BENEFITING FROM MIGRATION: THE COSTS, BENEFITS, AND HISTORY OF
ROMANIAN AND MOLDOVAN MIGRATION (1990-PRESENT)

For ACORN International
Remittance Justice Campaign

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Abstract

The two countries of focus in this report – Romania and Moldova – were hit especially hard by the wave of economic turmoil, and, as a result, have become countries reliant on emigration and remittances. As a result of the mass exodus of Romanians and Moldovans, remittances have become an important aspect of the economic stability of these two countries. While there are concerns with a heavily reliance on remittances for economic growth – such as making the country more prone to “boom-bust” cycles or to the “Dutch disease” – remittances have induced economic growth, albeit short-term growth, in a region where it was sorely needed. Whether directly or indirectly, remittances and migration have positively affected many individuals in these two nations as well as the EU. In addition to re-evaluating border management policies in order to promote the beneficial aspects of migration, the international community ought to seek out ways to magnify the positive effects of remittances through advocating “official” methods of transfer as well as by pushing for lower transfer costs. To this end, we have advocated publicizing costs in order to decrease information asymmetry, raising awareness of alternative methods of money transfers, and by inspiring competition. We have concluded that lowering remittances costs is not only a positive and beneficial act, but is also eminently doable. The task of this report is: To identify the factors causing heavy emigration that continues to this day, to discuss the changes in emigration patterns, to describe the role remittances play in these new economies, and, finally, to discuss the prices of sending money to Romania and Moldova for migrants as well as steps that ought to be taken to lower these prices.
THE COSTS OF REMITTANCE TRANSFERS AND SERVICES FOR ROMANIA AND MOLDOVA

What Are Remittances?

Remittance transfers are defined as private, nonmarket income transfers or, more specifically, “cross-border person-to-person payments of relatively low value.”\(^1\) They are measured by combining the data on: workers’ remittances (current transfers from migrant workers residing in their host country for more than a year), migrants’ transfers (the net worth of migrant workers intending to stay for a year or more), and compensation of employees (the income of migrants residing in a host country for less than a year).\(^2\) The remittance data used here is the sum of these three aforementioned items defined in the *Balance of Payments and International Investment Position Manual* published by the International Monetary Fund.

In more general terms, remittances are defined in terms of three main characteristics. First, remittance transfers are payments by migrant – usually temporary or seasonal – workers back to their country of origin in an effort to cover the family’s day-to-day living expenses, provide emergency funds, or establish small investments. Second, remittances are recurring (albeit at an individuals discretion) monetary transfers to their home country at semi-regular intervals; these transfers are thus *international* as well. Third, they are a product of temporary or cyclical migration, and, as such, are associated with strong ties to the migrant’s home country.

How Are Remittances Sent?

A remittance service provider, or RSP, may assist the migrant in transferring funds either through informal or formal channels. An RSP is a business or individual that either specializes or offers a formal or informal money transfer services within a local expatriate or diaspora.

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Informal channels include hawala, sneaking the cash back into the country on the migrant’s person, or entrusting a friend or family member to safely deliver the cash to the migrant’s family. Formal channels include banks, which are not commonly used, and money transfer organizations, or MTOs. MTOs – such as Western Union, Moneybookers, or Moneygram – are the most common method of transfer due to their ease of access for migrants.

Whether the RSP uses formal or informal methods, several players emerge in remittance transfers. The main ones are: the sender (a migrant worker), the receiver (the migrant’s family), and the remittance service provider (RSP). For the sender and the receiver, the main events are the capturing – where the migrant pays the “capturing agent,” such as a Western Union branch – and the disbursing – where the “disbursement agent,” such as another Western Union branch in the receiving country, pays the receiver – of funds. The other two processes – messaging and settlement – are not readily visible to the sender or the receiver. The messaging process transfers the information about the payment to be passed from the capturing agent to the disbursement agent. Meanwhile, settlement arrangements allow the funds to be moved from place to place, typically by promising the funds at a later date.

In order to fully understand the role of MTOs in remittance markets, we must establish an explanation of the institutional framework(s) involved in international money transfers. One report categorized the services offered by RSPs as follows:

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3 Although hawala was initially associated with North Africa, the Middle East, and South Asia, it is used in other parts of the world, including Eastern Europe, to transfer workers’ remittances. Hawala services are essentially services that offer to move money across national borders without physically moving the money. They consist of a network of brokers wherein a single broker will enter into a debt agreement with another broker after giving the broker on the receiving end the information about the transfer. The amount specified by the broker on the sending end is given to the receiving party another broker in the receiving country. Brokers use the honors system in order to settle debts at a later date. These transfers are informal and are not regulated by governments.

4 Due to the lack of accurate information on informal transfers, all remittance data here will be calculated based on foreign transfers alone.

5 Committee on Payment and Settlement Statistics, General Principles for International Remittance Services, 8.

6 Ibid.
• Unilateral services: A proprietary service offered “internally” – i.e., one that does not involve other business entities. It therefore must have either physical or virtual access points. In the latter case, virtual access points run into issues of user accessibility on either the receiving or sending end. Possible examples include global banks or banks that have set up services abroad where concentrations of migrants can be found.  

• Franchised services: A central provider provides a proprietary service where it establishes the necessary infrastructure to support the service but obtains access points by utilizing other institutions in both the sending and receiving countries to act as franchises.  

• Negotiated services: A particular RSP enters into negotiations with other non-competing institutions so as to establish a network of access points. Some examples may include bilateral negotiations between banks, hawala services, or credit union schemes.  

• Open services: A single RSP offers a proprietary service in a sending country and gains access to the receiving country by setting up an open network accessible to any RSP, whether directly or indirectly. The main example is the international banking network, which can potentially allow access to nearly any other bank in the world. Open services are the most common service offered by banks today.

In most cases, there is no real-time fund transfer. Instead, the transaction is “settled” quickly and a formal promise is made by the capturing agent to distribute the funds to the disbursing agent at a later date. A Western Union branch, for instance, will accept the monetary payment – typically cash – and, after forwarding the information, authorizes the disbursement agent to hand over the funds to the receiver.

The Costs of Remittance Transfers

The price of a remittance transfer usually consists of: 1) a transfer fee; 2) a margin taken on the exchange rate – the “exchange rate margin;” 3) a fee charged to the recipient of the funds. The price depends on a number of factors: 1) the number of competitors and legal restrictions present in a corridor; 2) the cost to the RSP, including the exchange rate, estimated risk, and

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7 Ibid., 9.  
8 Ibid.  
9 Ibid., 10.  
10 Ibid.
technology and human capital used; 3) the customer’s preferences and needs, such as the speed of transfer or additional needs at the destination; 4) the consumer’s awareness of other available means of transfers. Corridors such as that from the United Kingdom to Romania or from the Russian Federation to Moldova are much larger and therefore offer a number of different choices for speed of transfer, type of organization, and pricing. For instance, a remitter is offered a number of choices in terms of currency used (e.g., whether it’s the local currency unit (LCU), USD, or EUR), speed (between less than one hour and several days), and method used (e.g., cash-to-cash, account-to-account, etc.). Smaller, and therefore less profitable, corridors may offer the consumer fewer options, and thus tend to be more expensive.

