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ACKNOWLEDGEMENTS

This research project was envisioned and led by Mr. Tomas Ernst, Socioeconomic Response Officer for IOM’s Regional Office for Asia and the Pacific (ROAP) COVID Task Force. Research across the 12 countries was conducted by Mr. Jonathan Capal, Director - DMAG Asia Pacific. The research Jonathan and Tomas identified went well beyond desk review and included specific data from Central banks which elevated the quality of the final publication. The RDH team would also like to extend its thanks to IOM Country Offices across AP and colleagues from ROAP for their feedback and support, including on early drafts and webinars to discuss the topic.

This project has received funding from Migration Resource Allocation Committee (MiRAC).

This publication has been issued without formal editing by IOM.

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BANGLADESH

REMITTANCE TRENDS IN 2020
The annual remittance inflow to Bangladesh rose a staggering 40.6 per cent above the expected 22 per cent decline predicted by the World Bank to affect South Asia in 2020.1

The increase was even higher than the 27.8 per cent decline predicted for Bangladesh by the Asian Development Bank in 2020.2

As a result of increasing remittance growth throughout 2020 that defied expectations, the World Bank revised their estimate and projected remittance growth to be 8 per cent in 2020.3 (Refer to Figure 1)

Bangladesh was the third highest remittance recipient in 2019, receiving an estimated US$18.3 billion.4

QUARTERLY TRENDS

The largest variance can be seen in Q3 2020, which improved on the same period for 2019 by 32.7 per cent or US$2.2 billion (Refer to Figure 2)

Q4 2020 also improved on 2019 figures by 21.6 per cent, although there was a slight decline from Q3 2020.

MONTHLY TRENDS

Monthly remittances declined by 33.3 per cent within the first four months of 2020 in response to COVID-19 lockdowns and the return of migrants from host countries. (Refer to Figure 3)

However, from May to July 2020, inflows went up as much as 58 per cent to US$2.6 billion, compared to a modest 10.3 per cent incline for the same period in 2019. These numbers have been attributed to the collapse of the informal hundi cross-border transaction network in favour of formal remittances.5

The largest increase observed in July 2020 has been attributed to the holiday of Eid-ul-Azha in Bangladesh, falling on August, as migrants typically send larger amounts of money home around the time of this event.6

For the remaining months of July to December, monthly remittances mostly equalled over US$2 billion.

CHANGES TO KEY REMITTANCE CORRIDORS

While an estimated US$4.6 billion was received from India in 2018, the porous border between the two nations makes it difficult to locate accurate data for 2020.7

More than US$6 billion was received from Gulf Cooperation Council (GCC) countries in 2018, with the largest shares originating in Saudi Arabia, the United Arab Emirates and Kuwait, which sent an estimated $2.7 billion, $2.7 billion and $1 billion respectively.8

The recovery of GCC countries was felt much quicker, therefore migrants in these host countries were able to send remittances home much more quickly, contributing to the large increase overall.

CURRENCY FLUCTUATIONS

Bangladesh’s taka lost value consistently against the US dollar in 2020, ensuring that more money was received by remitters’ families. (Refer to Figures 2 and 3)
REMITTANCE CHANNEL IMPACTS
- bKash saw a surge in remittance transfers, with 150 per cent more remittances as a daily average in April compared to the first three months of the year.¹
- Internet banking customers rose to 2.74 million in June 2020, compared to 570,000 in the same month in 2019.²³
- In April and May, more than 7 million mobile wallets were opened, out of which 2.6 million were by ready-made garment workers as the government required that factories must transfer salaries to MFS accounts.¹¹
- Mobile financial services accounts rose by 20.3 million people from August 2019 to 2020. The largest increases have been seen in rural areas.¹²

REMITTANCES AND GDP
Remittances rose as a share of GDP, owing to strong economic performance in-country and strong remitting ability on the part of overseas workers.¹ (Refer to Figure 4)

PUBLIC AND PRIVATE SECTOR INITIATIVES
- The Central Bank relaxed the conditions for overseas workers to claim a 2 per cent remittance incentive on remittances up to US$5000 or TK$500,000.¹⁴
- The Central Bank also increased the monthly limit for money transfers through mobile financial service providers from TK$75,000 to TK$200,000.¹⁵
- The Central Bank further instructed mobile financial service providers to offer free cash-out up to a maximum of TK$1000.¹⁶
- bKash offered a 1 per cent cash bonus to customers receiving remittances through banking channels abroad on TK$10,000 or more.¹⁷
- BRAC, a Bangladesh-based NGO, supported families with digital cash grants worth US$13 million to 575,000 mobile wallets.¹⁸

SUMMARY FINDINGS
Due to government incentives for using formal remittance channels, Bangladesh’s remittances rose 18.6 per cent in 2020 from 2019. Remittances increased slightly in the second quarter of 2020 compared to other countries and registered increases in the third and fourth quarters.

bKash is the third-largest mobile financial service in South Asia, capturing a large portion of the inflows and therefore allowing the company to provide many incentives throughout 2020 to its customer base for digital transfers.

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16. Ibid.
17. bKash 2020, ‘1% cash bonus on receiving remittance through bKash on top of 2% government incentive’, Press release, December 5.
CAMBODIA
REMITTANCE TRENDS IN 2020
According to the World Bank, formal remittance flows to Cambodia were estimated to decline in 2020 by 5.2 per cent to US$1.45 billion.\(^1\) The Asian Development Bank also estimated that remittances to Asia would fall by 11.5 per cent.

