counted as remittances, as these officials, diplomats, military personnel and others are considered resident in the country of origin.

The second type of remittances – personal transfers – may also potentially overestimate the number of remittances made, relative to the common understanding of the definition, as cross-border remittances are counted regardless of where the individuals live and what their nationality or country of birth is. Thus, neither the recipient nor the sender needs be a migrant, but can be a citizen with no ties to another country.

Figure 1. Remittances received by country as a share of GDP

Per cent, year 2020



Note. Data based on inflows according to the World Bank for 2020. Estimate for May 2022.

Sources: The World Bank and the Riksbank.

When comparing remittance estimates over time, it is difficult to distinguish how remittance flows actually change from changes in how they are measured and defined (Clemens and McKenzie, 2014). Another problem concerns how to estimate bilateral remittances, i.e. remittances between two specific countries. Bilateral remittances are estimated using weighted data on how many migrants there are in both countries, and their weighted income (Ratha and Shaw, 2007). However, the lack of important high-quality and detailed data on the number of migrants in a given country makes it very difficult to estimate this with certainty.

Another problem is that official estimates often focus on remittances transmitted through official channels, such as banks. As a result, many transactions that are carried out via money transfer operators, post offices, mobile money transfer companies or informal transfers such as through friends or relatives are not included in some countries' statistics. Official remittance figures are therefore likely to be underestimated.

Different remittance methods

There are three main ways of making remittances: bank transfer, payment via money transfer operators (MTOs) and informal value transfers.³⁷ Regardless of the payment method used, an international payment usually requires an exchange between different currencies. Usually, money will also be moved between different agents. This can be done in different ways.

Many bank transfers go through the so-called correspondent banking system, where banks in different countries have accounts with each other via bilateral agreements. It is not uncommon for a payment between two countries to have to go through several banks and even several countries before it reaches its final destination. This is because not all banks have accounts with each other, nor does every bank have a correspondent bank in every country.

Payments can also be made via a payment service providers specialising in remittances, such as MTOs. These payments and arrangements can look a little different. A common solution is for the payment to be made entirely within a single payment service provider. However, this solution requires that both the payer and the payee have an account there. For example, both PayPal and Wise offer this possibility. Another solution is for the payment service provider to operate in both countries and thus also offer cash services, as Western Union does, for example.

Remittances can also be made more informally via a form of transfer often called “hawala” transactions. They rely on an informal value transfer system based on a large network of money brokers.³⁸

A hawala payment involves the payer giving money to a money broker in country A. The payer and the money broker then agree on a password that acts as a payout code for the recipient in country B. The money broker in country A gives payment instructions and the password to a money broker in country B and the final recipient can then contact the money broker and receive the money using the password. In this transaction, the money broker in country A has now become indebted to the money broker in country B. The system relies on the broker in country B trusting that this debt will be settled at a later date.

Another form of informal transfer is sending cash by post or giving to friends and family travelling between countries.

³⁷ See Claussen and Mølgaard Pedersen (2022) for more details on different methods of making and processing cross-border payments, of which remittances are a subset. Processing payments is an umbrella term for what happens to a payment within and between the payer's and the payee's banks.

³⁸ Hawala is Arabic and means transfer or sometimes trust. Although money brokers are spread all over the world, they are mainly located in the Middle East, North Africa, the Horn of Africa and the Indian subcontinent. Hawala follows Islamic traditions but its use is not limited to Muslims. Other models of informal transfers exist in other parts of the world: fei ch'ien (“flying money”) in China, phoe kuan in Thailand and the Black Market Peso Exchange in South America.

3 Remittances from a Swedish perspective

Cross-border payments are thus not as efficient as domestic ones, but we also know less about them – especially remittances. Statistics on them are often scarce and those that do exist are often of lower quality than for domestic payments. From a Swedish perspective, we normally send more remittances abroad than we receive. On the other hand, Sweden's official statistics on remittances have previously been misleading, indicating the opposite.³⁹ Nevertheless, current data can give us some insights.

According to data from Money from Sweden (moneyfromsweden.se), there are big differences between payment corridors and different types of payment services.^{40, 41} Looking at average list prices, the cost can often amount to 6–7 per cent of the amount sent, which is in line with global cost estimates from the World Bank. If we instead look at list prices calculated using the three cheapest services within each payment corridor, the cost is around 2–3 per cent. So there are cheaper alternatives.

Figure 2 shows what it costs to send SEK 1,000 from Sweden to different continents. It shows that it is most expensive to send money to Asia, Africa and South America. However, costs have fallen over time and it is mainly to these continents that it has become cheaper to send money (see also Figure 7). It is difficult to say with certainty why costs have fallen. One possible explanation is that more operators are offering these services, which contributes to higher competition and lower prices. However, a more in-depth investigation is needed to understand what has contributed to the drop in costs. The cost of sending money to other countries within Europe has remained relatively stable at below 2 per cent over time.