We shall focus on Western Union in particularly as it is one of the most costly and most prominent MTOs. For Romania, we shall look at the costs of sending money from Germany, the United Kingdom, Italy, and Spain. For Moldova, we shall look at Germany, Italy, and the Russian Federation. Although all of these sending countries have large migrant populations, there remains a large price discrepancy between some of these corridors. The Western Union fee charged for a transfer of 200 USD to both Romania and Moldova are shown in the tables below:

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11 In the last case – the consumer’s awareness of alternative methods of transfer – it is important to note that advertising and brand recognition can also affect prices, as larger organizations that put more emphasis on marketing and advertising may end up being more costly. They may, for instance, put more effort into advertising in a community’s language and target areas with a large number of migrants. Cf. Dilip Ratha and Jan Riedberg, On Reducing Remittance Costs (Washington DC: World Bank, 2005), 15, http://siteresources.worldbank.org/INTPROSPECTS/Resources/Onreducingremittancecosts-revisedMay12.pdf

12 The corridors used in this report are based on the presence of data from the World Bank and International Finance Corporation, which provides data on money transfer prices for a select number of corridors.
To Moldova: Transfer of 200 USD

<table>
<thead>
<tr>
<th>Company Name and Country of Origin</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Union (Germany)</td>
<td>NA</td>
<td>NA</td>
<td>22.23</td>
<td>20.36</td>
</tr>
<tr>
<td>Postbank via Western Union (Germany)</td>
<td>..</td>
<td>..</td>
<td>34.82</td>
<td>34.82</td>
</tr>
<tr>
<td>Western Union (Italy)</td>
<td>..</td>
<td>..</td>
<td>22.23</td>
<td>25.44</td>
</tr>
<tr>
<td>Western Union (Russia)</td>
<td>10.55</td>
<td>8.25</td>
<td>9.74</td>
<td>9.52</td>
</tr>
</tbody>
</table>

To Romania: Transfer of 200 USD

<table>
<thead>
<tr>
<th>Company Name and Country of Origin</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
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<tr>
<td>Western Union (Germany)</td>
<td>38.52</td>
<td>37.83</td>
<td>29.73</td>
<td>21.16</td>
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<tr>
<td>Postbank via Western Union (Germany)</td>
<td>30.36</td>
<td>34.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Union (Italy)</td>
<td>21.48</td>
<td>23.57</td>
<td>20.45</td>
<td></td>
</tr>
<tr>
<td>Western Union (Spain)</td>
<td>16.30</td>
<td>19.33</td>
<td>15.28</td>
<td>15.71</td>
</tr>
<tr>
<td>Western Union – Next Day (UK)</td>
<td>..</td>
<td>17.68</td>
<td>16.50</td>
<td>16.50</td>
</tr>
<tr>
<td>Western Union – One Hour (UK)</td>
<td>..</td>
<td>37.50</td>
<td>35.00</td>
<td>32.67</td>
</tr>
</tbody>
</table>

Even though the same amount of money is being sent to the same receiving country, prices can vary wildly. For instance, the fees for Western Union transfers for the Russian Federation to Moldova average out to 9.52 USD for 200 USD. On the other hand, the average fee for a transfer from Italy to Moldova between the years 2010 and 2011 for 200 USD is 23.84 USD. In the case of Romania, even though remittance prices have been dropping in some corridors, there are still large discrepancies between certain sending countries. For example, while the Western Union in Spain offers the same service in the same amount of time – less than one hour

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13 All data is in current USD. Data for the following charts and additional information on remittance prices can be found at: Remittance Prices Worldwide, The World Bank, accessed 15 Oct 2011 http://remittanceprices.worldbank.org/.
14 These averages are found by taking the average between the first and third quarters for the years 2008 through 2011.
in both instances – the UK branch offers the same exact service for over twice the cost. On the other hand, the UK branch offers a greater variety of services and allows the customer to choose a slower transfer time in the interest of saving money.

For a migrant sending around 500 USD home, the costs are not quite as extreme. After factoring the exchange rate margin and other additional costs, the fees charged by MTOs can rise to 20 percent of the total amount being sent. For instance, in 2011, the total cost for a 200 USD transfer could reach up to 41.88 USD, which is the fee charged using Postbank via Western Union for a transfer from Germany to Moldova. In terms of the total cost as a percentage of the amount transferred, the ratio drops once the amount transfers exceeds 500 USD. For instance:

*To Moldova: Transfer of 500 USD*

<table>
<thead>
<tr>
<th>Company Name and Country of Origin</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Union (Germany)</td>
<td>..</td>
<td>..</td>
<td>38.16</td>
<td>31.39</td>
</tr>
<tr>
<td>Postbank via Western Union (Germany)</td>
<td>..</td>
<td>..</td>
<td>32.24</td>
<td>35.51</td>
</tr>
<tr>
<td>Western Union (Italy)</td>
<td>..</td>
<td>..</td>
<td>33.21</td>
<td>33.46</td>
</tr>
<tr>
<td>Western Union (Russia)</td>
<td>21.10</td>
<td>17.67</td>
<td>17.90</td>
<td>17.52</td>
</tr>
</tbody>
</table>

*To Romania: Transfer of 500 USD*

<table>
<thead>
<tr>
<th>Company Name and Country of Origin</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Union (Germany)</td>
<td>39.39</td>
<td>38.27</td>
<td>37.09</td>
<td>32.28</td>
</tr>
<tr>
<td>Postbank via Western Union (Germany)</td>
<td>..</td>
<td>..</td>
<td>31.39</td>
<td>35.51</td>
</tr>
<tr>
<td>Western Union (Italy, one hour)</td>
<td>35.61</td>
<td>35.31</td>
<td>27.85</td>
<td>38.65</td>
</tr>
<tr>
<td>Western Union (Spain)</td>
<td>48.48</td>
<td>35.81</td>
<td>44.46</td>
<td>30.83</td>
</tr>
<tr>
<td>Western Union – Next Day (UK)</td>
<td>..</td>
<td>17.63</td>
<td>16.50</td>
<td>16.50</td>
</tr>
<tr>
<td>Western Union – One Hour (UK)</td>
<td>..</td>
<td>48.07</td>
<td>45.00</td>
<td></td>
</tr>
</tbody>
</table>
As remittances usually range from 100 to 1,000 USD, this data is a fair representation of the Western Union market. The fees and total costs are only somewhat graduated; they increase only slightly in proportion to the amount of money being transferred.

First, it is important to note that other MTOs such as Moneygram or Moneybookers offer similar services in these sending countries. Moneygram offers services and options similar to Western Union, and, in some cases, tends to be in the same price range. In some regions, Moneygram is clearly a cheaper option. For instance, during the third quarter of 2011 in the United Kingdom, the most expensive cash-to-cash transfers to Romania were provided by Western Union. Moneygram charged a fee of $16.65 but usually had a lower exchange rate margin (i.e., ranging from 2.98-3.25% as opposed to 3.32-3.76% for Western Union). Second, while banks also offer similar services, they are usually slower and, in some cases, less flexible or accessible, especially for undocumented migrants. In some cases, banks do not charge any fee whatsoever; however, many do require accounts – either for just the receiver or both the sender and receiver – and may only operate in major cities. Third, while prices have, for the most part, dropped, they remain fairly high, and competition has not increased tremendously in most corridors.