Annual remittances to Cambodia in 2019 totalled US$1.5 billion.\(^2\)

Remittances as a per cent of GDP decreased from 5.83 per cent in 2018 to 5.64 per cent in 2019. (Refer to Figure 1)

**CHANGES TO KEY REMITTANCE CORRIDORS**

- An estimated 1.2 million Cambodian workers were employed in Thailand, the Republic of Korea, Japan, Singapore, Hong Kong SAR of China, Malaysia and Saudi Arabia in 2019, sending home US$2.8 billion\(^7\) in remittances.
- Sixty-three per cent of Cambodian remittance flows originate in Thailand, where most Cambodian migrants are located.\(^8\)
- However, in response to the pandemic, an estimated 30,000 workers left Thailand in the months leading up to July.\(^9\)
- The Republic of Korea is another of the largest sources of remittances to Cambodia. In the first quarter of 2020, remittances decreased to $3.5 million from $6.2 million, a 44 per cent drop from the same period in 2019.\(^10\)
- In the first half of 2020, collective remittances from Japan and the Republic of Korea declined an estimated 10 per cent compared to the same period in 2019.\(^11\)

**CHUNKED CONTENT**

- **QUARTERLY TRENDS**
  - Remittance inflow volume in Q1 2020 was 5.4 per cent lower than in Q1 2019 in response to the COVID-19 lockdowns. (Refer to Figure 2)
  - Remittances further declined each quarter of 2020, although the largest variances from 2019 were within Q3 2020. The volume in Q3 2019 was 24.2 per cent higher than in Q3 2020.

- **REMITTANCE CHANNEL IMPACTS**
  - Transaction value in the digital remittances segment of Asia is projected to reach US$30.3 billion in 2021.\(^3\)
  - Digital readiness in Cambodia is still in the initial stage compared to regional peers, therefore internet access is limited.\(^4\)
  - The number of e-wallet users increased by 64 per cent to 5.22 million in 2019, a huge jump considering that only 5 per cent of the population have a bank account.\(^5\)

**CURRENCY FLUCTUATIONS**

- Cambodia has a heavy dependence on the US dollar in financial asset transactions, with over 80 per cent of bank deposits in USD.
- This makes them vulnerable to fluctuations, as typically US dollars are preferred over the local currency when remitting, thereby charging migrants a higher rate. (Refer to Figure 3).

**GDP REMITTANCE INFLOW AS % OF GDP**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Remittance Inflow as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>27,500</td>
<td>2%</td>
</tr>
<tr>
<td>2019</td>
<td>27,000</td>
<td>2.5%</td>
</tr>
<tr>
<td>2020</td>
<td>26,500</td>
<td>3%</td>
</tr>
</tbody>
</table>

**QUARTERLY REMITTANCE INFLOW 2019 VS 2020 (USD MILLION)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>$4,100</td>
<td>$3,800</td>
</tr>
<tr>
<td>Q2</td>
<td>$4,400</td>
<td>$4,000</td>
</tr>
<tr>
<td>Q3</td>
<td>$4,600</td>
<td>$3,600</td>
</tr>
<tr>
<td>Q4</td>
<td>$4,800</td>
<td>$4,200</td>
</tr>
</tbody>
</table>

**MONTHLY CURRENCY RATE FLUCTUATION (USD: KHR FX RATE)**

<table>
<thead>
<tr>
<th>Month</th>
<th>USD Exchange Rate 2019</th>
<th>USD Exchange Rate 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>1.0000</td>
<td>0.9980</td>
</tr>
<tr>
<td>Feb</td>
<td>0.8000</td>
<td>0.7980</td>
</tr>
<tr>
<td>Mar</td>
<td>0.6000</td>
<td>0.5980</td>
</tr>
<tr>
<td>Apr</td>
<td>0.4000</td>
<td>0.3980</td>
</tr>
<tr>
<td>May</td>
<td>0.2000</td>
<td>0.1980</td>
</tr>
<tr>
<td>Jun</td>
<td>0.0000</td>
<td>0.0020</td>
</tr>
<tr>
<td>Jul</td>
<td>1.2000</td>
<td>1.1980</td>
</tr>
<tr>
<td>Aug</td>
<td>1.0000</td>
<td>0.9980</td>
</tr>
<tr>
<td>Sep</td>
<td>0.8000</td>
<td>0.7980</td>
</tr>
<tr>
<td>Oct</td>
<td>0.6000</td>
<td>0.5980</td>
</tr>
<tr>
<td>Nov</td>
<td>0.4000</td>
<td>0.3980</td>
</tr>
<tr>
<td>Dec</td>
<td>0.2000</td>
<td>0.1980</td>
</tr>
</tbody>
</table>

**ANNUAL GDP (USD MILLION) & REMITTANCE (% OF GDP)**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (USD Million)</th>
<th>Remittance Inflow as % of GDP</th>
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**DIGITAL READINESS IN CAMBODIA**

- Digital readiness in Cambodia is still in the initial stage compared to regional peers, therefore internet access is limited.\(^4\)
- The number of e-wallet users increased by 64 per cent to 5.22 million in 2019, a huge jump considering that only 5 per cent of the population have a bank account.\(^5\)
The National Bank of Cambodia has provided more liquidity to Cambodian banks and finance institutions. They have also encouraged microfinance institutions and the general public to use electronic services for transactions.12

In February 2020, the National Bank of Cambodia and the Bank of Thailand signed an agreement launching a QR Code Cross-Border Payment to allow customers to make payments for goods and services using mobile banking QR codes.13

Wing Specialised Bank, Cambodia’s popular mobile banking service provider, offered free fund transfers between customers’ bank accounts in Cambodia.14

In October 2020, the National Bank of Cambodia launched its first digital currency, named Bakong, drawing on blockchain technology co-developed by Japanese fintech firm SORAMITSU.15 Following a successful trial, they have partnered with Wing’s financial network and 18 financial institutions across Cambodia.16

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5. ASEAN Briefing 2020, ‘Cambodia launches Digital Currency: Key Features’, Overview, November 23.

SUMMARY FINDINGS

Major sources of remittances from the Republic of Korea, Thailand and Japan declined significantly, affecting quarterly flows.

The National Bank of Cambodia encouraged people to use electronic services for transactions, but their digital payment infrastructure was underdeveloped compared to regional peers with traditional incumbents.

With the continued development of Bakong and the adoption of e-wallets by Cambodians, remittances are likely to increase.

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FIJI

REMITTANCE TRENDS IN 2020

April 2021

IOM Asia-Pacific Regional Data Hub
Fiji’s annual remittance inflow increased by 10.9 per cent from US$272 million in 2019 to $301 million in 2020. (Refer to Figure 1)

This was despite the fact that in October 2020, The World Bank (WB) estimated that remittances would fall by 11 per cent in 2020, a reduction in this verity predicted in March 2020, where costs were projected to fall by 19.7 per cent.