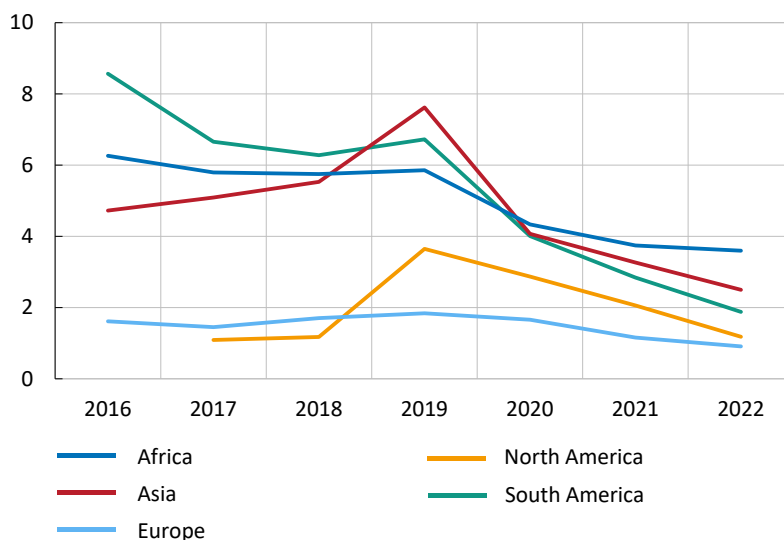
³⁹ Statistics Sweden are working to improve and correct this misleading information (see section 5).

⁴⁰ Money from Sweden is a government-funded price comparison service to compare how much it costs to send money abroad using different companies. The web service is free of charge, completely independent of all market players, run by the Swedish Consumer Agency and certified by the World Bank.

⁴¹ Payment corridors consist of payment flows between one country and another.

Figure 2. Costs have decreased over time

Cost of sending SEK 1,000 from Sweden to different continents, per cent



Note. Average per continent calculated on the basis of “smart” means (three cheapest options per country and quarter).

Sources: Money from Sweden and the Riksbank.

Today, however, we have little knowledge of what services people living in Sweden actually use, to which countries they make remittances and how much money they send. This makes it difficult to calculate what remittances actually cost households. A reasonable assumption is that households are rational and choose the cheapest options. However, it is unclear whether households are aware of all the players in the market and they may also be sceptical about new, less well-known players.

In order to obtain more information about which agents are used and where the money is sent, the Riksbank included more questions about remittances in its latest survey of payment habits in Sweden.⁴² Of the 2,089 people interviewed, around 10 per cent (216 respondents) stated that they regularly send money abroad to private individuals. The majority of these (8.2 percentage points) stated that they send money less than once a month, some (1.4 percentage points) that they send money every month and a few (0.2 percentage points) that they send money every week.

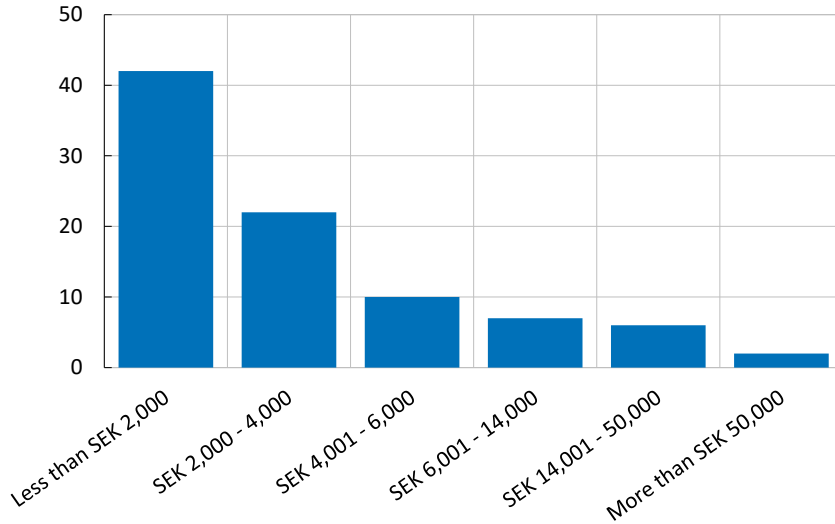
Most send relatively small amounts and the most common way is by traditional bank transfer. Figure 3 shows that almost one in two people sends an amount of less than SEK 2,000, and Figure 4 shows that more than one in two people made a traditional bank transfer the last time they sent money abroad. Figure 4 also shows that despite many new players, the more traditional players still dominate and that informal

⁴² Since 2010, the Riksbank's survey on payment habits in Sweden has been conducted every two years to provide a picture of payment habits and how they change over time. The latest survey was conducted in spring 2022. A total of 2,089 randomly selected persons between the ages of 18 and 84 were interviewed. Of these, 500 were interviewed by telephone and 1,589 were interviewed online. The data collection period was 14–30 March 2022.

transfers via, for example, mail and personal contacts still occur, albeit on a small scale.