The Problems With High Costs: Remittances and Their Role in Economic Growth

Due to the oligopolization of certain corridors in the remittance market and the presence of high transfer costs, a drive to actively lower remittance costs has arisen in the international community. In recent years, both the G8 and the G20 have worked with the World Bank and other organizations in order to reduce remittance costs. The Development Working Group
identified in 2009 that roughly 54.9% of remittance outflows came from G20 countries. The DWG recommended the reduction of the global average costs of remittances to 5% (as opposed to 20%) by 2014. The main drive behind reducing remittance costs is to spur development and decrease poverty, thus tying the reduction of remittances to the Millennium Development Goals. While the role of remittances in development is contested, remittances clearly play a role in improving the quality of life for migrants’ families through providing additional income to purchase goods and services. Remittances may not “save” families in abject poverty due to the costs of migration in Moldova and Romania, but remittances do have some positive effect on poverty reduction. For instance, between 1999 and 2004, Moldova witnessed a movement of 40% of its population out of poverty, coinciding with a rise in “official” remittances.

Remittances can lessen income inequality albeit primarily “on the basis of per capita expenditure on consumption.” In other words, they can raise the standard of living for a family and allow for investment opportunities previously unachievable for these families.

For a migrant sending money to his or her home country on a monthly basis, these costs add up. Say a Romanian migrant working a low-wage, seasonal job in Germany has been remitting money each month, and he subtracts 200 USD from his monthly earnings to send back to his family at home. He worked in Germany for a number of months in 2009, and sent seven checks for 200 USD home. Out of the 1,400 USD he intended to send home, roughly 1,124 made it there due to 276 USD going to Western Union for fees and exchange rate charges. While this is not a significant amount of money, if one thousand Romanian migrants send the

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17 Ibid.


same amount of money back home for the same time period, 276,000 USD (nearly 20% of the total amount) out of the 1.4 million USD these migrants intended to send does not return to Romania. Furthermore, this migrant, may also be using Western Union to pay bills back in Romania.

Although the average transfer is usually quite small, the reduction costs for countries that rely heavily on remittances for economic growth and development would increase the macro and microeconomic effect of remittances on the home country. In terms of macroeconomic implications, remittances in Romania and Moldova account for a substantial amount of the two countries’ GDP, as we can see below:\(^{20}\)

![Remittances as a Percent of GDP](image)

Remittances affect GDP by altering two major components: investment and private consumption. In Moldova especially – where remittances count as a substantial portion of the country’s GDP – a rapid contraction of remittances can lead to a contraction in GDP and demand, thus causing the

economy to dry up rapidly. For instance, as we can see from the graph below, remittances shrank from nearly 35% of the GDP in 2007 to 22% of the GDP in 2011 due to the most recent global economic crisis. While the reduction of remittance costs may contribute more to economic growth and can positively affect the receiving economy on both a macro- and micro-economic scale – especially in times of hardship – it does not prevent the negative effects of remittances by continuing national reliance on these transfers. Furthermore, the reduction of costs does nothing to prevent the so-called “Dutch disease,” or the appreciation of the exchange rate resulting in a decline in the competitiveness of the export sector.21

On the microeconomic level, remittances are used by households for consumption and short term investments. While the main use of remittances was for meeting current consumption needs (e.g., food, clothing, utilities), a family’s investment in durables, debt repayment, and spending on services such as education and health were also important. For the recipient family, remittances may constitute a large share of their total household income. The migrant typically begins sending significant portions of their income home shortly after departure, and, by 2005, 81% of Moldovan migrants abroad were sending funds to their family.22 Of those migrants, 33.4% sent back 50-75% of their earnings abroad.23 One study in the mid-2000s showed that housing investments – such as expansion, repairs, or purchases of houses or apartments – constituted a large chunk of a migrant’s family’s projected and current spending.24 For example, in the case of rural and urban areas of Romania, remittances were used for both current consumption needs as well as for the purchase of durables and home improvements, with

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21 Cuc, Milan Cuc, Erik Lundback, and Edgardo Ruggiero, Migration and Remittances in Moldova (Washington DC: International Monetary Fund, 2005), 7.
22 Ibid., 27.
23 Ibid.
24 Ibid., 28. For example, according to the Open Societies Foundation’s report titled Living Abroad on a Temporary Basis, a majority of migrants would also use the money received from abroad in the modernization or expansion of their home or apartment (cf. Sandu, Dumitru, Living Abroad on a Temporary Basis. The Economic Migration of Romanians: 1990-2006 (Bucharest: Open Society Foundation, 2006), 43).
roughly 65% of the funds going towards immediate needs and 35% going towards long-term investments.  

Second, as remittances can also be viewed as compensatory transfers, they may help alleviate the strain placed on individual households during times of economic crisis. In other words, remittances – unlike other capital flows – are sometimes described as counter-cyclical, although there is not enough data to effectively prove or disprove this statement. However, Romanians and Moldovans who migrated were not primarily drive by the idea of migrating to earn money in order to alleviate the pain of a crisis. Rather, they perceived migration as a way of improving one’s way of life and as a way of accessing previously inaccessible capital and opportunities. But even if remittances are not truly “counter-cyclical,” they tend to be a fairly “stable” sources of income for households inasmuch as they are well-targeted (i.e., they go directly to households, unlike foreign aid) and may induce a Keynesian “multiplier effect,” producing short-term growth.

While remittances may be associated with some negative effects and may not be a source of capital for development, they are certainly not “the cause of underdevelopment.” In fact, “remittances may not yield optimal economic results in recipient countries – but neither do any other economic activities” in areas where risk-taking and investment is discouraged by poor

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26 For instance, in a report compiled by the Open Societies Foundation in Romania, the authors found that of those Romanians surveyed who had a migrant in their family or household, 85% nationally stated “people who travel abroad become wealthier.” Cf. Dumitru Sandu, “Mentalities” in Living Abroad on a Temporary Basis: The Economic Migration of Romanians: 1990-2006 (Bucharest: Fundatia pentru o Societate Deschisa (Open Societies Foundation), 2006), 56.
economic incentives and weak institutions. For the time being, remittances are here to stay, and their positive effects ought to be amplified by lowering the costs of these transfers.

**Proposed Policy Solutions: Lowering Costs**

There are a number of steps these companies can take to lower the cost of remittances. Ratha and Reidberg recommend the following: 1) the remittance industry ought to be recognized as self-standing and distinct from banking so as to allow more “players” in each corridor; 2) harmonize regulations both within countries, for all RSPs, and for senders/receivers; 3) improve remittance channels; 4) improve customer awareness.

The Committee on Payment and Settlement Systems advances similar ideas and advocates for a “competitive market for remittances” wherein competition would provide a “contestable, transparent, accessible, and sound” market. It recommends five principles, three of which we shall discuss below: 1) a transparent market with adequate protection; 2) improving the payment structure to increase efficiency; 3) fostering a competitive market, including access to “domestic payment infrastructures.”

i) A Transparent Market

The first point – raised by Ratha and Reidberg as well – concerning transparency and consumer protection extends to raising awareness of the components of the “total price” (i.e., the

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28 Ibid.
31 For the receiver or sender, “efficiency” may refer to “a variety of possible remittance payment instruments and services, convenience in acquiring the preferred service from a particular remittance payment service provider, the speed of the delivery to the final receiver, and the end-to-end user costs of that service.” For the remittance provider, efficiency “implies a low cost for producing the costs at the whole sale level for payment processing and transfer. It also generally implies the capability of cross-selling other financial products and services to remittance payment service users as a means of lowering operational costs and generating additional revenues.” Global Remittances Working Group, *Encouraging Payment Systems Infrastructure Development to Provide More Efficient Remittance Services: Guidance Note* (Washington, DC: The World Bank, 2011), 3, [http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1257537401267/infrastructure.pdf](http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1257537401267/infrastructure.pdf)
foreign exchange rates and the margins applied to them as well as other additional hidden costs)\textsuperscript{33} but can also include the locations of access points in sending/receiving countries and the total time it will take the funds to reach the receiver. Transparency should extend to all aspects of the remittance process, beginning with the customer. The IMF reiterates this point, stating that an RSP should provide information freely regarding the total costs, the amount of disbursing currency to be paid to the receiver, the fees on either end of the transaction, and the time and location of the pickup.\textsuperscript{34} Data banks like the World Bank’s “Remittance Prices Worldwide” seeks to make the remittance market more transparent by providing information on the initial fee charged as well as “hidden fees” such as that added by the exchange rate margin.