In actuality, Fiji’s total remittances received from January to December 2020 increased by 30 per cent and in the process surpassed the previous year’s highest monthly remittance inflow of US$60.5 million, twice.

The decline from US$66.34 million in Q1 2020 to $60.92 million in Q2 2020 occurred in response to COVID-19.

As expected, the largest variance is between Q4 2019 and Q4 2020, which saw a 28.7 per cent increase to US$93.9 million. (Refer to Figure 2)

Remittances stabilised in May and June, reaching their highest point in a decade in July at US$29.8 million.

Despite a small decline in August, inflows surged from September to December 2020, rising 38 per cent above the same figure in December 2019, which could be attributed to the successful control of COVID-19 in countries where Fijian migrants and seasonal workers were located.

Over the last ten years, more than 60 per cent of remittances to Fiji have originated from Australia, New Zealand and the United States.

Australia and New Zealand sent the largest shares of remittances in 2018, estimated at US$99 million and $74 million respectively. The United States sent an estimated US$61 million.

Following the COVID-19 lockdowns, monthly cash inflows from January to April dropped 46 per cent, compared to a 2.8 per cent increase in 2019. (Refer to Figure 3)

This was likely due to Fijian migrant workers losing employment in host countries or returning home early.

However, mobile money inflows as a per cent of total remittances peaked at 15 per cent in April 2020 as people relied on digital channels. (Refer to Figure 4)

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Vodafone Fiji saw an increase from 6,500 transactions per month before March 2020 to 22,000 transactions in May 2020.7

Remittances sent through mobile money platforms increased by 279 per cent from January to October 2020.8

Month-to-month inward remittances credited to mobile wallets increased by 68 per cent in 2020.9

Remittances on the M-Paisa platform of Vodafone Fiji increased from $1.3 million to US$8.5 million between July and September 2020.10

The Reserve Bank of Fiji (RBF) classified particular financial services as essential, including the processing of money changing and remittance services at bank branches and licensed foreign exchange dealers.11

In May 2020, Vodafone Fiji announced that they would waive all fees for domestic and international remittances made using the M-PASA payment platform for two months.12

In September 2020, ANZ announced a temporary waiver of its $7 international money transfer fee for online foreign currency payments made from Australia and New Zealand using ANZ Internet Banking and the GoMoney App.13

Fiji experienced a drop in remittances in the first few months of the pandemic, but no sustained decline as predicted, likely due to the recovery of Australian and New Zealand economies. Digital remittance trends significantly shot up in response to COVID-19 lockdowns that prohibited them from travelling home regularly and exchanging money informally.

Public and Private Sector Initiatives

9. Ibid.

Summary Findings

There is a visible counter-cyclical trend as Fiji’s annual GDP declines for 2020 but remittances rise as a per cent of GDP from 4.83 per cent in 2018 to 6.84 per cent in 2020.6

Digital remittance trends significantly shot up in response to COVID-19 lockdowns that prohibited them from travelling home regularly and exchanging money informally.
INDONESIA

REMITTANCE TRENDS IN 2020

April 2021

IOM Asia-Pacific Regional Data Hub
Indonesia is a major migrant-sending country, with overseas workers remitting some 1 per cent of total GDP each year.\(^1\)

In April 2020, the World Bank predicted that remittances within East Asian and Pacific nations would fall 13 per cent.\(^2\)

However, annual inflows fell by as much as 17.6 per cent. (Refer to Figure 1)

In 2020, Indonesia recorded the highest death toll due to the COVID-19 pandemic of any country in South-East Asia.\(^3\)

Twenty-three per cent of Indonesia’s population is banked while 26 per cent of the population is under-banked and predicted to be served by new technology-enabled business models.\(^4\)

Remittances fell from US$2.6 billion in the first quarter to US$2.3 billion in the fourth quarter of 2020.\(^5\)

While remittances rose 3.4 per cent from Q1 to Q3 2019, they fell sharply 13 per cent in the same period in 2020. (Refer to Figure 3)

The largest variance can be seen in Q2 and Q3 2020, which declined from the same period for 2019 by 22 per cent and 21.7 per cent respectively.

Remittances as a per cent of GDP declined from 1.08 per cent in 2019 to 0.85 per cent in 2020 (up to Q3 2020). (Refer to Figure 2)

The vast majority of Indonesian migrant workers travel to Malaysia, Taiwan Province of the People’s Republic of China and Hong Kong SAR, China to be domestic workers.\(^8\)

Due to the porous border between Indonesia and Malaysia, the largest group of undocumented male workers, around 26 per cent of total workers, travel to work mainly as farm and construction workers.\(^9\)

More than 120,000 migrant workers have officially returned to Indonesia after losing employment overseas.\(^10\)

Malaysia, Taiwan Province of the People’s Republic of China and Japan had implemented bans on Indonesian workers since September 2020.\(^11\)

The rupiah exchange rate weakened after the first positive case of COVID-19 appeared in March 2020. As cases increased, the exchange rate became weaker.\(^6\) (Refer to Figure 3)

The exchange rate depreciated further by up to 1.6 per cent against the US dollar in September, which could be a factor in explaining poor remittance inflows in Q3 2020.\(^6\)

The rupiah had depreciated by 6.2 per cent in October 2020, making it the worst performer in Asia as a result of the economic downturn induced by COVID-19.\(^7\)
By 2025, Indonesia’s digital services industry is expected to grow by 34 per cent annually and generate US$8.6 billion in revenue.12

BNI Syariah, the sharia subsidiary of state-owned Bank Negara Indonesia, reported a growth of 58.1 per cent Y-o-Y to US$14.46 million in the first quarter of 2020.13

Their online account opening service also saw a 137 per cent increase between December 2019 and March 2020 to almost 25,000 accounts.14

The bank has also been developing its sharia e-money called HasanahKu.15

Bank Mandiri, the largest bank in Indonesia, oversaw growth of 19 per cent Y-o-Y by the end of 2020, equating to US$111.2 million.16

In both banks, the early introduction of digital initiatives led to an increase in third-party funds, and therefore their fee-based incomes.17

PUBLIC AND PRIVATE SECTOR INITIATIVES

The government cancelled formal placement services for returning or aspiring overseas workers to reduce exposure.18

Bank Indonesia launched a QR code system to universalise cashless payments in 2019 and is planning to extend it to 12 million merchants in 2021.19

Bank Indonesia promoted cashless transactions and the digitisation of financial services by lowering transfer fees and disbursing cashless social aid payments.20

Bank of Indonesia is capitalising on millennials expertise and interests through digital-based incentives.21

The state-owned Bank Mandiri has also introduced Mandiri online, a central platform that allows users to make payments with QR scan codes and deposit e-money via their mobile phones.22

The combination of a significantly banked population (23%) and the early adoption of digital infrastructure for overseas workers explains the growth of profit for Indonesian banks.