Figure 3. Most common to send amounts under SEK 2,000

Answer to the question: “How much money (in Swedish kronor) did you send on the last occasion?”, per cent

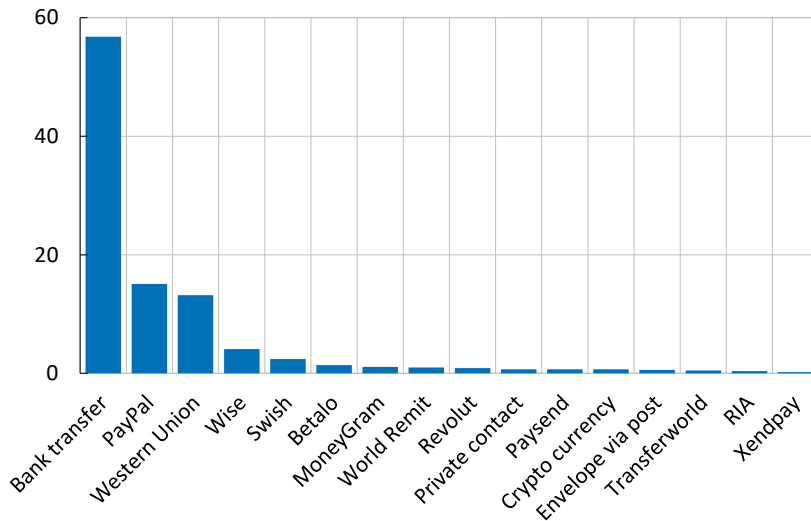


Note. Weighted results to reflect the Swedish population based on 216 interview responses.

Source: The Riksbank.

Figure 4. Traditional bank transfer is most often used

Responses to the survey question “Which method did you use as a private person to send money to a private person abroad on the last occasion?”, per cent



Note. Weighted results to reflect the Swedish population based on 216 interview responses.

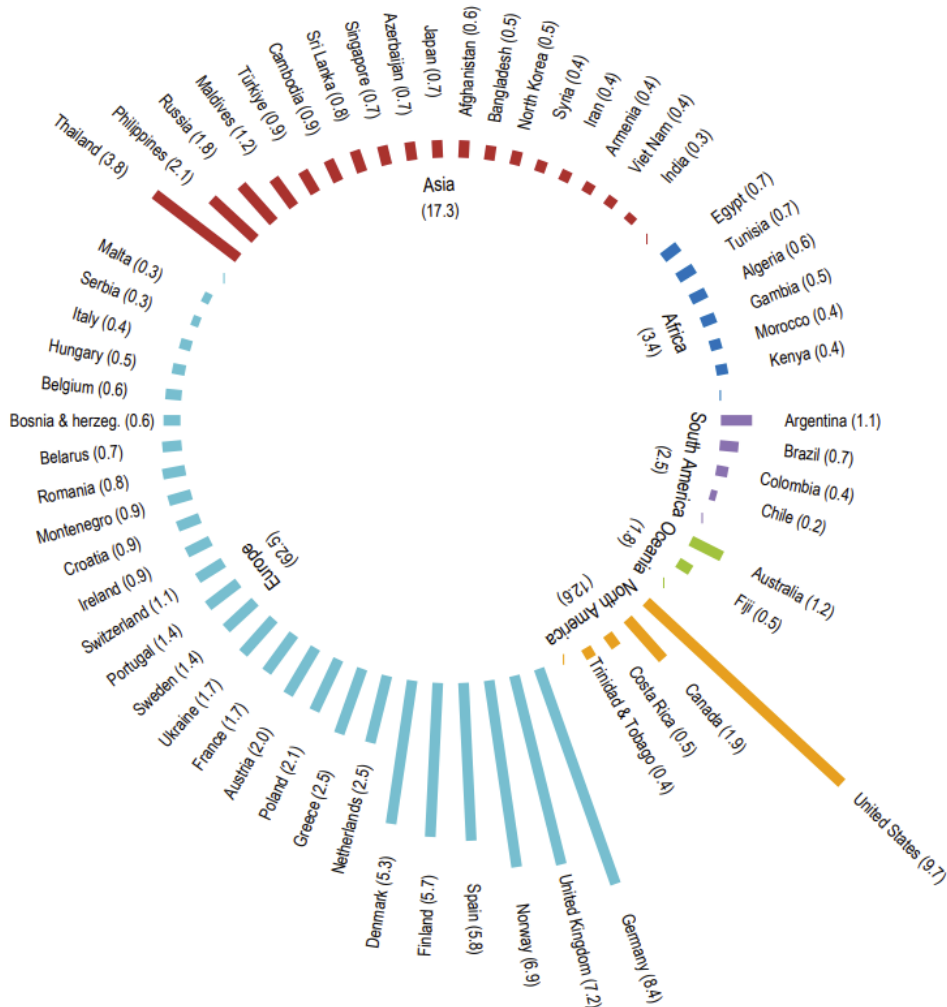
Note that Swish is not available abroad. However, it is possible to “swish” money to recipients abroad if the recipient has an account and has activated Swish before travelling abroad.

