

Remittance Receipts

November 2021

Release date: 11 April 2022

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Nov-21	Nov-20	
	Nov-21	Oct-21	Sep-21	Aug-21			
Total	41.6	43.9	44.0	43.2	490.0	386.6	100.0
Private transfers	37.5	39.0	39.0	38.3	437.0	351.2	89.2
Compensation of Employees	3.5	3.9	4.1	4.2	46.8	29.3	9.6
Private capital transfers	0.4	0.9	0.8	0.6	4.9	4.7	1.0
Social benefits	0.1	0.1	0.1	0.1	1.3	1.4	0.3

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

Remittance receipts declined again in November

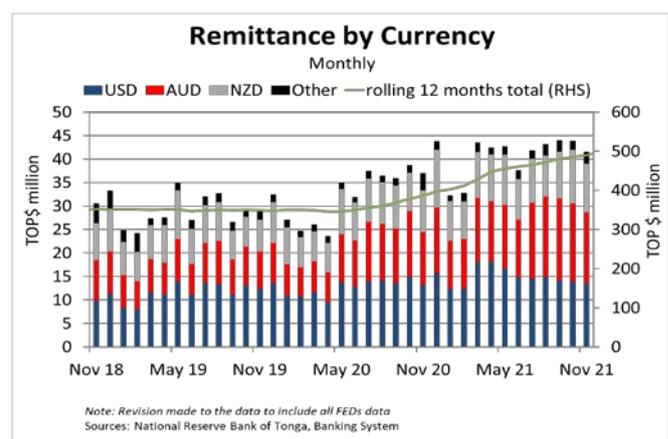
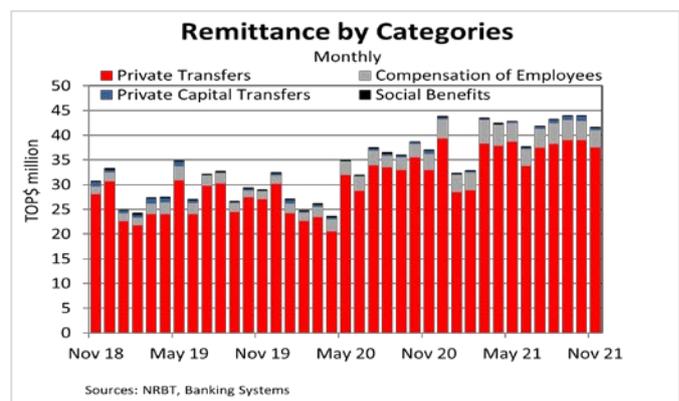
Total remittance receipts fell by \$2.3 million (5.3%) in November 2021. Lower receipts were recorded mainly for private transfers, employees' compensation, and private capital transfers. Over the year, remittance receipts was significantly higher by \$103.4 million (26.7%) at \$490.0 million.

Total remittance receipts accounted for 41.8% of the total Overseas Exchange Transaction (OET) receipts. This is lower than the 62.1% share in

October 2021 and is attributed to the rise in total OET receipts while remittance receipts declined.

All receipts in the Australian Dollar (AUD), New Zealand Dollar (NZD), and United States Dollar (USD) declined over the month by \$1.5 million (9.0%), \$1.1 million (9.4%), \$0.3 million (2.5%) respectively, over the month. The depreciation of the AUD and NZD against the TOP also contributed to the decline. However, the AUD still hold the largest share of the total remittance receipts amongst Tonga's major trading currencies at 36.5%, declining from a 38.0% share in the previous month. The USD and NZD followed at 32.6% and 24.7% shares, respectively.

The share of remittance receipts transferred via banks remained at 12.6% during the month. However, the remaining 87.4% were transferred through the Foreign Exchange Dealers (FEDs). Thus, FEDs are the preferred choice for transferring remittance receipts given its ease of access, particularly through online transfers, and affordable service fees. The de-risking policy decisions by local and global banks resulting in the closure of FEDs' bank accounts may affect remittance flows into Tonga.



