

*These COVID-19 Analytical Snapshots are designed to capture the latest research, information and analysis in a fast-moving environment. Topics will be repeated from time to time as analysis develops.
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A more gradual decline in international remittances



During the first few months of the COVID-19 pandemic, the World Bank projected that global international remittances would suffer a severe decline, falling by [20 per cent in 2020](#). This would be driven by migrants' employment and wage losses, as destination countries' economies were battered by the pandemic. However, as weeks and months passed, it became clear that remittances to some countries had increased, rather than decreased. Earlier estimates were subsequently revised, with remittances now predicted to drop by [14 per cent](#). But while this decline is not as dramatic as earlier forecast, it is expected to be [longer](#) and last through 2021.



New research and analysis on remittances & COVID

[Towards low-cost digital remittances: supporting migrants during COVID-19 pandemic and beyond](#) by Michał M. Podolsk

[Remittances and COVID-19: A tale of two countries](#) by Federico S. Mandelman & Diego Vilan

[Moving minds and money: The political economy of migrant transfers](#) by Martina Metzger and Jennifer Pédussel Wu

Understanding the impact on remittances

Several key factors help explain why the decline in remittances is not as acute as earlier predicted:

- ⇒ The increase in the use of digital transfers, such as mobile money, and the shift from [informal to formal channels](#), as travel and movement restrictions as well as business closures made it harder for people to access physical remittance service providers.
- ⇒ Remittances tend to be [“countercyclical”](#) during times of crises; when migrants are able to, they send larger amounts of money to their countries of origin in difficult times.
- ⇒ Migrants comprise [large shares of essential workers](#) in many countries, and because key sectors [continued to operate](#) despite the pandemic, job losses for some migrants were not as widespread as initially predicted
- ⇒ Unlike migrants who were new arrivals and those in precarious working conditions, more established diaspora in key migration corridors were better [prepared](#) and able to continue to send money home to family in their countries of origin.



Even as remittances at the global level undergo historic declines, they will continue to [surpass](#) Foreign Direct Investment (FDI) and Official Development Assistance (ODA).

Impact on the top 10 recipient countries

Recent data on remittances to the top 10 recipient countries indicate that the effect of the pandemic on inflows is neither uniform nor as dire as earlier projected. While some of these countries have experienced remittance inflow declines (as shown in the table below, which compares similar periods in 2019 and 2020) several others such as Mexico, Egypt, Pakistan and Bangladesh saw their remittance inflows increase. For the world's largest remittance recipient, India, it's inflows only declined slightly overall (period January to end September 2020).

Top 10 International Remittance Recipient Countries, 2019 and 2020 (in USD billions)

Recipient Country	2019	2020	Per cent change
India (Jan-Sept)	57.9	57.4	-0.9
China*	68.4	59.5	-13.0
Mexico (Jan-Nov)	33.3	36.9	10.9
Philippines (Jan-Oct)	24.9	24.6	-0.9
France*	26.8	25.3	-5.7
Egypt (Jan-Sept)	19.8	22.1	11.6
Pakistan (Jan-Dec)	22.1	26.0	17.4
Nigeria*	23.8	21.7	-11.9
Bangladesh (Jan-Dec)	18.4	21.7	18.6
Viet Nam*	17.0	15.7	-7.7

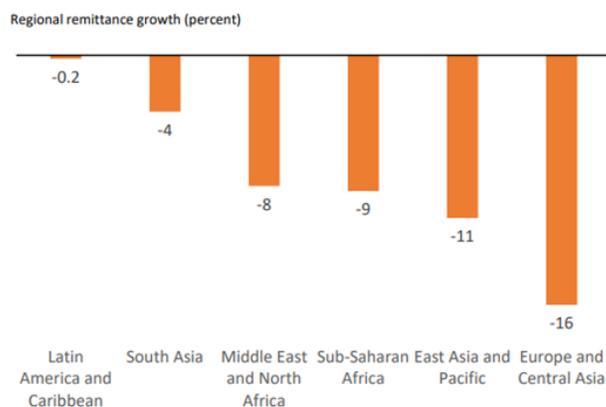
*Annualized estimate based on [World Bank](#) data (Oct 2020)



All global regions suffer declines



All regions will experience a drop in remittances in 2020 and 2021, with Europe and Central Asia seeing the [steepest declines](#). [Low and middle-income countries](#), whose remittances grew to a record USD 548 in 2019, will see their inflows drop by 7.2 per cent in 2020 (USD 508 billion) and 7.5 per cent in 2021 (USD 470 billion).



Source: World Bank-KNOMAD staff estimates.

According to the IMF, [multiple key factors](#) are tied to the weak economic prospects for post-COVID recovery at the national level, including:

- ⇒ the continuing spread of the pandemic and overwhelmed national health care systems;
- ⇒ the greater importance of severely affected sectors, such as tourism and travel; and
- ⇒ the greater dependence on external finance, including remittances.

This COVID-19 Analytical Snapshot has been produced by [IOM Research](#) (research@iom.int).

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