

World Bank Report on Remittances

Why in news?

\n\n

The report on remittances for 2018 was released in the latest edition of the World Bank's Migration and Development Brief.

\n\n

What are the highlights?

\n\n

\n

- **India** - India will retain its position as the world's top recipient of remittances this year with its diaspora sending a USD 80 billion back home.

\n

- India is followed by China (USD 67 billion), Mexico and the Philippines (USD 34 billion each) and Egypt (USD 26 billion).

\n

- Over the last three years, India has registered a significant flow of remittances, from USD 62.7 billion in 2016 to USD 65.3 billion 2017.

\n

- In 2017, remittances constituted 2.7% of India's GDP.

\n

- **Global** - Officially-recorded remittances to developing countries will increase by 10.8% to reach USD 528 billion in 2018.

\n

- This new record level follows a robust growth of 7.8% in 2017.

\n

- Global remittances, which include flows to high-income countries, are projected to grow by 10.3% to USD 689 billion.

\n

- **South Asia** - Remittances to South Asia are projected to increase by 13.5% to USD 132 billion in 2018.

\n

- This is a stronger pace of growth than the 5.7% growth seen in 2017.

\n

- The upsurge is driven by stronger economic conditions in advanced economies, particularly the US.

\n

- Also, the increase in oil prices has a positive impact on outflows from some Gulf Cooperation Council (GCC) countries.

\n

- This, notably, include the UAE which reported a 13% growth in outflows for the first half of 2018.

\n

- Bangladesh and Pakistan both experienced strong upticks of 17.9% and 6.2% in 2018, respectively.

\n

- But for 2019, it is projected that remittances growth for the South Asian region will slow to 4.3% due to -

\n

\n\n

\n

- i. moderation of growth in advanced economies

\n

- ii. lower migration to the GCC

\n

- iii. the benefits from the oil price spurt dissipating

\n

\n\n

\n

- **Future** - The future growth of remittances is vulnerable to lower oil prices, and restrictive migration policies.

\n

- Also, the global economic growth is projected to moderate in the coming year.

\n

- So future remittances to low- and middle-income countries are expected to grow only moderately by 4% to reach USD 549 billion in 2019.

\n

- Global remittances are expected to grow 3.7% to USD 715 billion in 2019.

\n

- **Remittance cost** - The report highlights that even with technological advances, remittances fees remain too high.

\n

- The global average cost of sending USD 200 remains high at 6.9% in the third quarter of 2018.

\n

- The average cost of remitting in South Asia was the lowest at 5.4%, while Sub-Saharan Africa continued to have the highest at 9%.

\n

- Notably, reducing remittance flows to 3% by 2030 is a global target under Sustainable Development Goal (SDG) 10.7.
\n
- Increasing the volume of remittances is also a global goal under the proposals for raising financing for the SDGs.
\n

\n\n

What lies ahead?

\n\n

- \n
- Remittances have a direct impact on alleviating poverty for many households.
\n
- World Bank has the mandate and scope to work with countries to facilitate this process.
\n
- Finding solutions to address the factors that drive up remittance costs is thus essential.
\n
- Opening up markets to competition and promoting the use of low-cost technologies will ease the burden on poorer customers.
\n

\n\n

\n\n

Source: Financial Express

\n

