

Study Finds Six Million Latin Americans in U.S. Are Sending Money Home

(Remittances said to express "emotional bonds" with homeland)

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Source: International Information Programs

November 26, 2003

Washington -- A new study reports that six million Latin American immigrants in the United States are regularly sending money back to their home countries.

The study by the Inter-American Development Bank (IDB) and the Pew Hispanic Center found that the total amount of money that immigrants send home to their countries of origin (funds known as "remittances") could amount to close to \$30 billion in 2003. This figure, the study said, makes Latin America, by far, the "largest single remittance channel in the world."

Results of the study said 18 percent of the adult population in Mexico, 28 percent in El Salvador, 14 percent in Ecuador, and 23 percent of the population in all of Central America are receiving remittances.

Roberto Suro, director of the Pew Hispanic Center, said in a November 24 statement that the remittances "are the expression of profound emotional bonds between those separated by a border. They also represent a new kind of integration among nations, undertaken not by trade negotiators, but by ordinary folk to assuage their economic woes."

The IDB's Donald Terry said remittances will surpass foreign direct investment as a source of capital for Latin America and the Caribbean in 2003.

"The total aggregate of remittances to Latin America and the Caribbean during this decade is conservatively projected to reach more than \$450 billion," said Terry, who described such a figure as "staggering."

The study also found that remittance flows were largely unaffected by the U.S. economic downturn of 2001-2002. Except for those in El Salvador, more than half of the recipients in every country in Latin America that the study examined reported that they had started getting money from relatives abroad over the past three years. Another finding said a majority of those receiving remittances are women.

In addition, the study found that wire transfer companies such as Western Union and Money Gram remain, by far, the most common means of dispatching remittances, with 70 percent of the senders reporting that they use those firms. Banks are used by 11 percent, while 17 percent of senders use informal means such as the mail or rely on individuals who carry the funds by hand.

On the subject of wire transfer companies, Randal Quarles, the U.S. Treasury Department's assistant secretary for international affairs, said November 24 that most remittance channels are expensive to use (charging fees as high as 40 percent of the remittance amount) and often difficult to access.

Quarles, addressing the Latin American Federation of Banks on November 24 in Miami, Florida, said that in order to increase the efficiency of remittance services for senders and receivers and to help make these services more affordable and accessible for more people, the Treasury Department has been working with other U.S. government agencies to promote increased competition in the remittance industry.

Progress has been made in this area, said Quarles, under the U.S.-Mexico Partnership for Prosperity, established by President Bush and Mexican President Vicente Fox to promote greater economic cooperation between their two countries.

The Partnership, Quarles said, has focused on improving the remittance channels between the United States and Mexico by promoting consumer knowledge of the various options available through the remittance market, strengthening the infrastructure for cross-border payments, and expanding financial literacy programs to increase the number of remittance-senders who are comfortable using banks and other financial institutions.

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>)