The IMF recommends the following targets for information dissemination: 1) ethnic media (newspapers, radio, television, etc.); 2) financial media; 3) diaspora organizations; 4) consumer bodies, public or private; 5) consulates and embassies of major receiving countries.\textsuperscript{35} A lack of transparency, when combined with a lack of financial literacy, means it is much more difficult for a migrant to investigate alternatives to the major companies in the remittance industry. Banks, for instance, are much less commonly used, even though many of them offer international MTOs and in many times are much cheaper. For banks, migrants are not ideal customers.\textsuperscript{36} Similarly, from a migrant’s perspective, there are a number of reasons why banks are not preferable.\textsuperscript{37} Migrants may lack a certain level of confidence in banks and often possess

\textsuperscript{33} “Hidden costs” may include variables such as the type of transfer (e.g., cash-to-cash, account-to-account) or drastic differences in pricing due to rate of the transfer that are not

\textsuperscript{34} Committee on Payment and Settlement Systems, \textit{General Principles for International Remittance Service}, 31.

\textsuperscript{35} \textit{Ibid.}, 31.

\textsuperscript{36} Ratha and Riedberg in a 2005 report outlined a few reasons why this is the case: 1) loans are more profitable than small remittance payments (usually 100-1000 USD); 2) the type of customers sending remittances are usually “low net value” customers; 3) customers sending remittance payments are usually from less affluent regions where banks are less likely to be found. Cf. Ratha and Riedberg, \textit{On Reducing Remittance Costs}, 7.

\textsuperscript{37} First, a business specializing in cash-to-cash remittance transfers is preferable because it offers a service typically conducted in the migrant’s native language and because banks are hard to find in poor rural areas. Secondly, most
little financial literacy, meaning they are both less aware of their options in terms of money transfer routes and are viewed as difficult customers by the bank due to their lack of language or banking skills. Providing information not only about fees but also about viable alternatives to money transfer organizations through accessible channels would help to create a more transparent market.

**ii) An Efficient Market**

While “efficiency” can have a number of different definitions (see footnote 31), there are a few methods to improve efficiency on a basic level for all players in the remittance process. Decreasing asymmetry in the development of retail payment and banking systems can foster a truly efficient and secure passage of money. One of the main barriers here is access to technology. For instance, as long as technological barriers exist in more impoverished areas – especially in certain regions of Moldova – the remittance market will be limited to relying on certain older and perhaps more costly technologies. Likewise, banks – which are still a main player in the remitting process, even if the customer does use an MTO – need to focus on branching out to customers outside of their typical socioeconomic base as well as providing affordable banking.

First, efficiency – like competition – can be fostered through access to domestic payment structures, which, although typically accessible to banks, are not made accessible to RSP. Being unable to access domestic payment structures makes it much more difficult to efficiently transfer money. Second, technology has and shall continue to streamline and produce more

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efficient markets. Promoting, for instance, the use of the internet or mobile phones for transfers over cash-to-cash transfers to families with access to the internet in the interest of lowering costs and offering a less expensive method of transfer for both the sender and receiver is one option.42

Third, fostering a competitive market provides RSPs with more of an incentive to streamline their operations in an effort to capture customers. Theoretically, a competitive market would focus more on customer needs in an effort to capture their attention, and would ideally result in a better and more efficient use of resources.

*i*ii*ii) A Competitive Market*

The remittance market is threatened by barriers to competition. The first barrier is access to infrastructure, which, as we noted above, is a issue primarily for RSPs due to a lack of access to domestic payment structures. In additional, exclusivity conditions can keep certain RSPs out of a market. In this case, an RSP only allows other RSPs or agents to operate on the condition that they do not offer other remittance services, and these conditions are especially prominent in negotiated or franchised services.43

Promoting competition has lowered the average total cost of remitting in certain in the past. Competition may include unregulated methods of transferring money (e.g., hawala), as any “threat” of new entrants helps drive prices lower. Hence, the cheapest corridors tend to be the ones with the most competition. The corridor between Russia and Moldova, for example, is one of the cheapest main corridors, and it includes smaller firms like Leader-Exclusive, Contact, Interexpress, Unistream, Migom, and Zolotaya Korona. All of these offer fund transfers at a

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42 “M-banking” has received some hype as an easier way to deal with banks, especially for developing countries. The idea of an affordable method of transfer as well as one that promotes moving away from the “money under the mattress” storage technique could be beneficial for both the remittance industry and consumers alike. Cf. Bowers, Christine, “How banking on a mobile phone can help the poor” *Passport: A Blog by the Editors of Foreign Policy* (January 17, 2007, online edition)
http://blog.foreignpolicy.com/posts/2007/01/17/how_banking_on_a_mobile_phone_can_help_the_poor
variety of lower costs than Western Union and also provide transfers in less than one hour. While availability for the receiver in rural areas may vary, the health competition in the Russia-Moldova corridor has helped push down costs to around 9-10 USD for Western Union services, which can be upwards of 20 USD in some areas.

Finally, increasing access to and raising awareness of databases such as the World Bank’s database on remittance prices through diaspora groups as targeted advertising could prove beneficial, as would expanding these existing databases to include lesser-known corridors. All of these methods would help promote healthy competition and, ideally, either drive down remittance transfer costs for larger organizations like Western Union or force them to promote lesser-known methods of transfer that are drastically cheaper. The result would hopefully be lower costs across the board and not simply in one or two corridors.

Conclusions

Despite the conflicting conclusions surrounding remittances and development, the international community has opted to work towards lower remittance costs in an effort to amplify the positive effects of remittances. While remittances are projected to grow worldwide by a rate of 7-8 percent until 2014, the high unemployment rate and subsequent anxiety about immigration has carried over from the 2007-2008 crisis. With tensions rising over the Eurozone debt crisis, it has become more important than ever to solidify a fair and efficient remittance market in order to provide a buffer for future crises in these lower-income states so reliant on foreign markets for labor. Thus, we have proposed policy changes to promote transparency, efficiency, and competition in the remittance market. By comparing the main corridors for Moldovan and Romanian migrants, we have found that fostering these three ideals would not only lower costs, but would also build a healthier and stronger market for the future.
However, it is still important to note that growth will not come from remittances alone, and, despite the importance of lowering costs, the long-term effects of reliance on remittances is still unknown. While it was not the task of this report to propose policies to stimulate macroeconomic growth or to stabilize the economies in these two countries, it is important to emphasize that these policy prescriptions are not meant to advertise long-term reliance on remittances; if anything, the effort to lower remittances should go hand-in-hand with promoting a stable and more self-reliant economy.
Kofi Annan stated in 2004 that “[o]ne of the biggest tests of the enlarged European Union, in the years and decades to come, will be how it manages the challenge of immigration.” He asserted that immigration was a necessity due to lower birth rates in continental Europe, and noted that “Europeans would be unwise to close their doors” as it would not only have long-term negative socio-economic effects, but would also promote undocumented migration. Migration, he noted, would strength developing countries as well, as integration of migrants into the European social and political structure can provide them with opportunities they cannot seek in their home country. In other words, “migrants need Europe. But Europe also needs migrants. A closed Europe would be a meaner, poorer, weaker, older Europe” whereas “[a]n open Europe will be a fairer, richer, stronger, younger Europe.” Eastern European migrants – while still part of Europe – rely on the wealth and prosperity of these Western nations for economic stability and improved living conditions. Thus, the purpose of this section will be to identify migratory patterns amongst Romanians and Moldovans as well as to discuss the amount, purpose, and cost of remittance payments for these migrants in the twenty-first century.

