

# Remittance Receipts

## September 2019

Release date: 13 March 2020

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Sep-19	Sep-18	
	Sep-19	Aug-19	Jul-19	Jun-19	Sep-19	Sep-18	
Total	26.5	32.8	32.1	27.0	348.7	348.5	100.0
Private transfers	24.7	30.4	29.9	24.0	316.4	313.8	90.7
Compensation of Employees	1.5	2.1	2.1	2.3	23.4	23.0	6.7
Private capital transfers	0.3	0.1	0.1	0.6	7.2	10.3	2.1
Social benefits	0.1	0.2	0.1	0.1	1.7	1.5	0.5

\*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

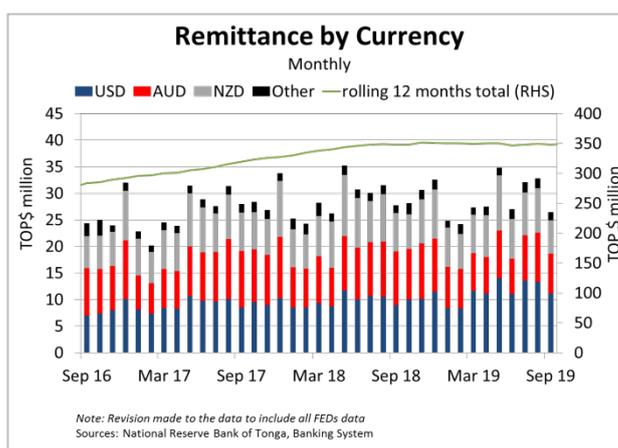
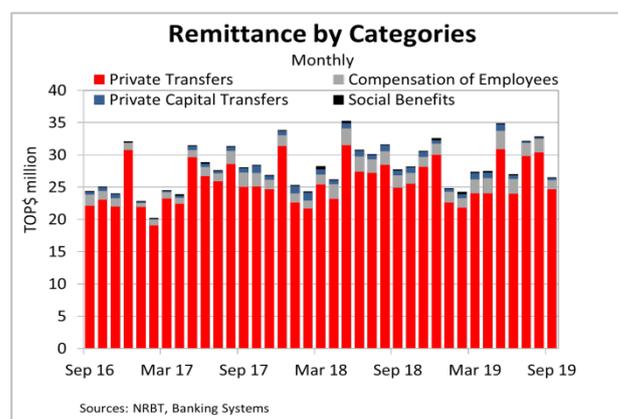
Note: Numbers may not add up precisely to the totals due to rounding errors

### Lower remittances in September, similar to previous years

Remittance receipts declined to \$26.5 million in September 2019, 19.3% lower than the previous month which is a trend that is observed each year. The monthly decline resulted from lower receipts from families abroad and a fall in receipts from the compensation of employees. Additionally, social benefit receipts slightly fell contributing further to the monthly decrease. These respective declines had offset the minimal increase in private capital transfer receipts. Nevertheless, the women's annual roll call and the Tongan churches annual offerings during the month may have contributed to the level of remittance receipts. Over the year, total remittance marginally rose by \$0.1 million (0.04%) to a total \$348.7 million. Private capital transfers declined by \$3.1 million and was partially offset by the rise in private transfers, compensation of employees and social benefits.

The share of total remittances in the total Overseas Exchange Transaction (OET) receipts slightly rose by 0.1 percentage points to 47.3% over the month driven by the overall fall in the total OET receipts. The United States Dollar (USD) continued to be the dominant currency in remittance receipts (accounting for 42.1% of the total remittances) in September 2019. The Australian Dollar (AUD) and New Zealand Dollar (NZD) receipts followed with 28.2% and 23.8% respectively. The receipts in these major currencies all declined during the month with USD decreasing the most by \$2.2 million, whereas NZD and AUD followed with a decline of \$2.1 million and \$1.7 million respectively. This may have been supported by the depreciation of the NZD against the TOP over the month.

Foreign Exchange Dealers (FEDs) remained as the preferred channel for receiving of remittances accounting for 86.6% share of total remittances with the remaining 13.4% via banks. This is however lower



than a 87.2% in August 2019 and 88.5% in September 2018. The general public preference for sending and receiving money via FEDs is due to accessibility and faster services.

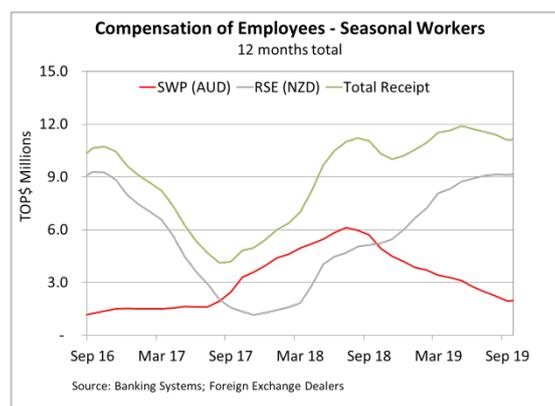
### Private Transfers

In September 2019, private transfers fell by 18.9% to \$24.7 million, particularly lower receipts of family support from friends and relatives abroad. Private transfers accounted for 93.2% of the total remittance receipts and 44.1% of the total OET receipts, higher than 43.8% last month reflecting the decline in the overall OET receipts. The total receipts of private transfers for the year ended September 2019 increased by \$2.6 million (0.8%) driven mainly by receipts for family support.

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

The total compensation of employees' receipts declined in September 2019 to \$1.5 million from a \$2.1 million last month and represented 5.5% of the total remittance receipts. Receipts from both seasonal workers<sup>2</sup> abroad and other wages & salaries fell by \$0.4 million (39.8%) and \$0.3 million (24.5%) respectively over the month. The fall in receipts from seasonal workers was due mainly to receipts in NZD which declined by \$0.4 million.

However, total employee compensation rose over the year by \$0.5 million (2.0%) to \$23.4 million. Other wages and salaries accounted for 56.7% (\$12.3 million) of the employee compensation receipts over the year, and the remaining 43.3% (\$11.1 million) was from RSE/SWP workers. New Zealand RSE workers contributed the most to the seasonal workers' receipts of \$9.1 million, while the seasonal workers from Australia only contributed \$1.9 million.



### Private capital transfers & Social benefits

The private capital transfer receipts increased by \$0.1 million due to higher receipts of private grants for investment projects (particularly for construction purposes by families). However, social benefits receipts fell by \$0.1 million driven by a fall in receipts of pension funds. The private capital transfer and the social benefits receipts account for 1.0% and 0.2% respectively of the total remittances for September 2019. In year ended terms, the private capital transfers receipts declined by \$3.1 million (29.8%) while the social benefits receipts increased by \$0.2 million (10.8%).

### Outlook

Remittance receipts are anticipated to remain high in the upcoming months as the holiday season approaches and the Christmas festivities. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

<sup>1</sup> Employee compensation is the sum of wages and salaries from the seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organizations.

<sup>2</sup> The figures for receipts from Seasonal Employees are limited to the ability of the banks and FEDs to identify receipts from seasonal workers.

### Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Sep-19	Aug-19	Jul-19	Jun-19	Sep-19	Sep-18	
Total	26.49	32.84	32.11	27.02	348.67	348.54	100.0
Australian Dollar (AUD)	7.48	9.20	8.58	6.60	99.82	112.09	28.6
US Dollar (USD)	11.15	13.37	13.56	11.10	134.53	116.09	38.6
New Zealand Dollar (NZD)	6.30	8.43	8.00	7.47	93.79	99.19	26.9
Tongan Pa'anga (TOP)	1.04	1.00	1.14	1.17	12.48	13.40	3.6
Euro (EUR)	0.12	0.16	0.15	0.13	1.93	1.80	0.6
Japanese Yen (JPY)	0.15	0.25	0.16	0.13	2.02	1.44	0.6
Fijian Dollar (FJD)	0.09	0.20	0.26	0.16	1.63	1.64	0.5
British Pound (GBP)	0.05	0.08	0.07	0.03	0.73	1.06	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.10	0.14	0.19	0.22	1.73	1.82	0.5

\*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers