

Summary of Findings from Russia Survey

Russian Survey of Immigrants from Moldova, Georgia and Azerbaijan

Introduction

In the second phase of this project for the EBRD, B&A conducted a poll of immigrants and remittance senders living in Russia. This study followed the national household studies conducted between December 2006 and February 2007 in Moldova, Georgia and Azerbaijan. The data collected in the household studies provided B&A with basic information about the locations of remittance senders from those countries living in Russia. The study in Russia was a parallel survey with Moldovans, Georgians and Azeris who are living and working in Russia and many of whom send remittances regularly to their family back home. A total 779 interviews were conducted – 259 with Moldovans, 259 with Georgians and 261 with Azeris – between May 7th and May 25th of 2007. All interviews were conducted in Russian by professionally trained interviewers.

Demographic Breakdown

Like other remittance senders throughout the world, the senders in this study tend to be young and majority male. However, unlike other senders, significant percentages of senders in this study are citizens or legal residents of Russia and very few are undocumented.

As is the case with the majority of remittance flows throughout the world, Moldovan Georgian and Azeri remittances senders living in Russia tend to be more male than female and fairly young on average. The majority of senders from all three groups are male and nearly all senders in the study are under the age of 50.

Remittance senders throughout the world also tend to fall in the lower socioeconomic brackets and this pattern hold true for the senders in this study. The remittance senders we interviewed had an average monthly income of €500 (or €6000 annually) and most work in the areas of service, unskilled labor, agriculture or industry. However, when it comes to education, the remittance senders in the study had somewhat greater formal education than senders we have studied in other countries – in all three groups, the majority had completed secondary school or more.

In contrast to other remittance senders B&A has studied, very few of the Moldovan, Georgian and Azeri senders in this study say that they are undocumented immigrants in Russia. In fact, just 12 percent of Moldovans, 5 percent of Georgians and 7 percent of Azeris say they are undocumented. On the other hand, the majorities of Moldovans and Azeris and half of the Georgians say they are legal residents of Russia and significant percentages of each group said they are Russian citizens.

Majorities of all three immigrant groups live in Russia throughout the entire year (although Moldovans are somewhat less likely to live in Russia year-round). Those that do not live in Russia throughout the entire year are mostly seasonal migrant workers. Not surprisingly, those who are citizens are the most likely to live in Russia year-round. About two-thirds of those with legal resident status live in Russia year-round while just over a third of the undocumented immigrants are year-round residents.

Major Findings

1. Approximately 3 out of 5 Moldovan, Georgian and Azeri immigrants living in Russia regularly send remittances to their families in their countries of origin. In total, these immigrants sent approximately €718 million to their family members during the last 12 months.

The majority of Moldovan, Georgian and Azeri immigrants in Russia sent remittance to their families in their home country last year. Those immigrants that have lived in Russia for more than 3 years and are likely to be more established there are more likely to have sent remittances home last year than those who have moved to Russia within the last 3 years. Additionally, those that are over the age of 35 are more likely to send remittance to their family back home than are those between the ages of 18 and 34.

Overall, B&A estimates that Moldovans, Georgians and Azeris living in Russia sent approximately €718 million to their families in their home countries last year. The amounts that B&A estimates for each ethnic group are comparable to the estimates made based on the receiver household studies conducted earlier this year. A complete breakdown of the estimates can be found in Table 1.

Table 1: Estimates of Remittance Flows from Russia to Moldova, Georgia and Azerbaijan in 2006

	Estimated Amount of Average Remittance	Estimated Total Remittances based on Senders' Survey	Estimated Total Remittances based on Receivers' Survey
Moldova	€50	€184,000,000	€181,000,000
Georgia	€790	€130,000,000	€140,000,000
Azerbaijan	€700	€104,000,000	€110,000,000

On average, Moldovan, Georgian and Azeri remittance senders have been sending money from Russia to their families in their country of origin for about 4.5 years. The average remittance sender from these groups sends money to their home country about 4 times a year or once about every 3 months. This finding deviates from other remittance flows B&A has studied. For Latin American immigrants who remit money from the United States, Spain, Japan and other countries, most send money to their families once a month (12 times a year) or every other month (6 times a year).