Source: The Riksbank.

Figure 5 shows the countries to which respondents send money. What we can see is that the US and Germany stand out as recipient countries, but also that the majority of remittances go to countries in Europe. A potential problem with the survey is that we may have missed the group in society that is responsible for the remittances that we often envisage when we think of classic remittances – that is, the survey does not really capture immigrants to a sufficient extent.

Figure 5. Most payments are made to the US and Germany

Responses to the survey question “Which country did you send money to on the last occasion?”, per cent



Note. Weighted results to reflect the Swedish population based on 216 interview responses. Figures in brackets indicate percentages.

Source: The Riksbank.

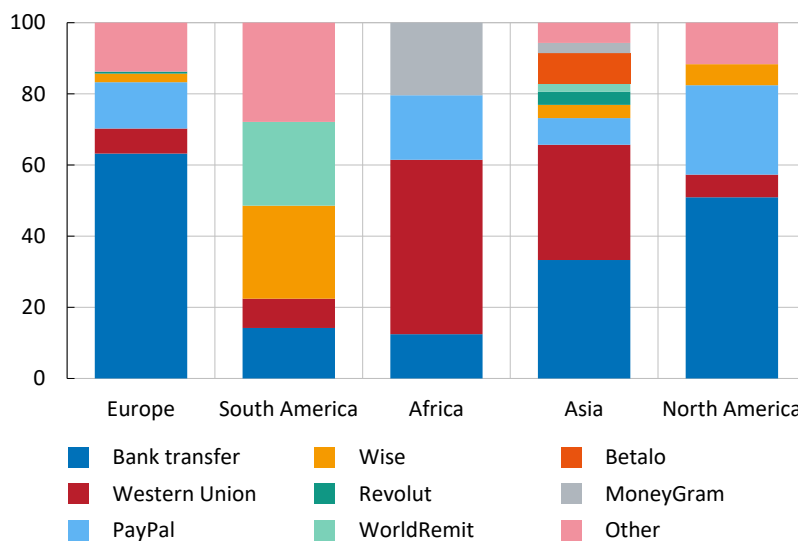
If we take a closer look at the payment services used to send money to different continents, we see some differences. Figure 6 shows that the majority of transfers to Europe and North America are made through traditional bank transfers, followed by PayPal and Wise. For Asia, traditional bank transfers and Western Union are the most common. We also see that there is a greater number of payment services used for

transfers to Asia compared to those to Europe and the US. To Asia, players such as Betalo, WorldRemit and Moneygram are also used.

For sending money to Africa and South America, the results indicate that it is mostly done through Western Union, Wise and WorldRemit respectively. However, it should be remembered that this result is based on a small number of observations and should be interpreted with caution.

Figure 6. Payment services used to different continents

Per cent



Note. Weighted results to reflect the Swedish population based on 216 interview responses. Other also includes the response options 'Don't know' and 'Don't want to answer'.

Source: The Riksbank.

4 Global targets for remittances

Large sums of money are thus being sent between countries and, for many countries and people, remittances are an important source of income. However, cross-border payments are often more expensive, slower, less accessible and not as transparent as domestic payments. To remedy this, in 2020, the G20 countries initiated a major effort to improve cross-border payments. This section describes the targets adopted by the G20 countries and makes an initial assessment of how well Sweden is meeting the targets in terms of remittances.