SUMMARY FINDINGS

However, the underbanked sector of remittance-receivers was not given sufficient alternatives when COVID-19 induced an economic downturn.

A weakened exchange rate and foreign worker bans in countries where Indonesian migrant workers typically travel can explain the decline in remittances.

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1. World Bank 2019, ‘Personal remittances, received (% of GDP) – Indonesia’.
4. Ibid.
9. Ibid.
14. Ibid.
15. Ibid.
17. Ibid.
20. Ibid.
Mongolia’s annual remittance inflow dropped from US$560.93 million in 2019 to US$549.01 million in 2020, a decline of 2.13 per cent. (Refer to Figure 1)

However, this still represented an annual inflow higher than the 13 per cent decline predicted by the World Bank in April 2020 and revised figure of 11 per cent in October.

Quarterly Trends
Q3 2020 proved to be a recovery period for quarterly remittances, leading to an increase of 5.3 per cent from US$140 million in 2019 to US$147 million in 2020. (Refer to Figure 2)

However, the largest variance in data occurred in Q4 2020, dropping from US$146 million to US$133 million.

Monthly Trends
Monthly remittance inflow fell by 10 per cent between the months of January and April 2020, compared to a 0.2 per cent increase during the same period in 2019. (Refer to Figure 2)

A period of recovery occurred from May to August, with inflows growing by US$3.8 million or 8 per cent.

However, another decline occurred from the months of September to December, with the final month of 2020 registering the largest variance of US$35 million between 2019 and 2020 inflows.

Changes to Key Remittance Corridors
Migrants from Mongolia are typically young males who travel to Asian destinations such as the Republic of Korea and some European destinations such as the Czech Republic.

According to the World Bank Bilateral Matrix, Mongolia received an estimated US$151 million from the Republic of Korea, making them the largest remittance corridor.

Mongolia also received an estimated US$111 million from the Russian Federation in 2018.

Currency Fluctuations
Mongolia’s currency depreciated considerably against the US dollar in 2020 compared to 2019. (Refer to Figure 3)
Remittances represented a higher per cent of GDP in 2020, from 4.05 per cent in 2019 to 4.14 per cent in 2020. (Refer to Figure 4)

Counter-Cyclical Patterns
Despite the rise in GDP from Q2 to Q3, remittances increased, indicating a counter-cyclical trend. (Refer to Figure 4)

Mongolia’s remittances did not decline as much as much as the World Bank expected, with a significant increase in quarterly remittances in Q3 2020.

However the depreciation of Mongolia’s currency against the US dollar and the impact of COVID-19 lockdowns in host countries led to an annual decline of 2.13 per cent.

Public and Private Sector Initiatives
The Trade and Development Bank of Mongolia (TDB Bank) has partnered with digital currency-finance company Delio and blockchain company Hexland to offer digital currency remittance.6

SUMMARY FINDINGS

REFERENCES
5. Ibid.
MYANMAR

REMITTANCE TRENDS IN 2020

April 2021
IOM Asia-Pacific Regional Data Hub
Changes to Key Remittance Corridors

Around 84 per cent of Myanmar’s formal remittances originate from Thailand, Malaysia and Singapore. The Republic of Korea, the United States and China account for the remaining 16 per cent.4

Specifically, 68 per cent of informal remittances are estimated to originate from Thailand.5

The lockdowns in China and Thailand and the closure of many factories in Thailand resulted in migrant workers losing employment and returning home.6

Between March 21 and 23 2020, when the Thai border closed, more than 11,000 people crossed from Thailand to Myanmar. Between 22 March 2020 and 8 March 2021, 163,633 migrants returned from Thailand and between 16 April 2020 and 28 Jan 2021, 46,975 returned from China.7

However, a rapid IOM assessment found that among migrants returning to Myanmar, 55 per cent had plans to re-migrate to their previous jobs in Thailand.8

Although the movement of migrants has been restricted, cross-border trade volume has held up reasonably well.9

According to the United Nations Capital Development Fund, COVID-19 would amount to a US$2 billion loss for the economy, hitting 2.1 million remittance recipients hardest.1

In April 2020, the World Bank predicted that East Asian and Pacific countries would see a 13 per cent decline in remittances.6

Myanmar has approximately 4 million international migrants, one of the highest population shares in Asia.3

Quarterly Trends for 2020 were significantly affected by COVID-19. From the months of January to March, remittance volume was 49.5 per cent lower in 2020 than in 2019. (Refer to Figure 1)

The same held true for the months from April to June, where remittance volume in 2020 was 44 per cent lower than that of 2019.

Quarterly remittances for 2020 were significantly affected by COVID-19. From the months of January to March, remittance volume was 49.5 per cent lower in 2020 than in 2019. (Refer to Figure 1)

The same held true for the months from April to June, where remittance volume in 2020 was 44 per cent lower than that of 2019.

MYANMAR

Remittance Trends in 2020

QUARTERLY TRENDS

Quarterly remittances for 2020 were significantly affected by COVID-19. From the months of January to March, remittance volume was 49.5 per cent lower in 2020 than in 2019. (Refer to Figure 1)

The same held true for the months from April to June, where remittance volume in 2020 was 44 per cent lower than that of 2019.