2. The most common mode of sending money from Russia to Moldova, Georgia and Azerbaijan is through banks.

About half of all Azeri remittance senders and roughly four-in-ten Georgian and Moldovan senders use banks to remit money from Russia to their relatives back home. About a quarter of each group rely on more informal means to send money home – known as the “koala” system (when a courier or a friend or relative carries the money for the sender when they travel to their country). International money transfer companies and other means for sending money are also used, but to a significantly lesser degree (just 18 percent of Moldovans, 15 percent of Georgians and 14 percent of Azeris use transfer companies).

3. Most of the remittance senders in the study send money to their parents to help take care of basic family needs.

About 3 out of 5 remittance senders say they send money to their mother or father back in their home country. Another 15 percent send money to their spouse and 10 percent send money to a sibling. Twelve percent send remittances to other family members such as children, aunts and uncles, nieces and nephews and others. As B&A finds in nearly every study of remittance flows it conducts, the primary reason given as to what the money is used for by those who receive it is to take care of basic family needs. A quarter

of senders also said they send money home so that their relatives can enjoy nice things. Other reasons for remitting money to relatives such as helping with emergency expenses, financing projects, savings, education expenses, and debts were much less common.

4. The overwhelming majority of Moldovan, Georgian and Azeri remittance senders in Russia do not have a bank account.

Three quarters or more of remittance senders in each ethnic group say that they do not have a bank account in either Russia or in their home country. Of the few that do have bank accounts, most have those accounts in Russia. The main reasons given for not having a bank account are that a bank account is not needed, they do not have enough money to put in an account or that they do not trust banks.

Interestingly, the senders we interviewed were much more likely to have a bank account if the relative they send to also has a bank account. For those senders who said their relative back home had a bank account, 60 percent have an account in either Russia, in their home country or both. On the other hand, for the senders who said their relative back home does not have a bank account, just 10 percent have an account.

It is clear that a significant portion of Moldovan, Georgian and Azeri immigrants in Russia use banks as remittance companies and nothing more. Not surprisingly, those who remit using informal modes such as the koala system are less likely than those who use formal means (banks, international money transfer companies) to have a bank account. It is important to note, however, that the majority of those who remit through banks or international transfer companies do not have a bank account.

5. Although most do not have a formal relationship with a financial institution, the majority of Moldovan, Georgian and Azeri remittance senders in Russia are saving money in some way.

Saving money is clearly a top priority for the immigrants we polled. Seven-in-ten Azeri remittance senders, 60 percent of Moldovan senders and 53 percent of Georgian senders said they are currently saving money in some way. The immigrants who have lived in Russia for 3 years or more are more likely to be saving than those who have lived in Russia for less than 3 years. A plurality says they are saving so that they can improve their overall quality of life. About 1 in 5 says they are saving to take money back to their country of origin with them when they leave Russia. Still, another 20 percent are saving to buy a home in Russia. Respondents gave a number of other reasons for saving that ranged from buying luxuries to saving for emergencies. Some of the respondents did demonstrate an entrepreneurial spirit in that 13 percent are saving to start a business in either Russia or in their home country. Other than for purchasing homes or starting businesses, however, few mentioned savings for investment purposes – only 1 percent said they are saving for their retirement.

6. Moldovan, Georgian and Azeri immigrants living in Russia report relatively little interest in investment products such as mortgages or business loans in their home countries.

Somewhat surprisingly, the immigrants we polled were not very interested in potential investment products that could become available to them in the near future. Less than a quarter of each ethnic group said they would be interested in mortgages or business loans if they became available in their country of origin. This finding reflects a somewhat sharp contrast to what B&A has found in other sending countries when interviewing immigrants from Latin America. In the case of Latin American immigrants, there is a great deal of interest in investing in one's home country through housing or business loans. It is unclear why this is not the case with the immigrants in Russia that we studied.