

March 13, 2006
Ministry of Finance
Bank of Japan

Expansion of Data Sources for “Workers’ Remittances”

The Ministry of Finance and the Bank of Japan have expanded data sources for “workers’ remittances” for January 2006 figures henceforth. “Workers’ remittances” is a sub-component of “current transfers” in the balance of payments (BOP) statistics. The background and outline of the expansion are described below.

1. Background

In recent years, there has been a growing interest at fora on cross-border workers’ remittances, which constitute an important source of funds to alleviate poverty and improve education and medical services in developing countries. Against this background, discussions have been held internationally regarding problems of statistical measurement of workers’ remittances and measures to resolve such problems to grasp the actual situation.

Japan’s BOP statistics were no exception in that they did not fully reflect cross-border remittances of small amounts and the reality of country/regional breakdown of the remittances, and improvement in the statistics was urgently required.

2. Expansion of Data Sources

Major data sources for “workers’ remittances” in Japan’s BOP statistics are “reports on payments and receipts” (cross-border transactions between residents and nonresidents exceeding 30 million yen are reported) and the “survey of workers’ remittances to family members remaining in home countries” (hereafter the “survey on remittances”). The “survey on remittances” required major financial institutions in Japan to report the amount of workers’ remittances exceeding 2 million yen but 30 million yen or less remitted until the end of December 2005. From January 2006, with the understanding and cooperation of the financial institutions, the minimum reporting threshold of the “survey on remittances” was removed, and the number of reporters was expanded. Also, data on the regional/country breakdown were newly collected and reported.

- **Removal of minimum reporting threshold**

The “survey on remittances” was introduced in April 2003 in order to improve the accuracy of data on workers’ remittances. From January 2006, the minimum reporting threshold was removed for the purpose of covering small amounts of workers’ remittances, that is, 2 million yen or less, which account for the majority of the remittances.

- **Expansion of the number of reporters**

Foreign financial institutions in Japan that have headquarters in South America and Southeast Asia as well as banks acting as agents for companies that provide international remittance services were newly included as reporters of the “survey on remittances,” reflecting the volume of their transactions.

- **Country/regional breakdown**

Until the end of December 2005, the “survey on remittances” did not include questions on the breakdown of remitting/receiving countries and regions. The country/regional breakdown was estimated using the data in “Statistics on the Foreigners Registered in Japan,” etc. To improve the accuracy of the country/regional breakdown, the “survey on remittances” incorporated questions on remitting/receiving countries and regions from January 2006. The country/regional breakdown of workers’ remittances for the data for January to March 2006 will be released in August 2006, based on the new data sources.