According to the United Nations Capital Development Fund, COVID-19 would amount to a US$2 billion loss for the economy, hitting 2.1 million remittance recipients hardest.1

In April 2020, the World Bank predicted that East Asian and Pacific countries would see a 13 per cent decline in remittances.6

Myanmar has approximately 4 million international migrants, one of the highest population shares in Asia.3

REMITTANCE CHANNEL IMPACTS

Wave Money, a Myanmar-based financial services provider oversaw US$8.7 billion in total transactions during 2020, almost double the volume of 2019 at US$4.3 billion. This was equivalent of 11.5 per cent of Myanmar’s 2020 GDP .10

Most people in Myanmar do not have a mobile wallet and most mobile money transactions are done at counters.11

Access to formal financial services increased from 30 per cent to 48 per cent between 2013 and 2018.13

Digital payments in Myanmar are expected to show an annual growth of more than 20 per cent by 2024.14

CHANGES TO KEY REMITTANCE CORRIDORS

Remittance Channel Impacts

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PUBLIC AND PRIVATE SECTOR INITIATIVES

- Myanmar government implemented a COVID-19 Economic Relief Plan in April 2020, through which Wave Money distributed social security payments, loan disbursements for farmers, free of cost.  

- The SMART Textile and Garments project worked with Wave Money to distribute emergency mobile money transfers to tens of thousands of garment workers across Myanmar until July 2020, funded by the EU’s US$5.7 million grant.  

- Myanmar’s Central Bank launched a national QR code payment system in early 2019.  

- OnePay, a mobile transfer operator, has partnered with Thailand-based Anttech TrueMoney to allow users to send remittances.  

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SUMMARY FINDINGS

Based on quarterly data for 2020, remittances in Myanmar fell sharply and it can be assumed that they would show a similar pattern in Q3 and Q4.

The lockdowns in Thailand shut many migrant workers out of employment, affecting their ability to send remittances home.
NEPAL
REMITTANCE TRENDS IN 2020

April 2021
IOM Asia-Pacific Regional Data Hub
While the World Bank predicted a 22 per cent decline in remittances for South Asia in April 2020,1 and a revised estimate decline of 4 per cent in October 2020,2 Nepal’s total remittance inflows represented a 2.5 per cent decline from the previous year. (Refer to Figure 1)

Nepal is the fifth-most remittance-dependent economy in the world therefore stability in international labour migration during COVID-19 is significant.3

Compared to the remittance volume in Q4 2019, remittances increased by 3.5 per cent in Q4 2020, defying predictions that they would falter. (Refer to Figure 2)

The majority of Nepal’s remittances originated from Gulf countries in 2018, including Qatar which sent US$2.2 billion and Saudi Arabia, which sent US$2 billion, according to estimates from the World Bank’s Bilateral Matrix.6

As of 2020, 24 per cent of Nepali migrant workers were located in Saudi Arabia, 22 per cent in United Arab Emirates and 21 per cent in Qatar.7

Post-COVID-19 lockdown, manufacturing activities in Gulf countries quickly resumed where a number of Nepalese workers were situated. The expected influx of workers returning home did not occur, and therefore remittance payments remained stable over 2020.1

India also provided an estimated US$1.3 billion in remittances to Nepal in 2018, but no data is available for those crossing the porous border in 2020.

There are an estimated 587,000 Nepali migrants in India, mainly engaged in the service sector, with 86 per cent of this number employed as daily wage earners in the informal sector.9

An estimated 127,000 Nepal migrants were expected to return once travel restrictions lifted and 407,000 others expected to return.10

The growth in formal remittances has been partially attributed to the devalued Nepali rupee against the US dollar.4

As a result, total remittances in dollar terms decreased by 3.3 per cent whereas they increased in 2018-19 by 7.8 per cent.5

monthly cash inflows in February were on track to be 13 per cent higher in 2020 than 2019 prior to COVID-19 lockdowns. (Refer to Figure 3)

In response to the pandemic, inflows dropped by 45 per cent in March and stayed below the 2019 average for April.

However, as economic activity resumed in key areas where Nepali workers were situated, monthly remittances from May to July surpassed those of 2019, reaching highs of US$909 million in June and remaining consistently high until December.

The growth in formal remittances has been partially attributed to the devalued Nepali rupee against the US dollar.4

As a result, total remittances in dollar terms decreased by 3.3 per cent whereas they increased in 2018-19 by 7.8 per cent.5
**Remittance Channel Impacts**

- **IME Pay** saw a 30 per cent growth in new users as well as a 25-28 per cent increase in transacting users.\(^\text{11}\)
- The transaction volume of **Prabhu PAY** also went up 30-40 per cent and most of the transactions included mobile top-ups, utility payments and remittance transfers.\(^\text{12}\)
- The sharp increase in remittance flows in June 2020 has been attributed to increased access to digital remittance services for Nepalis abroad.\(^\text{13}\)
- Globally, **MoneyGram**'s digital transactions surged 106 per cent in 2020 Q2 compared to the previous year, while **Western Union** rose 50 per cent for the same period.\(^\text{14}\)

**Counter-Cyclical Patterns**

No pattern can be detected as remittances declined from 2018 to 2020 but GDP increased over the same period, according to estimates from the **ADB**.\(^\text{15}\)

**Summary Findings**

Remittance inflows did not drop as much as expected, largely due to increases in digital formal remittances.

The expected influx of migrant workers returning home to Nepal from GCC countries did not occur due to stabilisation of employment and perceptions of safety from the COVID-19 pandemic in those countries.

