William's Update

Remittances

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Abstract

This document is a follow-up to the meeting on August 21st and addresses several topics discussed during that meeting.

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1 Introduction

2 Bitcoin Cross-Border Flows

2.1 IMF

Below is a comparison of the data challenges for remittances and Bitcoin flows:

Channel	Data Observed	Data Missing/Challenge	Notes
Remittances	Macro flows, location	Cannot obtain corridor-level bilateral data; requires population inference	Can observe location, but not detailed bilateral corridors

Channel	Data Observed	Data Missing/Challenge	Notes
Bitcoin	Micro-level data	Cannot discern location; requires website traffic inference	Public datasets available with sufficient processing

For detailed information, see section 2 of
A Primer on Bitcoin Cross-Border Flows: Measurement and Drivers This document explains in detail how the process works. Bitcoin datasets are publicly available with enough processing.

Below is one of the key images from the paper:

	Blockchain	Chainalysis	LocalBitcoins
Type	On chain	On chain	Off chain
Key assumptions		Web traffic = residency	Fiat currency = residency
Pros	Transaction-level data	Many exchanges	Transaction-level data
		Representative of on-chain volume	Relatively long sample
Cons	No country mapping	Imprecise for VPN use	Not representative of off-chain volume
		Web traffic assumption simplified	Imprecise for dominant currencies

Figure 1: Key image from the paper

2.2 BIS

- BIS Working Paper No. 1265

- Coinglass News: Bitcoin Flows

Key images from the BIS and Coinglass sources:

Figure 3: Global Tether (USDT) Map

Note: Country colours represent the total US$ equivalent of USDT sent abroad in the first half of 2024, with countries grouped into eight categories. Black arrows represent bilateral flows equivalent to at least $US 1 billion.

Figure 1: Cross-border crypto flows (US$ billions)
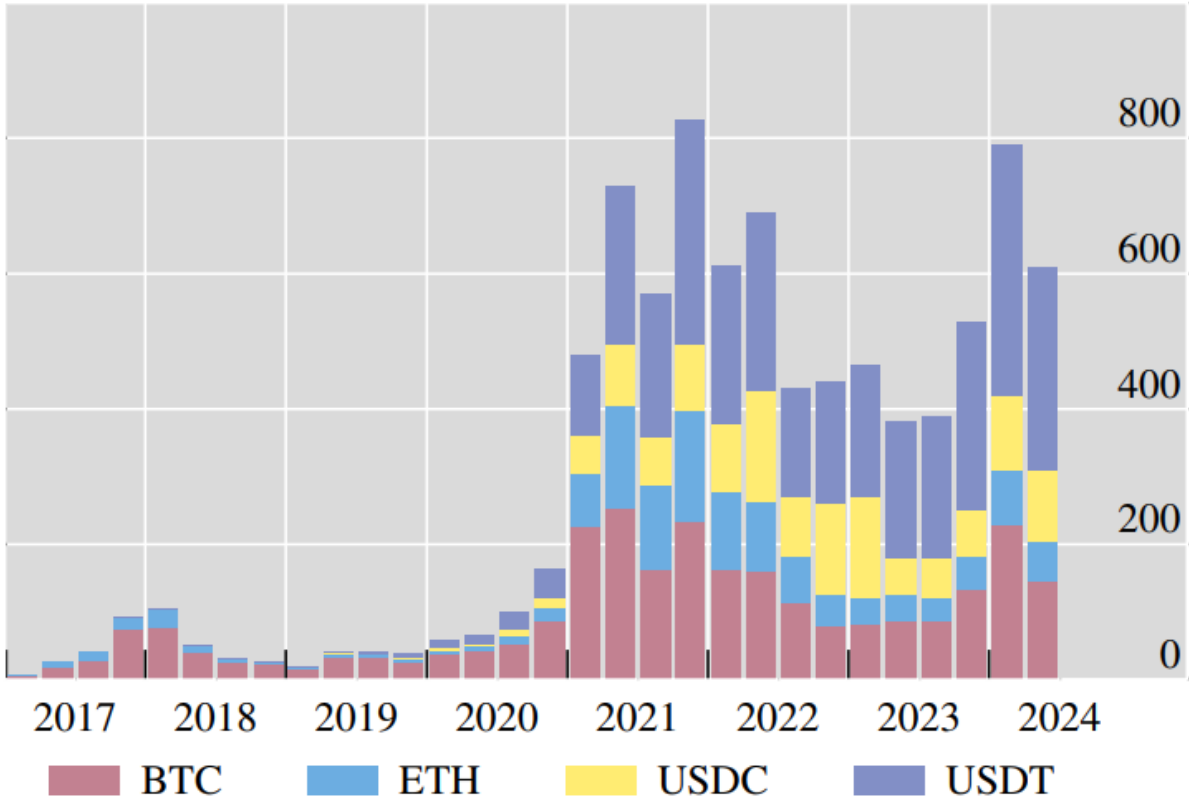
3   Shocks

- [Rainfall shocks](#)

3

- [Asian financial crisis shocks to exchange rates](#)

Potential shocks include:

- Crackdowns on illegal immigrants, which would reduce remittances.
- Another interesting case is the Mexican Consular ID Card, issued in 2002, which helped bolster remittances.

  The Mexican government issues its nationals in the United States official identity cards (matriculas consulares) that many financial institutions accept as proof of identity for the purpose of opening a bank account. If matriculas consulares lead to increases in migrant savings rates and remittances sent home…

4 Another Potential Remittance Dataset

[Defying the Odds: Remittances During the COVID-19 Pandemic (IMF Working Paper)](#)

Attempts were made to contact the authors for further clarification regarding their data construction process; only Saad Quayyum's contact is publicly available. While the authors indicate that their dataset was compiled from "statistical institutes," the methodology for dataset construction is not thoroughly detailed in the paper.

According to their paper:

> To overcome these challenges, we compiled a new and unique dataset of monthly remittance flows for a sample of 52 countries, of which 6 are high-income countries, 35 are middle-income countries, and 11 are low-income countries (see Annex 1 for the sample composition and data sources). The time dimension of the data collected spans from January 2018 to December 2020. In addition, we gather monthly bilateral remittance flows (corridor data) for 16 countries in the sample, totaling 410 corridors. The data are extracted from detailed balance of payments and statistical notes published by national central banks and statistical institutes.

5 Appendix

5.1 Shocks

- [What Was Mt. Gox? Definition, History, Collapse, and Future (Investopedia)](#)
- [El Salvador made Bitcoin an official currency, now it's backtracking for IMF loan (WSJ)](#)
- [El Salvador's Bitcoin Story (The Tokener)](#)
- [China Crypto Bans: A Complete History (Crypto.news)](#)

5.2 Bitcoin Datasets

There exist numerous Bitcoin datasets, each employing distinct methodologies for data collection and analysis. Below are a few notable examples:

- [BABD: A Bitcoin Address Behavior Dataset for Pattern Analysis](#)
- [A Temporal Graph Dataset of Bitcoin Entity-Entity Transactions](#)

5.3 Alternative Remittance Channel

- Alternative Remittance Systems and Terrorism Financing: Issues in Risk Management