In 2020, the Financial Stability Board (FSB) was asked to draw up a plan for how to organise this work in cooperation with the Bank for International Settlements Committee on Payments and Market Infrastructures (BIS CPMI). The 'roadmap', described in more detail in FSB (2020), is divided into 19 workstreams – or building blocks – that examine different issues with the aim of addressing obstacles to cross-border payments.⁴³ The seven major problems mentioned are inadequate data

⁴³ Of the 19 building blocks that have been set up, the first 16 are focused on improving current infrastructure and arrangements for payments between countries. The last three, building blocks 17, 18

standards, long transaction chains, non-overlapping business hours, old technology, high funding costs, complex compliance controls and poor competition.⁴⁴

One building block, the first of the 19 workstreams, has drawn up global targets for the cost, speed, availability and transparency of cross-border payments. As part of this work, the working group has also developed specific targets for remittances (see Table 1). In 2022, the FSB also published an interim report with an initial assessment of how the targets will be measured and followed up (FSB, 2022).

Table 1. G20 targets for remittances

| | Target |
|---------------------|--|
| Cost | The global average cost of sending a remittance of USD 200 should be no more than 3 per cent by 2030 and there should be no payment corridors with costs higher than 5 percent. |
| Speed | By the end of 2027, a large majority (75 per cent) of remittances in each payment corridor should reach the beneficiary within one hour of payment initiation and, for the rest of the market, within one business day. |
| Availability | More than 90 per cent of individuals (including those without bank accounts) wishing to send or receive a remittance payment should have access to a means of electronic remittance to and from abroad by the end of 2027. |
| Transparency | All payment service providers must provide a list containing, at a minimum, information on payments to and from abroad that can be read by payers and recipients. This should include total transaction cost showing all relevant fees and currency conversion charges, time to deliver money, tracking of money and terms of service, and should be available by the end of 2027. |

Note. A payment corridor consists of payment flows between one country and another. Payment initiation refers to the time at which the payment order is received by the payer's payment service provider. In addition to remittance targets, targets have also been developed for retail payments and payments between financial institutions.

Source: FSB (2021).

Based on the information we have today, we can make an initial assessment of how Sweden is currently meeting the targets adopted by the G20. Although targets are set at the global level, regional and country-specific assessments should also be made to better evaluate changes and identify various challenges.

Cost

The cost target uses the UN Sustainable Development Goals, which are part of the 2030 Agenda for Sustainable Development. This means that the average cost of sending a remittance of USD 200 should be no more than 3 per cent of the amount sent globally by 2030 and there should be no payment corridors with costs higher than 5 per cent. To measure the cost of remittances, the FSB suggests using the World Bank's Remittance Prices Worldwide (RPW) database. In Sweden, however, we can go

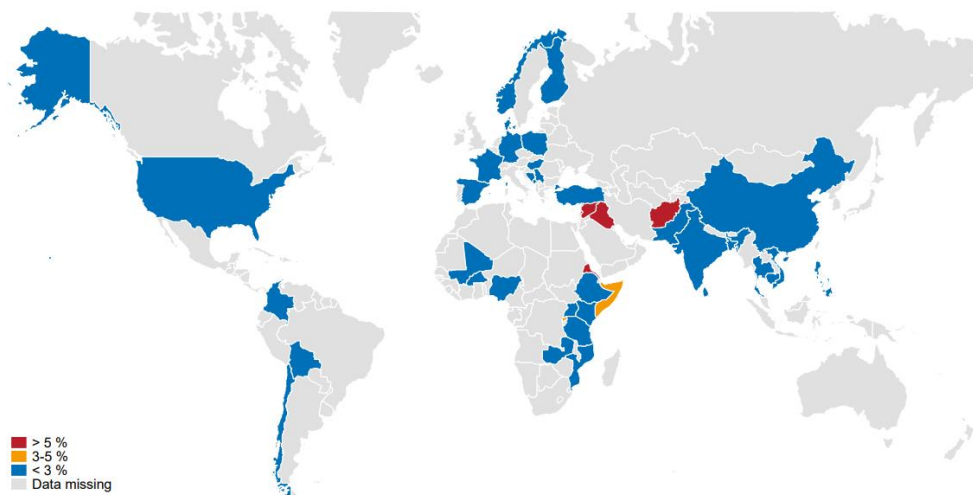
and 19, are more forward-looking and are examining how new platforms (called multilateral platforms) and new forms of money (such as stablecoins and central bank digital currencies) can improve payments between countries. The Riksbank has played a major role in this work as First Deputy Governor Cecilia Skingsley chaired the Future of Payments Working Group, which coordinates building blocks 17, 18 and 19, until she left the Riksbank. See also Segendorf and Skingsley (2022) and Claussen and Mølgaard Pedersen (2022).