**Public and Private Sector Initiatives**

- To provide liquidity to the financial system, the **Nepal Rastra Bank** lowered its cash reserve ratio from 4 to 3 per cent and reduced the interest rate on the standing liquidity facility rate from 6 to 5 per cent.\(^\text{16}\)
- The **Central Bank** increased the maximum limit of fund transfers and merchant payments to promote digital transactions and called upon the general public to prioritise electronic transactions, removing fees for electronic transactions.\(^\text{17}\)
- The **Nepali Government** introduced a digital wallet service to provide online remittance services during the COVID-19 pandemic to Nepalis abroad.\(^\text{18}\)
- The **Nepali government** included workers who obtained work permits but were unable to travel in the action plan for relief.\(^\text{19}\)

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PAKISTAN

REMITTANCE TRENDS IN 2020

April 2021
IOM Asia-Pacific Regional Data Hub
Pakistan’s annual remittance inflow increased by as much as 17.4 per cent in 2020, a substantial 39.5 per cent surge above the 22 per cent decline predicted for South Asia by the World Bank in April 2020.1 Remittances also surpassed the revised World Bank prediction of a 4 per cent decline in October 2020 and improved on the 8.3 per cent increase forecast for Pakistan by the World Bank pre-COVID-19.2 (Refer to Figure 1)

Inflow values consistently reached over USD$2 billion for each month in the last six months of 2020.3

**QUARTERLY TRENDS**

- Pakistan was unique because every quarter in 2020 improved on numbers for 2019. (Refer to Figure 2)
- The largest variance in data occurred in Q3 2020, which improved on Q4 2019 by 23.7 per cent or USD$1.7 billion.

**MONTHLY TRENDS**

- Monthly inflows from January to April were higher than in 2019. (Refer to Figure 3)
- From May to June 2020, monthly inflows shot up 24.6 per cent from USD$1.87 billion to USD$2.5 billion, largely due to remittances arriving via formal channels and workers sending savings home to help their families due to Pakistan’s economic downturn.1
- Remittances for the month of July 2020 were USD$2.76 billion, a remarkable 36.5 per cent increase on 2019 figures. This was largely attributed to the forgone of annual Hajj pilgrimages, where money was sent home instead.4
- Remittances consistently remained high from August to December 2020, improving on 2019 figures for the same period by as much as USD$100 million in September 2020.

**CHANGES TO KEY REMITTANCE CORRIDORS**

- The largest remittance corridor into Pakistan originates from GCC countries, which are estimated to have sent USD$14 billion in 2018.6
- From January to June 2020, inflows from Saudi Arabia also increased 24.6 per cent compared to the same period in 2019, a significant growth.7
- From July to December 2020, the United Arab Emirates remitted USD$2.96 billion, an increase of 6.5 per cent from the same period in 2019.8
- GCC countries remained a key source of remittances, representing 62 per cent of the total of host countries into which Pakistani migrants entered.1
- Other key corridors increased in remittance inflow in 2020, with the United States growing by 27 per cent, the United Kingdom growing by 48 per cent and EU countries growing by 56 per cent from June to December.9

**CURRENCY FLUCTUATIONS**

- Higher inflows have been partially attributed to the strong appreciation of Pakistan’s rupee against the US dollar in 2020.10
- Pakistanis in GCC countries typically remit in local currencies, which are pegged to the US dollar, thereby allowing them to exchange currencies for more rupees.5

**QUARTERLY REMITTANCE INFLOW 2019 VS 2020 (USD MILLION)**

**MONTHLY REMITTANCE INFLOW 2019 VS 2020 (USD MILLION)**

**REMITTANCE INFLOW % OF GDP**

**REMITTANCE INFLOW 2019 REMITTANCE INFLOW 2020 USD EXCHANGE RATE 2019 USD EXCHANGE RATE 2020 USD: KRW FX Rate**

**Remittance Inflow (USD millions)**

- 27,000
- 26,000
- 25,000
- 24,000
- 23,000
- 22,000
- 21,000
- 20,000
- 19,000
- 18,000
- 17,000
- 16,000
- 15,000
- 14,000
- 13,000
- 12,000
- 11,000
- 10,000
- 9,000
- 8,000
- 7,000
- 6,000
- 5,000
- 4,000
- 3,000
- 2,000
- 1,000
- 0

- 100
- 75
- 50
- 25
- 0

- USD EXCHANGE RATE 2019
- USD EXCHANGE RATE 2020
Inward remittances to the State Bank’s Roshan Pakistan Digital accounts crossed US$671 million in the six months leading up to March 2021. Inflows more than doubled from US$250 million in December 2020 to US$594 million in February 2021. 70,000 Roshan Digital accounts have been opened so far, from over 100 countries. Remittance inflows have also increased foreign exchange reserves held by the Central Bank, which are US$13.41 billion in 2021, compared to US$10 billion in July 2020.

COUNTER-CYCLICAL PATTERNS

There is a distinctively counter cyclical trend for Pakistan for 2020 as remittances increased but GDP remained stable. (Refer to Figure 4)

SUMMARY FINDINGS

The success of Roshan Digital and continued focus on the digitisation of remittances in Pakistan increases the likelihood of further growth in 2021.

The unprecedented rise can also be attributed to migrants sending more money home to provide greater financial security to families as Pakistan’s domestic economic growth was impacted by COVID-19. Pakistan successfully cracked down on illegal channels to curb illicit financial transactions including financing of militant and extremist groups, which increased the usage of formal remitting channels.

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THE PHILIPPINES

REMITTANCE TRENDS IN 2020
The Philippines experienced a 0.8 per cent decline in annual remittance inflow from 2019-20, despite Bangko Sentral ng Pilipinas (BSP) predictions of a 5 per cent decrease. (Refer to Figure 1)

Remittance inflow also defied the World Bank prediction of a 13 per cent decline in April 2020 and the revised 11 per cent decline for East Asia and the Pacific in October 2020. 3

With the Philippines economy in full recession as a result of COVID-19, remittances remained surprisingly stable over 2020, rising to 17.4 per cent of annual GDP. (Refer to Figure 1)

Quaterly Trends

The largest variance occurred in Q2 2020, which registered a 10.6 per cent drop from Q1 2020, whereas there was a 0.6 per cent increase in the same period of 2019. (Refer to Figure 2)

This can be attributed to the response of host countries to the COVID-19 lockdowns, with many workers returning home.

However, remittances quickly recovered to a level higher than Q4 2019 as host countries’ economies recovered.

Q4 2020 saw an increase of US$139 million compared to the same period in 2019, or a minor increase of 0.8 per cent. (Refer to Figure 2)

Monthly Trends

Monthly inflows from January to April 2020 fell by 22.7 per cent in response to COVID-19 lockdowns. (Refer to Figure 3)

From June to July 2020, there was an 8 per cent increase in remittances.

