

William's Update

Remittances

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Abstract

This paper examines the current environment of remittance measurement, identifying key literature and data sources while also addressing topics discussed during William and Michael's meeting on July 24, 2025.

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1 Introduction

Overall, there are now improved methods for measuring remittances compared to older approaches such as population inference. However, obtaining accurate data on remittances remains a significant challenge. To better understand how remittances are measured, a good starting point is [High Priority](#) which is from the World Bank Group. Another useful resource is [Medium-High Priority](#), provided by the United Nations Capital Development Fund. The main challenges in remittance measurement include defining what constitutes a remittance and distinguishing between different measurement approaches, such as macro-level and micro-level methods. Although measurement techniques have become more accurate, considerable errors and uncertainties persist. For further discussion on measurement reliability, see [Arcangelo et al., 2023](#).

2 Wise (TransferWise) Business Model

Wise is a fintech company that facilitates **low-cost, international money transfers**. It operates on a unique peer-to-peer model.

2.1 Core Business Model

2.1.1 1. Peer-to-Peer (P2P) Currency Matching

Wise avoids moving money across borders by matching users sending in opposite directions: - E.g., If someone sends CAD to the UK and another sends GBP to Canada, Wise matches them. - Money stays within local banking systems, reducing fees and increasing speed.

2.1.2 2. Revenue from Transfer Fees

Wise charges: - **Fixed fee** per transaction. - **Variable fee** (percentage of the amount sent).

Example: A \$1,000 USD transfer to the UK might cost only \$5–7, compared to \$40+ via a bank.

3 Dataset on remittances

3.1 Problem (William's Notes) Challenges and Methods in Measuring Remittance Transactions

3.1.1 Low Quality of Data

- Statistical remittance data are often unreliable or incomplete.

3.1.2 Nature of Remittances

- **Heterogeneous:** Numerous small transactions carried out by individuals.
- **Multiple Channels:**
 - **Formal:** e.g., electronic wire transfers.
 - **Informal:** e.g., hand-carried cash or goods across borders.

3.1.3 Detection and Reporting Issues

- **Small transaction sizes** often evade standard data collection systems.
- **Informal transactions** are typically underreported or excluded from balance of payments (BoP) data.

3.2 Measurement Approaches

3.2.1 Direct Measurement

- Includes **transaction reporting** and **surveys**.
- Considered ideal when feasible.

3.2.2 Combined Methods

- Some countries use a **hybrid approach**:
 - Combine **direct measurement** with **estimates** where data are lacking.

3.2.3 Model-Based Approaches

- Models are used to:
 - **Fill data gaps**.
 - **Estimate global totals**.
- The **accuracy** of these models depends on the **reliability of input data**.

3.2.4 Assumptions and Limitations

- **Indirect data** require **assumptions** to convert into remittance figures.
- Assumptions must be **plausible**, but are often **untestable or unverifiable in practice**.

3.3 Observed Datasets

- [SDGs Today Remittance](#)
- [World Bank Remittance](#)
- [Dropbox Remittance Folder](#)

3.4 Literature

3.4.1 Takeaway

3.4.1.1 Summary: Challenges and Improvements in Remittance Data Collection

3.4.1.1.1 Key Challenges

- **Poor data quality**: Despite increased interest, statistics on remittances are still inconsistent and incomplete.
- **Global discrepancies**: In 2023, reported outward flows were only two-thirds of reported inward flows, highlighting growing asymmetries.
- **Informal channels**: A significant share of remittances is sent through informal means (e.g., hand-carried cash), which often goes untracked.
- **Inconsistent methods**: Countries use different concepts, definitions, and recording practices, leading to classification errors.

- **Impact of digitalization:** The rise of digital platforms, especially post-COVID, has reshaped remittance flows, but existing measurement tools lag behind.

3.4.1.1.2 Ongoing Initiatives

- **RemitStat (World Bank)** [RemitStat](#) : A global initiative involving 46 countries, Eurostat, and the IMF, aiming to improve remittance data.
- **TT-GA (IMF Task Team on Global Asymmetries)** [Preliminary Report](#) : Established in October 2023 to investigate data gaps, legal and methodological barriers, and propose solutions.

3.4.2 High Priority

3.4.2.1 Understanding what defines a remittance [World Development Report 2023 \(Module 8\)](#)

- [Migrant remittances: Alternative money transfer channels](#)
- [Migration and Development Brief \(June 2024\) \(see page 19\)](#)
- [World Development Report 2023: Migrants, Refugees, and Societies](#)
- [Remittance Prices Worldwide Quarterly Issue \(Dec 2024\)](#)
- [What Explains Remittance Fees? \(Beck et al., 2022\)](#)

3.4.2.2 Macro Level Measurements

- [International Transactions in Remittances: Guide for Compilers and Users, October 2009](#)
- [World Bank Measurement of remittances](#)
- [Balance of Payments and International Investment Position Manual - Sixth Edition \(BPM6\)](#)

3.4.2.3 Micro Level Measurements

- Finding measures with the least noise [Arcangelo et al., 2023](#)
- Guides on survey design [Measuring remittances through surveys: Methodological and conceptual issues for survey designers and data analysts](#)
- [How reliable are survey estimates of remittances? Evidence from a cross-reporting survey exercise](#)

3.4.3 Medium-High Priority

- [United Nations Capital Development Fund](#)
 - [Survey Strategy and Questionnaire \(UNCDF\)](#)
 - [See Chapter 2, page 13 \(Brown and Soto, 2015\)](#)

3.4.4 Low Priority

- [Informal Remittances Estimation](#)
 - Uncertain quality
- (Yang,2011) [Migrant Remittances](#)
 - High academic standing

- Outdated
- [World Bank Working Paper, 2010](#)
 - Outdated