

Study: Use of electronic money transfer methods

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Immigrants and temporary residents who settle in Canada often retain strong ties to family and friends in their home country, and many regularly send money home to help pay for living, education, housing or medical expenses. These international remittances represent an important source of income for families living in developing countries.

Reducing the cost of international remittances is an objective set out in the United Nations' Sustainable Development Goals to address income inequality. In the context of the current pandemic, many people living in developing countries are experiencing additional economic pressures, in part because international remittance flows have decreased. As a result, it is important at this time to better understand the factors that affect the cost of sending money from Canada.

A new study, "[Use of e-money transfer methods: Lessons from the Study on International Money Transfers from Canada](#)," published today in *Insights on Canadian Society*, provides additional information on the cost of sending money abroad, with a particular focus on differences between the cost of sending money via electronic money transfer (EMT) methods, such as online banking or providers' websites, and traditional money transfer methods, such as money transfer stores or in-person banking services.

The study found that the fees associated with EMT methods are cheaper than those associated with traditional money transfer methods, even after accounting for differences such as destination region or amount sent. It also found that some personal characteristics of people sending money, including age and education, were associated with a higher probability of using EMT methods.

Canadian remitters send \$5.2 billion abroad in 2017

The study used data from the Study on International Money Transfers, which was conducted in 2018 to examine the remittance behaviours of landed immigrants, naturalized Canadians and temporary residents born in countries eligible for official development assistance (ODA).

ODA-eligible countries comprise all of the world's least developed countries, as defined by the United Nations, as well as low- and middle-income countries, based on gross national income per capita.

Previously released results from the [Study on International Money Transfers](#) showed that 37% of Canadian residents born in ODA-eligible countries sent money abroad to family and friends in 2017. These Canadians sent \$2,855 on average, for a total of \$5.2 billion.

The results also found that the vast majority (about 85%) of people who sent money abroad used in-person money transfer methods, while 15% used EMT methods.

Electronic money transfer methods are cheaper than traditional money transfer methods, regardless of where the money is being sent

The study found that the cost of sending money abroad varied significantly between the two money transfer methods. Among Canadians born in ODA-eligible countries who sent money abroad in 2017, the fees associated with EMT methods accounted for 4.1% of remittances on average, compared with 5.8% for remittances sent via traditional money transfer methods.

These differences varied across a number of characteristics, including the destination region and the amount sent. For all destination regions, however, fees associated with traditional money transfer methods remained significantly higher than those associated with EMT methods, even after adjusting for differences in the amount sent, the remitter's region of residence and other sociodemographic factors.



For example, after accounting for all these factors, the fees associated with sending between \$201 and \$300 in Sub-Saharan Africa were 4.3% for EMT methods and 6.4% for traditional methods.

Younger and highly educated remitters are more likely to use an EMT method

Other factors were also associated with using EMT methods over traditional money transfer methods.

Specifically, remitters who used EMT methods were more likely to be younger and be highly educated. The probability of using an EMT method was 25% for remitters aged 18 to 29, compared with 7% for those aged 60 to 69.

People sending money to family and friends living in higher-income countries (22%), and those sending money to Sub-Saharan Africa (18%), were also more likely to use an EMT method (after adjusting for other factors).

Personal perceptions were also associated with the money transfer method used. Survey respondents were asked about their main reason for choosing a specific money transfer method. Respondents who reported that the most important factor when sending money abroad was their own convenience (i.e., convenience for the sender) or the method's cost were more likely to have used an EMT method (23% and 19%, respectively).

In contrast, those who said that "reliability of the method" (13%), "timeliness" (12%) or "convenience for the recipient" (10%) was the most important factor when choosing a remittance method were less likely to opt for an EMT method.

Note to readers

The data for this study come from the Study on International Money Transfers, a survey conducted in 2018. The target population was Canadian residents (naturalized Canadians, landed immigrants and temporary residents) aged 18 years and older and born in countries eligible for official development assistance.

The survey collected information on demographics, labour market activities and income, money transfers outside of Canada, use of transfer methods, details about money transfers, and important factors respondents considered when transferring money.

Definitions, data sources and methods: survey number [5258](#).

The study "[Use of e-money transfer methods: Lessons from the Study on International Money Transfers from Canada](#)," which is part of *Insights on Canadian Society* ([75-006-X](#)), is now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).