⁴⁴ See Box 3 in Claussen and Mølgaard Pedersen (2022) for additional details.

directly to the source, which is Money from Sweden. In Figure 7, we can see that most of the payment corridors monitored by Money from Sweden have a cost below the 3 per cent target. However, there are payment corridors such as payments to Afghanistan and Iraq that exceed the 5 per cent ceiling.

Figure 7. Cost to send SEK 1,000 from Sweden

Per cent



Note. Calculated using the smaRT average sample (three cheapest options, May 2022).

Sources: Money from Sweden and the Riksbank.

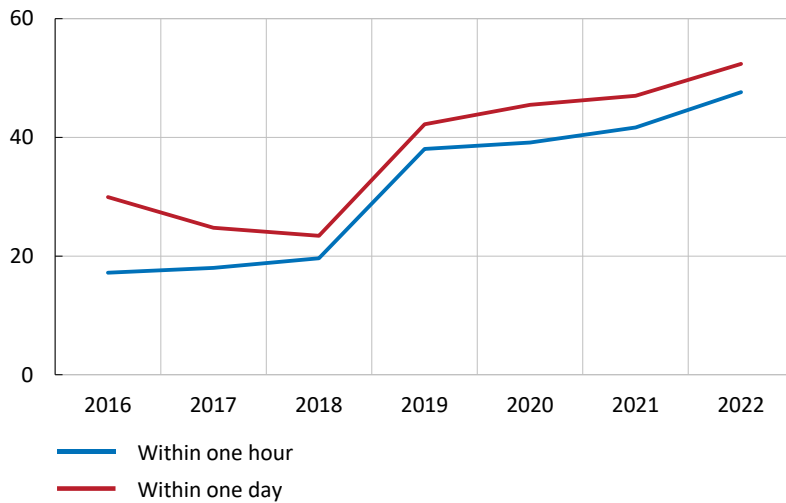
We can see in Figure 7 that the data from Money from Sweden is not comprehensive. However, the sample monitored by Money from Sweden aim to capture the countries that receive the largest share of flows from Sweden. As the majority of the world's countries are not included, data on the cost of making transfers to them is therefore missing.

Speed

The target is for the vast majority of remittances to reach the recipient within one hour and for no payments to take longer than one working day. The target is to be met by the end of 2027 and the FSB proposes two indicators: the proportion of services offering transfers within one hour and the proportion of services offering transfers within one working day. According to data from Money from Sweden, which can be seen in Figure 8 below, 48 per cent of services offer transfers within one hour and 52 per cent within one day. It can also be seen that there has been an improvement in recent years.

Figure 8. Proportion of services delivered within one hour or one day respectively

Per cent



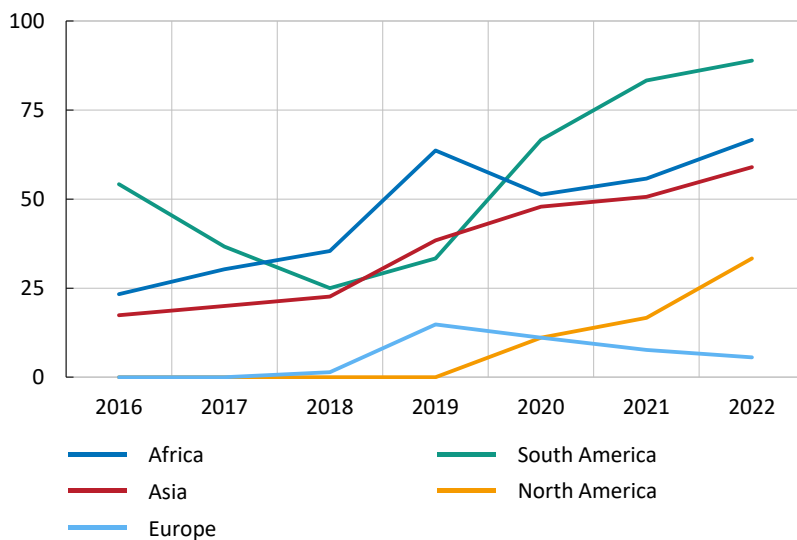
Note. Percentage of services delivered within one hour and one day respectively. Calculated using the smaRT average sample (three cheapest options within each payment corridor and quarter). If we instead calculate the percentage based on all available services, the figures fall to 33 per cent within one hour and 42 per cent within one day.

Sources: Money from Sweden and the Riksbank.

When we look at the number of services offering transfers within one hour to different continents in Figure 9, we see that transfers within Europe are the slowest.

Figure 9. Proportion of services with delivery time within one hour

Per cent



Note. Percentage of services with delivery time within one hour by continent. Calculated using the smaRT average sample (three cheapest options within each payment corridor and quarter).

Sources: Money from Sweden and the Riksbank.