Types of Migratory Patterns

Key to our assessment of remittances is the rise of emigration from Eastern Europe following the opening of the borders in 1989 and return of freedom of movement. Migrants from Moldova and Romania came to Western European countries either as asylum seekers,
permanent migrants, or temporary migrants (documented or undocumented). In the case of Moldovan emigration to Romania, permanent migration was highly desired; however, the crackdown on border security in Romania brought forth a new wave of undocumented or irregular migration (i.e., individuals who crossed the borders as, say, tourists and failed to return to their home country).

The first main group – asylum seekers – began to move from Romania and Moldova following the fall of the USSR. The next group, permanent migrants, began leaving the country in the first waves. The final type of migration, namely temporary migration or circular migration began to replace permanent migration following Romanian integration into the European Union. Temporary or circular migrants are responsible for remittance payments. They can be characterized by these three features: 1) “‘loose’ social status and/or flexible occupational position in the country of origin,” 2) “irregularity of stay or work (income raising activity) in the host country,” 3) “maintaining close and steady contacts with migrant’s household (by means of frequent home visits, regular phone communication, remitting money), or, precisely speaking, having one steady residence, namely: in the country of origin.” When a migrant leaves their country of origin for a certain period of time with the intention to return home and, after some time abroad, resettles in their country of origin, it is called “circular migration.” Many circular or temporary migrants may leave their country of origin to work abroad multiple times, as the income earned while abroad may be the main source of revenue for the migrant’s family. Usually these migrants would often leave their country of origin for seasonal jobs or longer-term opportunities due both to a rising unemployment rate and troubled economy as well as the increased worth of a migrant’s salary. On the other hand, permanent migrants could be

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individuals who sought citizenship in another country immediately, or they could be former
temporary migrants who decided not to return to their country of origin.

Migration from Romania

Since 1990, Romania has been one of the countries with the highest rates of emigration,
following after China and Morocco. There are three distinct stages in Romanian migration
following the fall of the Soviet Union. The emigration rates of the first and second stages were
comparatively low in comparison to the rate following the lifting of the Schengen visa in 2001.
The first stage began with the opening of the borders and the rise of poor economic conditions in
Romania following the fall of the Ceausescu government. The fall of the Ceausescu regime and
the election of Iliescu in May 1990 did, on a superficial level, signify a political shift; however,
the deep ties Iliescu and his party, the FSN (National Salvation Front and later the Party of Social
Democracy of Romania or PDSR), did not result in a fast-paced overturn of the “legacy of
oppression” left by the Communists. Iliescu preferred to work within the “system,” and stated
that his party did “not intend to demolish the present central organs [of the centrally planned
economy]…as we must rely on the existing structures.” In addition to the continuation of
political uncertainty and of chauvinistic political groups, the incredibly gradualist approach to
the transitional economic policies of the new Romanian government drove the country to

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50 Iliescu was a former ally of Ceausescu – at least until his expulsion from the party in 1984. For the most part, he
retained much of the totalitarianism and sultanism (i.e., unrestrained personal leadership) associated with the former
communist government as well as failed to improve the political climate in a way that would move it away from the
rising intolerance of ethnic minorities “exploited by chauvinistic political groups.” Clifford Poirot,

economic collapse. As a result, changes were sporadic and ineffective, and it was not until 1994 that the legal foundation for a market economy was put in place.

The rate of emigration in this early period was roughly three Romanian emigrants per 1,000 inhabitants, and migrants travelled mostly to countries such as Israel, Italy, Turkey, Hungary, and Germany. An estimated 170,000 migrants legal emigrated between the years of 1989 and 1992, most of them seeking permanent residency outside of Romania. These first migrants were non-ethnic Romanians who had been previously unable to leave the country – such as German migrants. The second group of migrants consisted of those Romanians seeking residency through asylum status. They traveled mostly to Western Europe – particularly to Germany – where the rules governing political asylum were fairly liberal. For instance, between the years of 1990 and 1993, an estimated 253,353 Romanian asylum seekers migrated to Germany. Applications for asylum drop off in 1994, but the total applications for the period between 1989 and 1998 for asylum in Germany alone totals roughly 272,000. Meanwhile, during the same time period, nearly 32,000 applications were made for France and 10,000 for Spain. The abundance of asylum seekers dropped rapidly, however, after the 1990s due to

52 The appeal of a gradualist approach can be seen as twofold. First, a rapid shift to a market economy dominated by small and medium private enterprises instead of state-owned industrial businesses would have resulted in tremendous lay offs, as these smaller businesses would have held fewer employees. Second, a majority of the FSN’s – and later the PDSR’s – supporters resided in rural areas or worked for industrial plants – meaning they would have been tremendously affected by economic reformation – and strongly opposed the push to rapid privatization. Cf. Ana Maria Oteanu, “International Circulatory Migration as a Local Developing Factor: The Romanian Example” Anthropological Notebooks 13:1 (2007), 34.
56 Ibid., 35.
increased restrictions on asylum applications. Similarly, the outflow of ethnic Germans returning to their home country dropped off after 1992.\textsuperscript{57}

By the time of the second wave, migration to Germany had dropped off due to rising restrictions on asylum status and incoming migration. The second wave occurred during 1996 and 2001 with a rate of seven immigrants per 1,000 inhabitants with the main destinations being Spain, Canada, and the United States.\textsuperscript{58} Although the 1996 resulted in a change of leadership with the election of Emil Constantinescu of the Democratic Convention of Romania (CDR), the country again faced an economic downturn following the 1998 Russian economic crisis. In an effort to curb poverty and boost economic development, the CDR carried out the IMF’s policy recommendations by tightening monetary policy, eliminating consumer subsidies, and liberalizing exchange rates. However, living conditions failed to improve. Even by 2000, the poverty ratio at the national poverty line was around 35%. The general economic decline in 1997 and economic crisis in 1998 and onward caused migrants to seek work elsewhere. And while widespread temporary migration did not really kick off until the 2000s, circular migration abroad became more consistent following 1996 due to “the increase of domestic poverty, the sharp increase in return migration from cities to villages, and the decline of permanent emigration.”\textsuperscript{59} Finding temporary work abroad became the new means of acquiring wealth.

The third stage of migration occurred in response to the anticipated ascension of Romania into the EU and widespread temporary migration. Romania put in its bid for EU membership in 1995, and began implementing reforms in the 2000s, resulting ultimately in Romania’s ascension to the EU in 2007. The visa requirement to enter the Schengen area was lifted in 2001 as preparation for Romania’s entry into the EU, thus allowing for an ease of entry into the European

\textsuperscript{57} Sandu, “Dynamics of Romanian Emigration after 1989,” 39.
\textsuperscript{58} OECD Secretariat, “Trends in Migration Flows in Central and Eastern Europe,” 47.
\textsuperscript{59} Sandu, “Dynamics of Romanian Emigration after 1989,” 40.
Union countries. In addition, Romania joined the EURES European job search – a network advertising jobs in 31 European countries as of 2011 – following Romania’s ascension to the EU, thereby making it easier for migrants to seek out legal work outside of their country.\textsuperscript{60} Hence, the number of immigrants jumped to 28 immigrants per 1,000 inhabitants, with the main destinations being Italy, Germany, Hungary, and Spain.\textsuperscript{61} High immigration rates have continued until present with 2007 marking Romania’s entry into the European Union. By 2003, the International Organisation for Migration (IOM) estimated that there were 1.7 million Romanian workers abroad.\textsuperscript{62} Following Romania’s accession into the EU, eleven member states granted Romanian citizens unrestricted access to their labor markets.\textsuperscript{63} Temporary migration for the purpose of higher education was also prominent, with roughly 14,600 international students in 2007 and 7,800 in 2008.

Unfortunately, in terms of recording the number of migrants abroad, Romania’s official figures are usually on the lower side, as many emigrants tend to fail to report their departure through the proper channels. Some agencies – such as the National Institute of Statistics in Romania – recorded only 386,827 emigrants abroad for the years 1996-2006.\textsuperscript{64} Meanwhile, the Romanian population in Italy in 2004, according to Romania’s Department for Labour Abroad, was estimated at 800,000 people; other sources claimed that the figures in 2007 was estimated at somewhere between 556,000 to 342,000, depending on the government agency or NGO consulted.\textsuperscript{65} By 2010, one source claimed there was somewhere around 2.7 million or, as a

\begin{footnotesize}
\begin{enumerate}
\item According to an OECD report in 2010, about 10,000 job seekers contacted an advisor from EURES in 2008. Cf. Cindea, \textit{Migration in Romania}, 236.
\item \textit{Ibid.}
\item These countries are: Bulgaria, Czech Republic, Cyprus, Estonia, Finland, Latvia, Lithuania, Poland, Slovak Republic, Slovenia and Sweden. Cited in Focus Migration, “Country Profile: Romania,” 4.
\item Cindea, \textit{Migration in Romania}, 17.
\item \textit{Ibid.}
\end{enumerate}
\end{footnotesize}
percentage of the population, 13.1% Romanians abroad. Yet another asserted that there were
about 1 million Romanians abroad at the present time and approximately 900,000 households
with at least one migrant working abroad. Again, it is hard to say if this estimate is particularly
accurate and, even if it is accurate, how many of these migrants are residing there and working
legally.

Migration from Moldova

Like Romanian migration, the nature of Moldovan migration has made it nearly
impossible to estimate the number of migrants abroad. Finding data prior to 1999 is difficult.
However, in the third quarter of 1999 – according to the Department of Statistics and Sociology
– 114,000 Moldovans were working abroad, a number that grew steadily in the years to come. In
February 2004, the director of the Migration Department in Moldova, Valeriu Munteanu, stated
that unemployment had driven 500,000 individuals abroad in search of work. By 2007,
approximately 340,000 individuals, nearly one quarter of the labor force, lived abroad who still
remained tied to a household in Moldova. In terms of total migrants living abroad, the
estimated number of migrants is between 600,000 and 1 million, with a majority residing in the
Russian Federation. According to some estimates, only about 80,000 of these individuals hold
legal work contracts. Due to the high rate of irregular migration, it is tremendously difficult to

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67 Ibid.
68 “Russia, Moldova,” Migration News, accessed 19 December 2011,
http://migration.ucdavis.edu/mn/comments.php?id=3005_0_4_0
69 Matthias Luecke, Toman Omar Mahmoud, and Andreas Steinmayr, Labour Migration and Remittances in
Moldova: Is the Boom Over? Trends and Preliminary Findings from the IOM-CBS AXA Panel Household Survey
2006-2008 (Chisinau: International Organization for Migration Mission to Moldova, 2009), 5,
http://www.iom.md/attachments/110_2009_05_05_remitboom_over_eng.pdf
70 Culic, “Eluding Exit and Entry Controls,” 151.
71 Ibid.
find stable data on the migration rate and number of migrants abroad. In fact, the remittance data for Moldova is probably a more accurate descriptor of the effects of emigration on the country.

Like Romania, Moldova witnessed a boom of migrants following independence. The main destination at the beginning of the migration boom was Israel and, to some extent, the United States and Germany. Since the end of the 1990s, migration has turned towards Russia and countries within the Commonwealth of Independent States as well as to some countries in Western Europe like Italy. Moldova’s composition has made it the ideal candidate for a high emigrant country. To quote:

Not only does it have the largest share of nonurban population in European and the countries of the former Soviet Union, except for three countries in Central Asia, but also its population density is second only to a group of highly developed countries in Western Europe….Prior to independence, a high percentage of Moldovans lived in essentially rural communities that, in turn, relied on the economic ties within the countries of the former Soviet Union. The breakup of these ties and the relative price shocks that ensued generated excess labor, which could not be easily absorbed in a country already characterized by high population density and with only the capital – Chisinau – able to offer employment opportunities to internal migrants.72

However, since 1990, the rural population has grown from 53.2% to 58.8% of the population.73 Despite as much, the number of individuals employed in agriculture has dropped significantly since it hit its peak in 2001. Likewise, the percentage of the population living below the national poverty line has dropped since the fallout in 1999 after the 1998 recession from 73% to 29% in 2005.74 The drop in the agricultural industry, the privatization and closure of public industries, and the shocks to the Moldovan economy due to recessions (1998 and 2007) lead also to this drive to seek work outside of the homeland.75

75 Despite the apparent drop in the agricultural industry, it has remained one of the major components of the Moldovan economy. Before the drop, Moldova’s agricultural industry made up for money lost to the Transnistria
These “push” factors are not the only ones affecting a migrant’s decision to go abroad. First, one of the “pull” factors comes from the growth of Moldovan diaspora communities abroad. That is, the presence of existing Moldovan “diaspora” communities in a particular country or city encourages the emigration of relatives and friends of a migrant. Second, the decision to migrate is usually tied to the economic interests of a household. According to a 2005 CBS-AXA study conducted by the International Organization for Migration Mission to Moldova, 44% of migrants sought to make enough money to satisfy their consumption needs, 21% sought money to repay debts, 19% intended to invest these funds into broadly defined categories of household savings, and 11% required funds to invest in education or household durables. As is often a common pattern amongst remitters, the individual’s current consumption or, more commonly, that of his/hers family was the most common motivator for emigration.

In order to fulfill these needs, Moldovan citizens headed temporarily to the country of their choice. Those migrants who sought work in the European Union were more likely to be permanent migrants whereas those who headed to countries within the CIS were more likely to be nonpermanent or seasonal workers. For example, the main destination for those migrants heading to CIS countries was Russia. According to IMF staff estimates in 2005, 26% of remittances from Moldovans came from the CIS (97% of which are from Russia). Historically, Moldova has been tremendously reliant upon Russia, especially in terms exports and energy. Russia was primarily attractive because possessed a large labor market, allowed for freedom of

conflict in 1992 (i.e., Transnistria provided much of Moldova’s industrial and electrical base), and the fairly good weather following a number of major floods in the 1990s have contributed to the rapid economic growth in the 2000s.

Cuc, Migration and Remittances in Moldova, 20.

Ibid.

Prior to 2000, though, Russia did not permit non-residents to transfer money internationally.

Until the recession of 1998, nearly 60% of Moldovan exports went to Russia alone. Russia, in turn, would provide Moldova with subsidized energy exports due to Moldova’s lack of domestic energy resources. Stuart Hensel and Anatol Gudim, “Moldova’s Transition: Slow and Contradictory,” 2.
movement, and was within socio-cultural proximity. Furthermore, Russia and the CIS were appealing in terms of their low cost of departure as well. These individuals – who have been predominantly male – usually work seasonal jobs and return after permanently or temporarily satisfying their economic needs.

The main change, however, in migratory patterns has come from the limitation imposed on Moldovan migrants to Romania. In the months following the declaration of Moldovan independence, freedom of travel between the two countries became a top priority for bilateral negotiations. Visa requirements were lifted and, once national identity documents were issued, an individual holding a national identity card could cross the border without a passport. As a result, migration between the two countries spiked – particularly temporary migration. However, while Romania’s reforms in anticipation of the country’s entry into the EU may have “de-institutionalized” the borders between Romania and the other EU member states, it “upgraded” the external borders with non-EU member states and resulted in a revitalization of “the classical role attributed to national state borders (that of creating a clear distinction between those belonging to a country’s society and outsiders).” The use of stricter border policies led to bureaucratic issues at the Romanian Embassy in Moldova. Moldovan visa applicants overloaded the consular section of the Romanian Embassy, creating what President Băsescu called a “true

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81 Although Romania was quick to recognize Moldova’s independence, the relationship between the two nations is described as one “two countries, one people.” One Moldovan migrant describes the Moldovans-as-Romanians view as follows: “I see myself as a Romanian who was born and raised inside Moldova. I speak Romanian – I don’t refer to this as ‘Moldovan’… I think that many Moldovans don’t really know their history… Where do such people think St. Stephan lived and where is his tomb? He lived and is buried in Romania but he is still considered the King of Moldova. I think unification with Romania is inevitable and is a positive step. Life in Moldova is very difficult now so I think their joining a larger stronger country is inevitable.” In Raviv Schwartz, Exploring the Link Between Moldovan Communities Abroad (MCA) and Moldova (International Organization for Migration, May 2007), 17-18.
82 Andrei Avram and Dietmar Muller, “Moldova’s Border with Romania: Challenges and Perspectives After Romania’s Accession to the European Union,” South-East Europe Review 3 (2008), 400.
purgatory for Moldovans who want to come to Romania.” Băsescu asserted that, while Romania needed to fulfill its obligations to the European Union, Moldovans were not to be viewed as foreigners but as individuals who had a right to enter and remain in Romania.

Hence, the European Union and Moldova entered in a mobility partnership in 2008 utilizing the three main dimensions of the “global approach” to migration – namely advocating for legal migration, focusing on migration and development, and fighting undocumented migration in a proactive and efficient manner. The need for a transit visa for Moldovans traveling through Romania was overturned. The mobility partnership provided an extension of the 2005 EU/Republic of Moldova European Neighborhood Policy Action Plan. Its main goals were to: 1) provide a better framework for legal migration; 2) provide comprehensive information to potential migrants of legal ways of staying in the EU for working or studying; 3) strengthen Moldova’s institutional capacity to deal with migration and to protect against undocumented migration; 4) provide better social protection for migrants; 5) improve consular capabilities; 6) implement schemes to protect and reintegrate circular migrants; 7) prevent negative effects of brain drain and to facilitate opportunities for the skills of workers to be recognized in their home country; 8) promote cooperation of organizations in the homeland with its respectful diaspora communities in the EU. In addition, the mobility partnership sought to facilitate investment in the migrant’s home country through “targeted remittance schemes enhancing the development impact of migrant workers’ money transfers.” These schemes may involve promoting sending remittances through legal channels, or may involve changing the

83 Ibid., 407.
84 Ibid.
86 Ibid., 4.
remittance market itself by working towards lower costs by promoting competition, new technologies, and changing the laws overseeing the remittance market.

**Conclusion**

The fall of the Soviet Union and the subsequent opening of borders led to the first “boom” of emigration. However, it was perhaps the rocky transitional period which led to the appearance of East-West migration as a distinct phenomenon. For Romania, there have been three distinct “periods” of migration, and the third – which includes the present period – has been a product of the “open borders” policy of the European Union. For Moldova, the “closed frontiers” of the European Union have not limited migration, but instead increased irregular migration. Some of the recent proposals and structures – particularly the mobility partnership between Moldova and the EU in 2008 – has sought to manage migration by not simply cracking down on undocumented migration but, instead, by promoting “legal” temporary and permanent migration.
## APPENDIX B: REMITTANCE PRICES IN 2011 (MAIN CORRIDORS)

### Germany to Moldova

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Firm Type</th>
<th>Fee (200 USD)</th>
<th>Fee (500 USD)</th>
<th>Exchange rate Margin %</th>
<th>Total Cost (200 USD)</th>
<th>Total Cost (500 USD)</th>
<th>Transfer Speed</th>
<th>Network Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ria</td>
<td>MTO</td>
<td>14.29</td>
<td>20.29</td>
<td>0.00</td>
<td>14.29</td>
<td>20.29</td>
<td>Same day</td>
<td>Nationwide</td>
</tr>
<tr>
<td>MoneyGram</td>
<td>MTO</td>
<td>18.57</td>
<td>34.06</td>
<td>0.00</td>
<td>18.57</td>
<td>34.06</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Western Union</td>
<td>MTO</td>
<td>20.17</td>
<td>38.41</td>
<td>2.37</td>
<td>25.45</td>
<td>50.25</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>MoneyGram (USD Service)</td>
<td>MTO</td>
<td>17.14</td>
<td>24.64</td>
<td>4.88</td>
<td>26.91</td>
<td>49.04</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Western Union (USD Service)</td>
<td>MTO</td>
<td>20.71</td>
<td>38.41</td>
<td>4.08</td>
<td>28.87</td>
<td>58.79</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Postbank via Western Union</td>
<td>Bank/MTO</td>
<td>37.14</td>
<td>37.68</td>
<td>2.37</td>
<td>41.88</td>
<td>49.53</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
</tbody>
</table>

### Italy to Moldova

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Firm Type</th>
<th>Fee (200 USD)</th>
<th>Fee (500 USD)</th>
<th>Exchange rate margin (%)</th>
<th>Total Cost (200 USD)</th>
<th>Total Cost (500 USD)</th>
<th>Transfer Speed</th>
<th>Network Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moneybookers</td>
<td>MTO</td>
<td>0.71</td>
<td>0.72</td>
<td>0.00/7.86</td>
<td>0.71</td>
<td>0.72</td>
<td>3-5 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Trans-fast</td>
<td>MTO</td>
<td>5.71</td>
<td>14.49</td>
<td>0.00</td>
<td>5.71</td>
<td>14.49</td>
<td>Next Day</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Banca di Credito Cooperativo</td>
<td>Bank</td>
<td>14.29</td>
<td>20.29</td>
<td>0.00</td>
<td>14.29</td>
<td>20.29</td>
<td>3-5 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>MoneyGram</td>
<td>MTO</td>
<td>16.43</td>
<td>23.91</td>
<td>0.00</td>
<td>16.43</td>
<td>23.91</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>MoneyGram (USD Service)</td>
<td>MTO</td>
<td>16.43</td>
<td>23.91</td>
<td>4.53</td>
<td>25.48</td>
<td>46.54</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Poste Italiane via MoneyGram</td>
<td>MTO/P</td>
<td>16.43</td>
<td>23.91</td>
<td>4.53</td>
<td>25.48</td>
<td>48.32</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Western Union</td>
<td>MTO</td>
<td>27.14</td>
<td>35.51</td>
<td>2.96</td>
<td>32.27</td>
<td>48.32</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Western Union (USD Service)</td>
<td>MTO</td>
<td>27.14</td>
<td>35.51</td>
<td>5.94</td>
<td>39.02</td>
<td>65.21</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
</tbody>
</table>