Despite a drop in August, remittances recovered quickly and stabilised, registering gradual growth until another minor decline in November 2020.

Changes to Key Remittance Corridors

The largest remittance corridor in the Philippines originates in the United States, from which an estimated US$11.4 billion was sent in 2018.

The Gulf countries represent another significant source of remittance inflows, with Saudi Arabia, the United Arab Emirates and Qatar sending an estimated US$3.2 billion, US$3.2 billion and US$1.2 billion respectively.

Remittances from the United States registered growth from January to September 2020, representing 40 per cent of the total remittances into the country in 2020.

However, remittance decline was noted from January to September 2020 in all of these countries except for Qatar.

Currency Fluctuations

After starting 2020 at 50-level against the US dollar, the peso finished the year at 48-level.

However, remittance beneficiaries received less peso value, forcing overseas Filipinos to send home more remittances in dollar terms.

The Philippines Remittance Trends in 2020

FIGURE 1: ANNUAL REMITTANCE INFLOW (USD MILLION)

Remittance inflow (USD million)

2019 2020 2020 (WB Estimated)

0 10,000 20,000 30,000 40,000 50,000 60,000 70,000

2019 2020 (WB Estimate)

% of GDP

22% 18% 14% 10% 6% 2% 0%

2019 2020

FIGURE 3: MONTHLY CURRENCY RATE FLUCTUATION (USD: KRW FX RATES)

Remittance inflow (USD millions)

0 1,000 2,000 3,000 4,000 5,000 6,000 7,000

USD/JPY FX Rate

USD: KRW FX Rate

0 20 40 60 80 100 120 140 160

Remittance inflow 2019 USD exchange rate 2019 USD exchange rate 2020

FIGURE 2: QUARTERLY REMITTANCE INFLOW 2019 VS 2020 (USD MILLION)

Remittance inflow (USD million)

7,000 6,000 5,000 4,000 3,000 2,000 1,000 0

Q1 Q2 Q3 Q4

47 49 50 51 52 53

Remittance inflow 2019 USD exchange rate 2019 USD exchange rate 2020

26
REMITTANCE CHANNEL IMPACTS
- Transaction value in the digital remittances segment of the Philippines is projected to reach US$882 million in 2021.10
- Philippines-based UnionBank saw a 20 per cent increase in daily digital account openings and a doubling in transactions by the end of April 2020.11
- UnionBank built 11,000 counters across hard-to-reach areas of the Philippines for customers to collect digital remittances from.12

COUNTER-CYCLICAL PATTERNS
There is a distinctively counter-cyclical trend for the Philippines between Q2 and Q3 2020 as remittances increase but GDP remains stable. (Refer to Figure 4)
REPUBLIC OF KOREA
REMITTANCE TRENDS IN 2020
Annual remittance inflows for 2020 soared 16.3 per cent above the World Bank’s prediction of a 13 per cent decline from 2019 inflows. (Refer to Figure 1)

Transaction value in the digital remittances segment of the Republic of Korea is projected to reach US$3.9 billion in 2021.2

Remittances suffered their heaviest loss in Q2 2020, falling 10 per cent compared to Q2 2019. (Refer to Figure 2) However remittances in Q1, Q3 and Q4 increased on the same quarters in 2019 by an average of 8 per cent.

The Republic of Korea was the only country where monthly remittances over 2020 actually increased 20.5 per cent from the period of January to March. This can be attributed to less stringent lockdowns and workplace closures in the United States and Japan, the two most popular destinations for Korean migrants. (Refer to Figure 3)3

However, as cases mounted in these nations, remittances declined from US$787.4 million to US$524 and US$552.4 for the months of April and May, respectively, considerably lower than 2019 inflows.

Inflows fluctuated from June to December 2020 but stabilised in the final month of the year and at US$682 million, represented a 9 per cent improvement on 2019 figures.

The value of the won against the dollar fell initially from March 2020, as Korean households were expected to reduce consumption due to low purchasing power. However, the exchange rate recovered quickly in line with remittance growth for the remaining months. (Refer to Figure 3)

MoneyGram integrated with three Republic of Korea money transfer service companies in 2020, including Global Money Express (GME), E9Pay and Sentbe.4 MoneyGram also built partnerships with Woori Bank, the nation’s 5th largest bank, as well as Shinhan Bank, Korea Post and Kyongnam Bank.5

Global fintech platform Nium announced a partnership with E9Pay to allow customers to transfer money through the app and business portal.6

WireBarley, a Republic of Korea fintech startup waived all transfer fees from the United States to the Republic of Korea. They have signed agreements with networks Alipay and RippleNet.7
Remittances as a per cent of GDP rose from 0.41 per cent of GDP in 2018 to 0.45 per cent in 2020.

**SUMMARY FINDINGS**

Annual remittances rose in 2020, despite predictions that they would decline.

The Republic of Korea was one of the few countries to experience an increase in Q1 2020.

Multiple money transfer companies have made investments in the Republic of Korea in 2020 in response to COVID-19.

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Annual remittances saw an increase from US$205 million in 2019 to US$226 million in 2020, an increase of 23.5 percent above the World Bank’s initial estimate of a 13 percent decline for 2020. (Refer to Figure 1)

As of 2019, remittances in Samoa represented around 24 percent of GDP and it is the sixth largest remittance receiving country.

Monthly remittance increases can be observed for Q2, Q3 and Q4 2020 compared to 2019.

The largest variance in data occurred in Q3 and Q4 2020, which increased by 14 percent in both quarters compared to the same period in 2019. (Refer to Figure 2)

Monthly remittance inflow in April dropped 25 percent below January inflow levels, from US$17.7 million to US$13.2 million. This can be attributed to the immediate closing of borders, which prevented the informal cash transfers that typically occurred prior to COVID-19. (Refer to Figure 3)

However, there was a strong recovery in May, as monthly remittances rose to US$21 million and stayed above 2019 levels until December 2020. The stable recovery can be attributed to the waiving of many mobile transfer operator fees, previously among the highest in the world.

