

# Remittance Receipts

## September 2015

Release date: 4 January 2016

<i>*TOP \$m</i>	Sep 15	Aug 15	July 15	June 15
<b>Remittance Receipts</b>	<b>19.38</b>	<b>22.72</b>	<b>21.84</b>	<b>19.21</b>
Private Transfers	18.12	21.38	20.15	17.21
Employee Compensation	1.18	1.27	1.42	1.38
Private Capital Transfers	0.04	0.04	0.25	0.34
Social Benefits	0.04	0.03	0.02	0.28

\*Month-ended

### Remittances decline as Private Transfers fall

Remittance receipts for the month of September declined by 14.7% to \$19.4 million after reaching a record high of \$22.7 million in August for the year. This represents 35% of Total Overseas Exchange Transaction (OET) Receipts for the month. The decline in remittance receipts over the month was due to a \$3.3 million fall in private transfers. However remittance receipts are still relatively high compared to \$15.7 million recorded in the same period last year. Over the year, total remittances rose by 7.7% to \$218.8 million.

Remittance receipts in all major trading currencies declined over the month of September except for the Japanese Yen (JPY). Remittance received in US dollar (USD) declined the most by \$1.9 million followed by the Australian dollar (AUD) with a \$1.2 million decline and the New Zealand dollar (NZD) with a decrease of \$0.6 million. USD denominated remittances still dominates over other currencies, accounting for 42% of total remittances receipts over the month, followed by the AUD with 33% and the NZD with 18%.

Foreign Exchange Dealers (FEDs) are still more commonly used for the receipt of remittances rather than banks due to lower transaction fees, better exchange rates, easier access and wider coverage. For the month of September 81% of remittance receipts were received through FEDs, up from 77% in the previous month.

### Private Transfers

Private transfers, being gifts and transfers to Tongan residents are still the largest component of foreign currency inflow. In September, total private transfers represented 93% of Total Remittance Receipts and 33% of Total OET Receipts. Private Transfers decreased over September by 15.2% to \$18.1 million driving the overall decline in remittance receipts. The main reasons for the fall in private transfers were a decrease in

personal transfers of \$2.2 million and a decline in Remittances in-kind of \$1.1 million. This also reflects the end of the major celebration events that took place in the previous months.

### Employee Compensation<sup>1</sup>

Receipts of Employee compensation account for 6% of Total Remittance Receipts for September 2015. Compared to the previous month, employee compensation slightly fell by 7.1% to \$1.2 million. However, employee compensation was 52.5% higher compared to the same period last year.

### Private Capital Transfers & Social Benefits

Private grants for capital expenditures, pensions and other social benefits received by individuals, remained at less than a percentage of total remittances receipts over the month. 95% of the Private Capital Transfers were denominated in US Dollar (USD).

### Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months leading up to the holiday festive seasons. The NRBT will continue to closely monitor these receipts given they are one of the largest inflows for Tonga's economy.

**Table 1:**

Remittances Receipts							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Sep-15	Aug-15	Jul-15	Jun-15	Sep-15	Aug-15	
Total	19.38	22.72	21.84	19.21	218.8	215.06	100.0
Private transfers	18.12	21.38	20.15	17.21	201.02	197.69	91.9
<i>Personal transfers</i>	17.91	20.10	20.03	17.05	197.78	194.46	90.4
<i>Remittances in-kind</i>	0.21	1.28	0.12	0.17	3.25	3.23	1.5
Compensation of Employees	1.18	1.27	1.42	1.38	16.20	15.80	7.4
Private capital transfers	0.04	0.04	0.25	0.34	1.07	1.14	0.5
Social benefits	0.04	0.03	0.02	0.28	0.48	0.44	0.2

Sources: NRBT, Banking System, Foreign Exchange Dealers

<sup>1</sup> Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program and other Tongan residents working short term overseas.

**Table 2:**

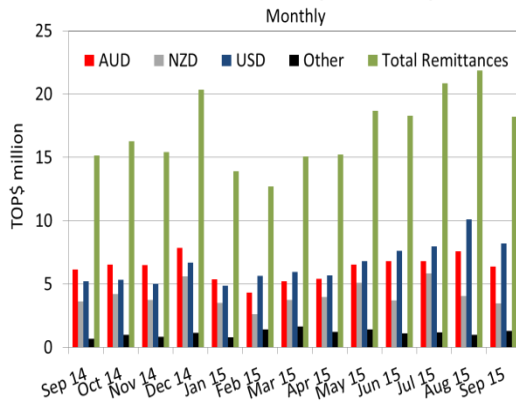
**Remittances Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Sep-15	Aug-15	Jul-15	Jun-15	Sep-15	Aug-15	
Total	19.38	22.72	21.84	19.21	218.78	215.06	100.0
Australian Dollar (AUD)	6.39	7.58	6.82	6.82	75.32	75.07	34.4
US Dollar (USD)	8.22	10.09	7.98	7.61	79.92	76.92	36.5
New Zealand Dollar (NZD)	3.48	4.04	5.84	3.69	49.51	49.67	22.6
Tongan Pa'anga (TOP)	0.82	0.55	0.56	0.65	7.41	6.81	3.4
Euro (EUR)	0.12	0.12	0.11	0.11	1.59	1.59	0.7
Japanese Yen (JPY)	0.08	0.06	0.20	0.06	1.16	1.17	0.5
Fijian Dollar (FJD)	0.12	0.13	0.12	0.09	1.72	1.68	0.8
British Pound (GBP)	0.04	0.05	0.04	0.04	0.59	0.58	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.11	0.10	0.16	0.14	1.56	1.55	0.7

Sources: NRBT, Banking System, Foreign Exchange Dealers

**Remittances by Currency**



**Remittances by Categories**

