

## Overview of the IFC contribution to the IAOS Conference Ottawa 2006

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The Irving Fisher Committee on Central Bank Statistics (IFC) contributed to a conference entitled “People on the Move”, held by the International Association for Official Statistics (IAOS), in Ottawa, Canada, September 6–8, 2006. The IAOS had invited the IFC to organise a plenary session on the topic “Financial Aspects of Migration: The Measurement of Remittances”.

In the IFC session the following three papers were presented: “Workers’ remittances in the Spanish Balance of Payments” by Eduardo Rodríguez Tenés (Banco de España), “Overseas Filipino Workers’ (OFWs) Remittances: Compilation Practices and Future Challenges” by Ruth Gonzaga (Bangko Sentral ng Pilipinas) and “Remittances in the Balance of Payments Framework: Current Problems and Forthcoming Improvements” by Jens Reinke (International Monetary Fund). These papers were commented on by two invited discussants: Fernando Alberto Rocha (Banco Central do Brasil) and Stefaans Walters (South African Reserve Bank).

The paper by Eduardo Rodríguez Tenés presents the recent work at the Banco de España to improve the quality of the data published on workers’ remittances in the Spanish balance of payments. The comparison of the data included in the balance of payments until 2005 with other indicators, namely the figures published by the counterpart countries and other information sources, pointed to an overestimation of remittances of emigrants (credits) and an underestimation of remittances of immigrants (debits). Given this situation, and in the particular case of remittances by immigrants where the biases appeared to be greater, the paper focuses on the methodology developed in order to solve the problem. A panel data econometric model was estimated based on the main economic and financial determinants of these remittances for the years 1993 to 2000, and the results of the model were used to make forecasts for 2001 to 2004. These forecasts were compared with the data published before revisions and confirmed the underestimation of debits under the heading of workers’ remittances in the Spanish balance of payments. This conclusion justified a revision of the published data for the period 2001–2005, entailing an increase in the figures of around 20%.

The paper by Ruth Gonzaga focuses on the estimation methodologies and data sources used by the balance of payments compilers at the Bangko Sentral ng Pilipinas to measure the remittances of overseas Filipino workers. The paper explains the main methodological problems, namely: the application of residence criteria; monitoring of the stock of migrant workers given relevant factors such as mobility and undocumented workers; remittances through informal channels; and the limitations of bank data, particularly in determining the true source of the remittances. According to the studies carried out, the remittances of overseas Filipino workers compiled in the balance of payments by the Bangko Sentral ng Pilipinas included a compound of current transfers and compensation of employees. These different issues affect country and regional reporting systems and make necessary their harmonisation with international standards and a revision of the methods and sources of information.

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The paper by Jens Reinke outlines the current definitions and practices for the compilation and dissemination of data on remittances in the balance of payments framework. The author presents the recent work to modify the ways that remittances are presented and compiled in the balance of payments, which generally do not satisfy institutional users' needs. The paper starts with an overview of data and concepts concerning remittances and other private transactions linked to migration, as well as information about the sources and methods used by countries worldwide to compile these data. In a second part, the paper summarises the new and improved definitions for remittances, which were developed by the United Nations Technical Sub-Group in wide consultation with compilers. The new definitions simplify the standard components related to migration and remittances and introduce several new supplementary items to the balance of payments framework, addressing specific concerns raised by data users. Finally, the author illustrates the main weaknesses in global remittance data and the need for improved practical guidance on data sources and compilation methods.

There was a very fruitful discussion of these three papers in the session, and a large consensus emerged supporting the importance of the improvements planned in this statistical domain at the national and international levels. The need for progress in the measurement of remittances was considered crucial given its relevance as a national income source in many countries worldwide.