The Samoan tala depreciated strongly against the US dollar in 2020, reaching its lowest in March. This can largely explain why remittances have fallen from the United States, as their value is lower. (Refer to Figure 3)

However, the opposite effect can be observed with the WST against AUD and NZD. (Refer to Figures 4 and 5)

Remittances have increased from Australia and New Zealand, the two largest contributors to Samoa’s annual inflows, while remittances have declined from the United States.
### REMITTANCE CHANNEL IMPACTS

- A month-to-month increase of 157 per cent in mobile money wallets was reported by the Central Bank of Samoa.\(^7\)
- According to ANZ, in the month since the introduction of their fee waiver for online money transfers, numbers went up 86 per cent from New Zealand and 77 per cent from Australia to the Pacific compared to the same period in 2019.\(^6\)

### COUNTER-CYCLICAL PATTERNS

There is a distinctly counter-cyclical trend in remittances as GDP declined from Q1 to Q2 2020 but remittance inflow increased from 24.83 per cent of GDP to 29.847 per cent. (Refer to Figure 6)

![FIGURE 6: QUARTERLY GDP (USD MILLION) & REMITTANCES (% OF GDP)](image)

### PUBLIC AND PRIVATE SECTOR INITIATIVES

- ANZ customers in Australia and New Zealand could send money electronically with no transfer fee from September 2020 to February 2021 using Internet Banking and the GoMoney app.\(^8\)
- The Central Bank of Samoa worked closely with the IMF to complete initial work on a KYC facility for the South Pacific region, reducing remittance costs by improving customer verification processes.\(^9\)
- Telecommunications company Digicel Samoa launched a mobile wallet app called MyCash in December 2020, allowing customers to send and receive money without fees and make payments via QR codes.\(^10\)

### SUMMARY FINDINGS

Samoa’s high remittance transfer fees were reduced at the onset of the COVID-19 virus, contributing to an annual increase in 2020.

Samoa’s recovery defied the World Bank’s predicted decline of 13 per cent, also largely due to the increase in remittances from Australia and New Zealand.

However, a strong depreciation of the WST against the US dollar resulted in a reduction of remittance inflow from the United States.

### REFERENCES

Despite the World Bank’s estimates for global remittances to decline by 20 per cent and for Thailand to decline by 2 per cent in 2020 due to COVID-19, the annual cash inflows to Thailand have actually increased from 2019 by 0.5 per cent.1 (Refer to Figure 1)

Though this is only a marginal increase, it demonstrates the resilience of remittances.

Remittances as a per cent of GDP remained around 1.3 per cent on average from 2019 to 2020 (up to Q3 2020), suggesting that the pandemic’s effects on GDP had offset the corresponding decrease in remittances. (Refer to Figure 2)

The largest variances from 2019 were within the months of October to December 2020. The volume in Q4 2019 was 14 per cent higher than in Q4 2020. Despite overseas workers maintaining steady inflows for the holiday season, COVID-19 had caused remittances to drop by nearly US$74 million in Q4 2020 (Y-o-Y). (Refer to Figure 2)

Personal transfers into Thailand increased 7 per cent from Q3 2019 to Q3 2020 but payments out of Thailand decreased 30 per cent in the same period.2

Monthly cash inflows from January to March 2020 were on track to be 8 per cent higher than 2019 prior to COVID-19 lockdowns (Refer to Figure 3)

The lockdowns subsequently led to an average decline of 6 per cent (Y-o-Y) of remittances to Thailand for the months of April and May.

From June to July, monthly cash inflows increased Y-o-Y, particularly in July where the inflows went up nearly US$64 million or 12 per cent from the prior year.

The largest remittance corridor into Thailand originates in the United States, which sent an estimated US$1.94 billion in 2018.3 European nations collectively contributed an estimated US$2.05 billion in remittances to Thailand in 2018, with Germany, the United Kingdom and Sweden representing the largest shares.4

Although data is not available specifically for Thailand, remittance flows from the United States to East Asia have increased, growing by 5.8 per cent in the first eight months of 2020 compared to the same period last year.5

However, remittance flows from Europe in 2020 declined by 16.1 per cent, likely as a result of COVID-19 lockdowns and subsequent economic downturn.6

Despite a drop in exchange rates from Q2 to Q3 2020, remittances still grew and remained stable until the end of the year. (Refer to Figures 2 and 3)
REMITTANCE CHANNEL IMPACTS

- The use of electronic payment channels by the general public were encouraged at the onset of the pandemic to minimise the risk of COVID-19 infection.7
- In APAC, Digital Payments’ transaction volume and the total number of transactions increased by 4 per cent and 6 per cent Y-o-Y respectively.8
- Around a third of digital payments firms globally waived fees or commissions due to Covid-19, and 9 per cent were in the process of doing so, with an additional 36 per cent of these firms having reduced their fee or commission, and a further 9 per cent were reportedly in the process of doing so.9
- Digital online money transfer platforms have observed upticks in usage, such as Remitly, which saw its transaction volume surge by 40 per cent from February to March, tripling in May 2020.10

COUNTER-CYCLICAL PATTERNS

Remittance inflows remained stable over 2020 despite significant declines in GDP, suggesting a counter-cyclical pattern.

PUBLIC AND PRIVATE SECTOR INITIATIVES

- The Bank of Thailand has increased some liquidity in the foreign exchange market to enable the exchange rate to adjust and minimise the impacts of the COVID-19 market conditions.11
- To ensure sufficient liquidity, cash is being reserved in all channels for customers at both bank branches and ATMs.12
- The Thai government is willing to allow more than 100,000 migrant workers to return, although entry is conditioned on a compulsory two-week quarantine period.13

SUMMARY FINDINGS

- Thailand saw a 0.5 per cent increase despite World Bank predictions of a 22 per cent decline made in April 2020 and a revised decline of 4 per cent in October 2020.
- Despite a decline in Thailand’s GDP, remittances grew as a per cent of GDP from Q1 to Q2 2020, suggesting a counter-cyclical trend.
- Digitisation of remittances was encouraged by the Thai government as an alternative to informal channels of remitting, a probable cause of the overall increase.

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REMITTANCE INFLOW TRENDS SNAPSHOT

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