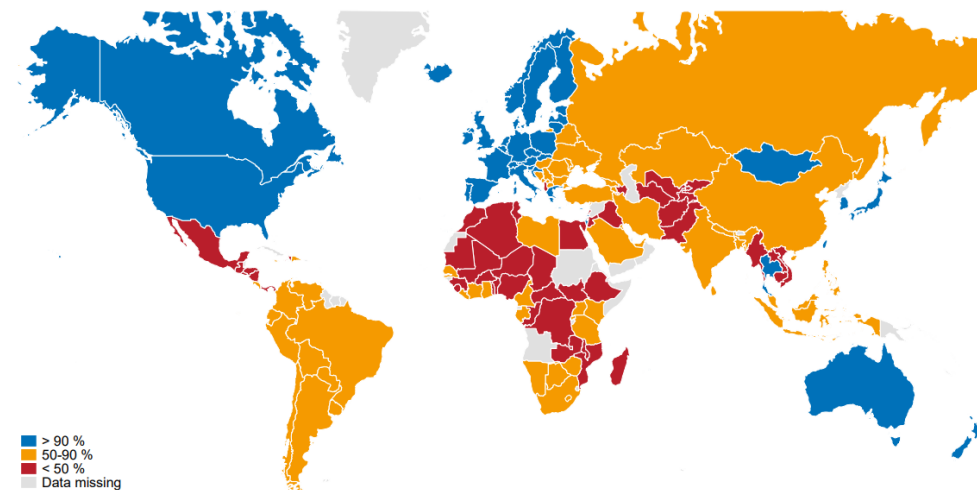
At first glance, this may come as a surprise. But a closer look at the data shows that this may be because bank transfers are relatively cheap within Europe, but they are slow and do not take place within one working day. More noteworthy is the trend that the share of fast payments has decreased in Europe in recent years, while it has increased for other continents. It is difficult to draw definitive conclusions about the reasons for this trend due to the lack of detailed statistics but one possible explanation is that the share of bank transfers has increased as they have become cheaper.

Availability

The goal for availability is that there should be access to electronic means of payment – even where there is no access to traditional bank accounts. This is to be achieved by the end of 2027. According to the Global Findex Database, more than 99 per cent of Swedes aged 15 or older have access to a bank account. In recent years, however, there have been more complaints from individuals who have been denied access to a bank account (FI, 2021). There are also indications that the problem is even more widespread among certain groups such as newly arrived immigrants or foreign students. Most Swedish banks offer international payments, but not to all countries. As Figure 10 shows, access to a bank account is good in Sweden, while it is much worse in many other countries. This creates problems for those living in Sweden who want to send money to friends and relatives in countries where access to bank accounts is poor.

Figure 10. Access to bank accounts

Percentage (15 years and over) with access to a bank account



Note. For the majority of countries, data for 2021 are shown. For those countries where data for 2021 are missing, data for 2017 are shown where available.

Source: Global Findex Database.

Transparency

Finally, there is a transparency target so that end-users are clearly informed of all the costs they need to pay, how long the payment is expected to take and the rules and

conditions that apply. The transparency target must also be met by the end of 2027. According to the FSB, the payment service provider should provide users with clear information on exchange rate charges and other relevant fees, expected delivery time and how the payment can be tracked. The FSB further suggests evaluating how well the target has been met by looking at whether national legislation sets sufficient requirements for transparency and whether payment intermediaries actually provide the information in a clear manner. In Sweden, there are legal requirements for transparency, mainly through the Payment Services Act. Through Money from Sweden, we see that information is available on the fees and exchange rates offered by the different payment brokers. However, it is difficult to say from this that the information is provided in a simple and transparent way to customers.

5 Evaluating the targets requires high-quality statistics

Using the data available today, we can, as demonstrated above, make an initial assessment of how well Sweden meets the G20 remittance targets. However, in order to make a more comprehensive assessment and gain a deeper understanding of the Swedish remittance market, better statistics is needed. This is also important if good policy decisions are to be taken and evaluated. There are some challenges here. Statistics on payments between countries, and especially remittances, are often of low quality and have not been prioritised in the past.

However, some improvements are being made. For example, the World Bank, together with the IMF, UN, OECD, Eurostat and various national authorities, has launched an international working group to improve data on remittance flows.⁴⁵ This has become an increasing priority as these flows have become an important source of external financing in low- and middle-income countries.

Improvements are also under way in Sweden. For example, the new Sveriges Riksbank Act, which enters into force on 1 January 2023, gives the Riksbank a mandate to collect data on payments. In other words, it opens up the possibility of establishing regulations for how payment statistics are to be collected, including remittances from Swedish operators offering these services.

The possibility of obtaining data on remittances from Swedish operators via a regulation could improve the statistics but it would still not provide a comprehensive picture. With an increasing number of international payment service providers and digital payment solutions, it is difficult for a single country, on its own, to measure all transactions sent to and from it. Many of the transactions initiated over the internet take place via the websites of foreign operators and, as these are not registered in Sweden, it is difficult for Swedish authorities to obtain statistical data from them. In order to have a comprehensive picture of the remittance market and the flows to and from different countries, it is therefore necessary that reliable statistics are available in each country where these operators are registered and that there is good international cooperation.

⁴⁵ See [International Working Group on Improving Data on Remittance Flows Concept Note | KNOMAD](#).

An improvement project is also under way at Statistics Sweden, which compiles Sweden's official statistics on remittances. In 2022, Statistics Sweden expanded the number of companies from which it collects data to cover a larger share of operators offering remittance services. Statistics Sweden has also implemented a new method to calculate the inflow of remittances to Sweden. In brief, the new method is based on Statistics Sweden using the same quota estimation as other countries that are comparable to Sweden. This will correct the previous misleading picture in which the inflow of remittances to Sweden has appeared to be larger than the outflow.⁴⁶

But more can and should be done to get a better picture of which services, both formal and informal, are used to make traditional remittances. As mentioned earlier, there is a risk that surveys aimed at a representative sample of the population do not sufficiently capture the group in society that is most likely to make traditional remittances. More questions would also need to be asked of households to gain a more in-depth understanding of their payment habits to and from abroad. It would therefore be desirable to have a targeted survey specifically on remittances that accurately captures the groups that most often make these.

6 Concluding discussion

The G20 countries have adopted a comprehensive roadmap and ambitious targets to make cross-border payments more efficient. The private and public sectors in Sweden need to work together to ensure we reach these targets. The work now being undertaken by the G20 can be seen as a response to the public sector's dissatisfaction with the current efficiency of cross-border payments and its perceived need to both guide and drive the private sector. Neither the private nor the public sector can solve the existing problems by themselves. Payments between countries only work well if there is harmonisation, common standards and a reliable legal framework – areas where the public sector has now promised improvement. Ultimately, however, it is the private sector that must deliver the end products to customers.

Statistics on remittances are often of low quality. Internationally and nationally, some improvement projects are now under way. This work is essential for making good policy decisions and for evaluating different options and changes.

Survey data can be helpful to understand how households act and what services they use. However, it is difficult to interpret survey data on remittances. On the one hand, surveys risk missing members of society responsible for what we often think of as traditional remittances, meaning immigrants sending money to family and friends in their country of origin, and, on the other hand, respondents may find questions about remittances and payments sensitive and difficult to answer.

The Swedish Consumer Agency offers a high-quality and important service with Money from Sweden. However, this service only covers a limited number of actors and countries. It would be desirable to expand the sample. Better statistics and

⁴⁶ Revisions of historical series will be made in the next general revision of the statistics in 2024.

knowledge could provide important guidance on which countries and actors to monitor.

However, if the Money from Sweden sample were to be expanded and a targeted survey of remittances developed, the costs would also be higher. Who should bear these costs is unclear. Several authorities work with remittances, although no one authority has any clear responsibility. It would be desirable for these authorities to intensify their cooperation and consider whether they could share certain costs.

As described above and in Claussen and Mølgaard Pedersen (2022), cross-border payments are often based on correspondent banking, where banks in different countries have accounts with each other and offer payment services to each other. These relationships are particularly important for smaller banks and money transfer operators. A large share of international payments are thus made via correspondent banks. However, the number of correspondent banks decreased by 20 per cent between 2011 and 2018, despite an increase in the value of payments over the same period (Boar et al., 2022). According to Boar et al. (2022), the banks have mainly withdrawn from countries in which supervision and controls on illicit financing have been poor. Another reason for the trend of fewer correspondent banks concerns the costs and risks that come from regulatory compliance controls, such as money laundering rules. This lengthens transaction chains and reduces competition, making transactions more expensive and slower for end-users.

At the same time as the banks themselves are leaving some countries altogether, other money transfer operators are also finding it more difficult to open accounts with banks in order to offer remittance services to their customers. This development is worrying, as it could harm financial integration, increase the cost of international payments or force end-users to use more informal services.

Although Sweden is probably at the forefront in terms of achieving the G20 targets, it should continue to work actively internationally to create a basic infrastructure for payments between countries. Faster, cheaper, more transparent and more inclusive payment services between countries would improve the lives of citizens all over the world. Sweden, as a small and open economy, has a lot to gain from this if it is done in the right way.

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