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Money Transfers From Russia Fall in Wartime First

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Zolotaya Korona is one of the services Russians can use to transfer money abroad. **Emin Jafarov / Kommersant**

Remittances from Russia have dropped for the first time since Moscow invaded Ukraine last year, the RBC news website reported Thursday, citing central bank data of four ex-Soviet countries that have been major recipients of the inflows.

Money transfers from Russia skyrocketed in 2022 after hundreds of thousands of Russians fled to neighboring countries in protest against the war and to evade military conscription.

In May, remittances from Russia to Kazakhstan, Georgia, Armenia and Kyrgyzstan totaled $625.9 million, according to RBC, marking a 33% drop compared to May 2022 and the first year-on-year decline since Moscow's invasion.

Labor migrants from some of the listed countries are also known to transfer parts of their Russian earnings back home.

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March 2022 was the only other time when remittances declined due to the Russian Central Bank's brief restrictions on individual foreign fund transfers, according to RBC.

Experts cited three reasons for the drop in money transfers, which include Russian emigres exhausting their Russia-based savings, some choosing to return home and regulators in destination countries curtailing transfers over fears of secondary sanctions.

Money transfers are likely to continue declining unless "major shocks" prompt Russians to move funds out of the country, said Yegor Krivosheya, a Skolkovo School of Management professor.

Russians withdrew $1.1 billion from banks and flights out of Moscow sold out during the Wagner mercenary group's short-lived mutiny of June 23-24.

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