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### Russian Federation to Moldova

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Firm Type</th>
<th>Fee (200 USD)</th>
<th>Fee (500 USD)</th>
<th>Exchange Rate Margin %</th>
<th>Total Cost (200 USD)</th>
<th>Total Cost (500 USD)</th>
<th>Transfer Speed</th>
<th>Network Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader - Exclusive MTO</td>
<td>2.98</td>
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<td>2.98</td>
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<tr>
<td>Zolotaya Korona MTO</td>
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<tr>
<td>Anelik MTO</td>
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<tr>
<td>Contact MTO</td>
<td>4.00</td>
<td>10.00</td>
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<td>10.00</td>
<td></td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Interexpress MTO</td>
<td>4.00</td>
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<td>0.00</td>
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<td>10.00</td>
<td></td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Leader MTO</td>
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<td>10.00</td>
<td>0.00</td>
<td>4.00</td>
<td>10.00</td>
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<td>Nationwide</td>
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<td>Unistream MTO</td>
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<tr>
<td>Migom MTO</td>
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<td>11.15</td>
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<td>5.08</td>
<td>11.15</td>
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</tr>
<tr>
<td>Western Union MTO</td>
<td>9.52</td>
<td>17.52</td>
<td>0.00</td>
<td>9.52</td>
<td>17.52</td>
<td></td>
<td>Less than one hour</td>
<td>Nationwide</td>
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</table>

### Spain to Romania

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Firm Type</th>
<th>Fee (200 USD)</th>
<th>Fee (500 USD)</th>
<th>Exchange Rate Margin %</th>
<th>Total Cost (200 USD)</th>
<th>Total Cost (500 USD)</th>
<th>Transfer Speed</th>
<th>Network Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA Dinero Express MTO</td>
<td>7.14</td>
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<td>0.00</td>
<td>7.14</td>
<td>7.25</td>
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<td>Santander Envios Bank</td>
<td>8.43</td>
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<td>8.55</td>
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<td>Safe Money Transfer Spain MTO</td>
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<td>Maccorp Exact Change MTO</td>
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<td>Telegiros MTO</td>
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<td>14.35</td>
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<td>Nationwide</td>
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<td>Choice Money Transfer MTO</td>
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<td>11.59</td>
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<tr>
<td>Universal de Envios MTO</td>
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<td>0.00</td>
<td>11.43</td>
<td>14.49</td>
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<td>Nationwide</td>
</tr>
<tr>
<td>MoneyGram MTO</td>
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<td>15.80</td>
<td>0.00</td>
<td>15.57</td>
<td>15.80</td>
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<td>Nationwide</td>
</tr>
<tr>
<td>Western Union MTO</td>
<td>15.71</td>
<td>15.94</td>
<td>0.00</td>
<td>15.71</td>
<td>15.94</td>
<td></td>
<td>Less than one hour</td>
<td>Nationwide</td>
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### Italy to Romania

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Firm Type</th>
<th>Fee (200 USD)</th>
<th>Fee (500 USD)</th>
<th>Exchange Rate Margin %</th>
<th>Total Cost (200 USD)</th>
<th>Total Cost (500 USD)</th>
<th>Transfer Speed</th>
<th>Network Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banca Monte del Paschi di Siena</td>
<td>Bank</td>
<td>0.00/7.86</td>
<td>6.52/7.97</td>
<td>0.00</td>
<td>0.00/7.86</td>
<td>6.52/7.97</td>
<td>3-5 Days</td>
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<tr>
<td>Moneybookers</td>
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<td>0.72</td>
<td>0.71</td>
<td>0.71</td>
<td>0.72</td>
<td>3-5 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Banca Intesa SanPaolo88</td>
<td>Bank</td>
<td>5.00/12.14</td>
<td>5.07/12.32</td>
<td>0.00</td>
<td>5.00/12.14</td>
<td>5.07/12.32</td>
<td>3-5 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Ria89</td>
<td>MTO</td>
<td>5.00/5.00</td>
<td>12.49</td>
<td>0.00/2.35</td>
<td>5.00/9.71</td>
<td>12.49/24.26</td>
<td>Less than one hour</td>
<td>Nationwide</td>
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<tr>
<td>Unicredit Banca90</td>
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<td>6.00/10.71</td>
<td>6.09/10.87</td>
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<td>6.00/10.71</td>
<td>6.09/10.87</td>
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<td>Trans-fast</td>
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<td>19.57</td>
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<td>12.14</td>
<td>19.57</td>
<td>Next Day</td>
<td>Nationwide</td>
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<tr>
<td>Coinstar</td>
<td>MTO</td>
<td>14.29</td>
<td>17.39</td>
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<td>17.39</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Smith and Smith</td>
<td>MTO</td>
<td>14.29</td>
<td>14.49</td>
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<td>14.49</td>
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<td>Nationwide</td>
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<tr>
<td>MoneyGram</td>
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<td>16.43</td>
<td>23.91</td>
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<td>16.43</td>
<td>23.91</td>
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<td>23.91</td>
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<td>23.91</td>
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<tr>
<td>Western Union</td>
<td>MTO</td>
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<td>24.64</td>
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<td>Western Union</td>
<td>MTO</td>
<td>27.14</td>
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<td>27.14</td>
<td>35.51</td>
<td>Less than one hour</td>
<td>Nationwide</td>
</tr>
</tbody>
</table>

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88 The first price is for the same branch to same branch; the second is for one branch to different branch.
89 The first price is for EUR service; second for LCU (local currency unit).
90 The first price is for account to account; the second for cash to account.
<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Firm Type</th>
<th>Fee (200 USD)</th>
<th>Fee (500 USD)</th>
<th>Exchange Rate Margin %</th>
<th>Total Cost (200 USD)</th>
<th>Total Cost (500 USD)</th>
<th>Transfer Speed</th>
<th>Network Coverage</th>
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<tr>
<td>Sparkasse KolnBonn</td>
<td>Bank</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3-5 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Berliner Volksbank</td>
<td>Bank</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3-5 Days</td>
<td>Nationwide</td>
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<tr>
<td>Stadtsparkasse Munchen</td>
<td>Bank</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>6 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Hamburger Sparkasse</td>
<td>Bank</td>
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<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
<td>6 Days</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Moneybrokers</td>
<td>MTO</td>
<td>0.71</td>
<td>0.72</td>
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<td>1.33</td>
<td>2.27</td>
<td>3-5 Days</td>
<td>Nationwide</td>
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<td>MoneyGram (LCU Service)</td>
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<td>23.19</td>
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<td>20.40</td>
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<td>Western Union</td>
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<td>26.09</td>
<td>1.87</td>
<td>22.31</td>
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<td>40.88</td>
<td>47.02</td>
<td>Less than one hour</td>
<td>Nationwide</td>
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Hannah Gais is a recent graduate of Hampshire College and a former student of the Institute for Orthodox Christian Studies in Cambridge, UK. Her studied Eastern Christian Theology and European Studies. She completed her thesis, titled *Heirs According to Promise: The Rise of Nationalism and the Shift of Ecclesial Identity in Greece from Byzantium to Today*, which emphasized her interests in religion, international politics, and immigration. She currently volunteers at a local non-profit and resides in Williamstown, Massachusetts.