Private Transfers

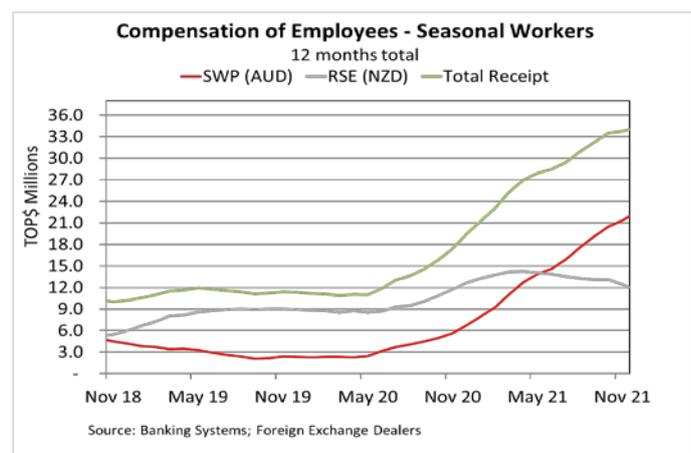
The private transfer receipts, mostly for family support and monetary gifts to friends and relatives, declined by \$1.5 million (3.8%), driving the overall monthly decline. Private transfer receipts in AUD, NZD, and USD fell by \$1.2 million, \$0.6 million, and \$0.3 million, respectively. However, private transfer receipts continue to hold the largest share of the total remittance receipts at 90.3% (compared to 88.9% in October 2021), highlighting the importance of family support from the diaspora towards households' financial needs.

Over the year to November 2021, private transfer receipts rose significantly by \$85.9 million (24.5%), supporting the annual increase in total remittance receipts. Private transfers consistently remained at high levels despite economies abroad being severely affected by the COVID-19 pandemic.

Employee Compensation¹

Receipts for compensation of employees fell over the month by \$0.4 million (10.1%), due to lower receipts from seasonal workers in New Zealand and Australia of \$0.4 million (39.7%) and \$0.3 million (13.9%), respectively. However, other wages and salaries increased over the month by \$0.3 million (29.4%).

Nevertheless, the total compensation of employees' receipts continued to rise by \$17.5 million (59.8%) over the year. The receipts from



seasonal workers continue to hold the largest share of the total compensation of employees receipts at 72.2% (compared to a 72.0% share in October 2021), while other wages and salaries accounted for the remaining 27.8% share. Receipts remitted from the seasonal workers in Australia and New Zealand rose by \$15.6 million (277.4%) and \$0.7 million (6.1%), respectively.

Private capital transfers & Social benefits

Private capital transfer receipts declined by \$0.5 million (51.9%) over the month. This was due to lower receipts of private funds for household constructions and renovations by families. On the other hand, social benefits, which are mostly pension funds, slightly rose by \$0.01 million (18.5%). Over the year, the private capital transfers increased by \$0.2 million (3.8%) while receipts for social benefits declined by \$0.2 million (11.7%).

¹ 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.

Outlook

Remittance receipts are expected to remain at high levels with the end of year functions and holiday festivities. The global pandemic remains a downside risk to the outlook as it continues to affect our major remitting economies. The Reserve Bank will continue to monitor the trends in remittance receipts, as it is one of the highest sources of foreign exchange inflow for the Tongan economy.

Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Nov-21	Oct-21	Sep-21	Aug-21	Nov-21	Nov-20	
Total	41.58	43.92	43.96	43.23	489.96	386.57	100.0
Australian Dollar (AUD)	15.20	16.69	17.55	17.12	169.50	116.29	34.6
US Dollar (USD)	13.53	13.88	14.12	14.87	179.44	152.90	36.6
New Zealand Dollar (NZD)	10.26	11.33	9.91	8.84	117.52	97.39	24.0
Tongan Pa'anga (TOP)	1.94	1.45	1.78	1.85	15.92	11.76	3.2
Euro (EUR)	0.18	0.09	0.16	0.13	1.85	1.89	0.4
Japanese Yen (JPY)	0.12	0.17	0.14	0.16	1.62	1.41	0.3
Fijian Dollar (FJD)	0.07	0.06	0.06	0.07	0.79	0.95	0.2
British Pound (GBP)	0.12	0.12	0.11	0.08	1.25	0.82	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.01	0.0
Other	0.15	0.12	0.12	0.12	2.07	3.14	0.4

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers