

Remittance Receipts

February 2020

Release date: 12 June 2020

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Feb-20	Jan-20	Dec-19	Nov-19	Feb-20	Feb-19	
Total	24.8	27.1	32.4	29.0	350.5	350.3	100.0
Private transfers	22.8	24.3	30.2	27.1	319.7	316.5	91.2
Compensation of Employees	1.6	1.9	1.7	1.7	23.5	23.1	6.7
Private capital transfers	0.3	0.8	0.4	0.2	5.8	8.8	1.7
Social benefits	0.1	0.1	0.1	0.1	1.5	1.9	0.4

*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

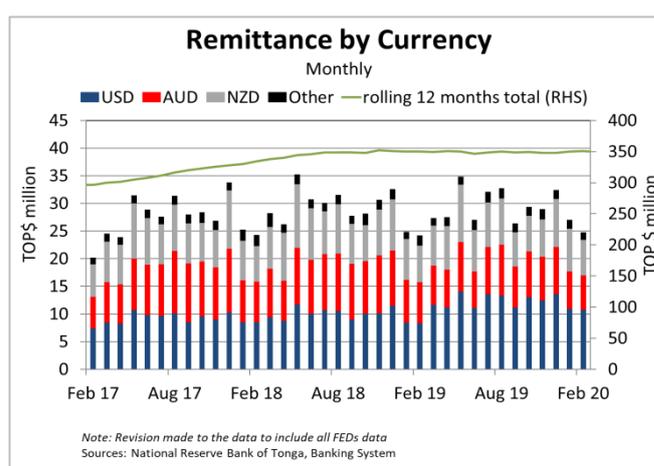
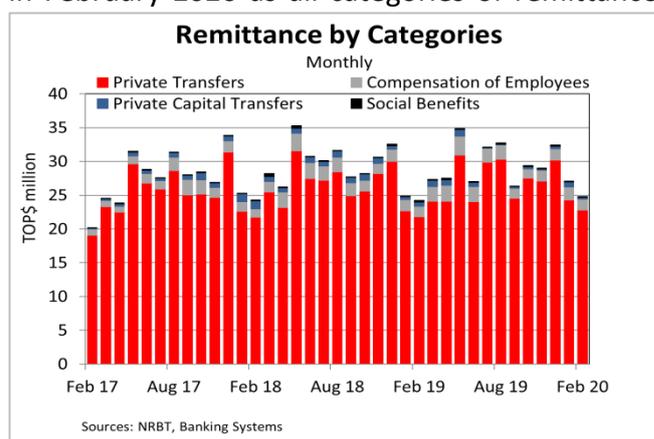
February, a slow month for remittances

Total remittance receipts fell by \$2.3 million (8.5%) in February 2020 as all categories of remittances declined. Historically, remittances are normally lower in February following the high season month of December, and the beginning of the academic year in January. Total remittances as a share of total Overseas Exchange Transaction (OET) receipts fell to 42.4% from 49.5% in the previous month, reflecting the monthly decline in remittance.

Total remittance receipts, however, slightly increased over the year by \$0.2 million (0.1%) to a total of \$350.5 million owing mostly to higher private transfers. Private transfers hold the highest portion of total remittances indicating the continuous support of families and friends from abroad during the year.

Majority of the decline in remittance receipts in February 2020 originated from the decline of receipts in New Zealand dollar (NZD) by \$1.4 million, and the decline of receipts in Australian dollar (AUD) by \$0.5 million. Remittances in USD currency still account for most of the total remittance receipts at 41.9% during the month, followed by the AUD with 26.3% and the NZD with 26.2%.

Foreign Exchange Dealers (FEDs) remained the preferred channel for receiving remittances. In year ended terms, 86.1% of the total remittance receipts were transferred through FEDs in February 2020 compared to a higher share of 87.4% last year.



Private Transfers

Total private transfers declined in February 2020 by \$1.5 million (6.3%) due to lower family support and monetary gifts. In February 2020, private transfers account for 92.0% of total remittance receipts higher than the 89.8% recorded in January 2020, and 39.0% of total OET receipts compared to 44.5% in the previous month. Annually, total receipts of private transfers rose by \$3.2 million (1.0%), due mainly to higher receipts for family support.

Employee Compensation

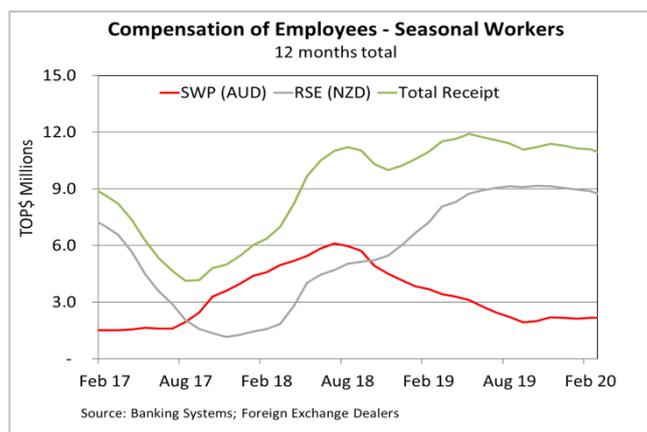
Compensation of employees receipts fell by \$0.3 million (14.8%) in February 2020 and accounted for 6.6% of total remittances receipts. In year ended terms, receipts for compensation of employees rose by \$0.4 million (1.7%). The RSE scheme still records the most contribution of \$8.8 million while the SWP only contributed \$2.2 million.

Private capital transfers & Social benefits

Total receipts for private capital transfers decreased by \$0.5 million (64.1%) in February 2020 due to lower receipts for building, renovating and construction of houses. Social benefits receipts, however, remained constant. Annually, private capital transfers and social benefits receipts both declined by \$2.9 million and \$0.4 million respectively.

Outlook

The COVID-19 pandemic is expected to have a significant impact on the inflow of remittances in the near term as Tonga's major trading partners continue to undergo significant restrictions with ripple effects to flow through to Tonga. The Reserve Bank will continue to closely monitor remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.



Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Feb-20	Jan-20	Dec-19	Nov-19	Feb-20	Feb-19	
Total	24.76	27.06	32.42	29.00	350.51	350.33	100.0
Australian Dollar (AUD)	6.18	6.70	8.56	7.88	92.29	111.52	26.3
US Dollar (USD)	10.79	10.96	13.60	12.46	146.92	118.63	41.9
New Zealand Dollar (NZD)	6.39	7.80	8.69	6.79	91.67	99.18	26.2
Tongan Pa'anga (TOP)	0.90	1.03	0.86	1.18	11.93	13.27	3.4
Euro (EUR)	0.10	0.13	0.16	0.28	1.82	1.90	0.5
Japanese Yen (JPY)	0.11	0.13	0.20	0.10	1.81	1.83	0.5
Fijian Dollar (FJD)	0.10	0.13	0.12	0.12	1.69	1.56	0.5
British Pound (GBP)	0.05	0.04	0.06	0.04	0.59	0.90	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.13	0.13	0.16	0.13	1.77	1.51	0.5

*Based on year ended remittances receipts numbers

Sources: NRB, Banking System, Foreign Exchange Dealers