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Current trends in migrants' remittances in Latin America and the Caribbean: An evaluation of their social and economic importance

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C O N T E N T S

F O R E W O R D

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EXECUTIVE SUMMARY

This document is aimed at examining the recent trends in remittances to the Latin American and Caribbean region; evaluating the economic and social importance of these resources for development in migrants' countries of origin; analysing the socio-demographic characteristics of the population transferring remittances and the obstacles to the functioning of remittance transfer systems; and assessing their economic and productive potential for development in migrants' countries of origin.

During the period 1995-2002, money remittances to Latin America and the Caribbean (LAC) had an extraordinary growth, as they rose from US$ 11.7 billion to US$ 24.4 billion. These figures confirm that LAC was the region with the most dynamic growth in the world in terms of reception of remittances, since the remittances it received accounted for 23.2% of the global total in 1995, and in 2002 that share rose to 32.2%.

Within the region, it can be clearly seen that the largest flow of remittances goes into Mexico: From US$ 3.7 billion in 1995 – which accounted for 31% of total remittances sent to the region – transfers to Mexico rose to nearly US$ 10 billion in 2002, representing 40% of regional remittances. In 2003, remittances to Mexico surpassed US$ 13 billion, and estimates indicate that they will continue to rise to over US$ 15 billion in 2004.

As far as remittances' share in the Gross Domestic Product (GDP) is concerned, it can be seen that while remittances into LAC represented 0.7% of the region's GDP in 1995, that figure grew to 1.4% in 2002. However, in the case of some Central American countries such as El Salvador, Honduras and Nicaragua, as well as in Dominican Republic and Jamaica, in the Caribbean, remittances' share in the GDP was actually higher than 10%. Therefore, the impact of remittances tends to be stronger in smaller countries, which allegedly are also poorer and have a less diversified productive structure.

With respect to *per capita* indicators, remittances per inhabitant rose from US$ 24 to US$ 46 in the whole region from 1995 to 2002; whereas GDP per capita declined from US$ 3.479 to US$ 3.151 during the period. In short, the accelerated growth of remittances from 1995 to 2002 had a remarkable macroeconomic impact in LAC, particularly in the case of smaller countries with a weak productive base.

According to estimates of the Inter-American Development Bank, of the total remittances received by Latin American and Caribbean countries in 2002, 80% came from the United States and Canada, 9.2% from European countries such as Spain, Italy and Great Britain, 6.2% from Japan, and 4.6% were intra-regional remittances. In the seven-year period from 1995 to 2002, the number of Latin American and Caribbean citizens regularly residing in the United States grew from 11.8 million to 17 million people, which meant an annual flow of approximately 740,000 people and an annual growth rate of 5.2%. The demographic group that contributed the most to such a growth were the Mexicans, with their number increasing from 6.7 to 9.7 million people during the period.

This document presents an analysis of the profile of the population sending remittances, with the purpose of identifying the characteristics associated with the people who make transferences of money and those who do not. The study includes a description of those characteristics based on information contained in the 2002 National Survey of Latinos (NSL), and presents the results of four logistic regression models that serve to predict transfers of remittances. In general, the results of this regression analyses confirm previous research findings and studies about the behaviour shown by Mexican, Latin American and Caribbean migrants in transferring remittances from the United States, with the exception of one aspect: those migrants who have a bank account in the United States are more likely to transfer remittances than migrants who do not have one. Therefore, it can be concluded that having a bank account in the country of destination – regardless of their migratory status – has allowed migrants to better administer their economic resources, has increased their likeliness of sending remittances to their countries of origin (though not necessarily through the banking system), and has helped them with their process to consolidate their economic citizenship.

Many factors could explain the accelerated growth seen in remittances over the last few years. A key factor has been the increase in emigration of workers to those countries with demand for labour force. There are, however, other factors that have played a key role – not only by boosting growth in remittances, but also by changing the way in which the transfer system works. Those factors include a decrease in transfer costs in the last few years, a rise in the number of companies participating in the fund transfer business, and an increase in the use of formal or official channels for money remittances, with a subsequent decrease in the use of informal channels. Nevertheless, a serious problem that has been detected in migrants' countries of origin is the poor penetration of financial intermediation agents in the communities of origin, not only with the purpose of facilitating the reception of money coming from abroad, but also the overall management of such resources.

In order to evaluate the potential of remittances in migrants' countries of origin, it is necessary to make a difference between ***family remittances*** (which are economic resources sent by an emigrant, who lives or works abroad, to his or her relatives residing in the country of origin with the purpose to help recipients to cover their basic needs) and ***collective or community remittances*** (economic resources collected and donated by migrants' associations or groups in order to provide funds for small-scale infrastructure projects and investments in productive and commercial activities in the communities or origin). These two types of remittances differ from each other in the reasons for making the remittance, the sender, the type of recipient or beneficiary, the use of the funds and the amounts involved.

In light of these differences, it is necessary to identify the priority attention areas by type of remittance, by type of recipient, and by the use of the resources. For instance, a way to boost individual or familiar remittances is to facilitate their transfer process by promoting the reduction of transfer costs, an increased use of bank mechanisms on the part of senders and recipients, and an expansion of the banking and financial infrastructure – particularly in poor and marginalised sectors in the countries of origin. With respect to individual remittances that are aimed at establishing businesses and making investments on a small scale, we have identified two priority attention areas: Systematic evaluation of individual investment schemes – in order to identify successful and unsuccessful experiences – and promotion of technical assistance and dissemination of information about financing mechanisms and investment funds.

As far as priority attention areas in the case of collective remittances are concerned – both those destined for social investment in community infrastructure and those aimed at investing in small- and medium-sized enterprises – it is absolutely necessary to make a systematic evaluation of local demands in order to make financing programmes and investment funds compatible with those demands and needs. Evaluating the conditions for investments requires creating socio-economic and demographic profiles both for the population receiving remittances and for the places of origin of migrants, in order to identify the types of households and regions with the greatest potential for economic growth and development.

I. INTRODUCTION

One of the major changes seen during the last quarter of the 20th century was the accelerated growth experienced in international migration on a global scale. In 1975, the total number of people residing in a country different from that where they were born was 85 million, but in 2000 that figure triggered to 175 million (United Nations, 2002). Although international migrants represent an apparently low percentage of the world population (2.1% in 1975 and 2.9% in 2000), they make fundamental contributions not only for the development of the economies and communities to which they emigrate, which are usually the "global cities" in the most developed countries of the world (Pellegrino 2003), but also for the economic development of their countries of origin, specifically through the transfers of remittances, which reached US$ 75 billion at the global level in the year 2002 (IMF, 2003).

Latin America and the Caribbean is one of the regions of the world that has experienced a very dynamic growth in terms of international migrations and reception of remittances over the last few years. This document examines the recent trends in remittances to the region, evaluates the economic and social importance of these resources for development in the region's countries, analysing the main obstacles to the functioning of remittance transfer systems. International migrations have proved to be a driving force behind development in many Latin American and Caribbean nations. Nevertheless, the relation between migration and development will be limited if migrants face difficulties to transfer the resources they generate to receiving families, or if those resources are cut down, or if they simply cannot reach or do not reach their destination.

II. MAIN FLOWS AND TRENDS IN MIGRANTS' REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN

In order to analyse the trends in remittances to Latin America and the Caribbean (LAC), we will focus on the seven-year period from 1995 to 2002. The source of information used in this study is the Balance of Payments Statistics Yearbook

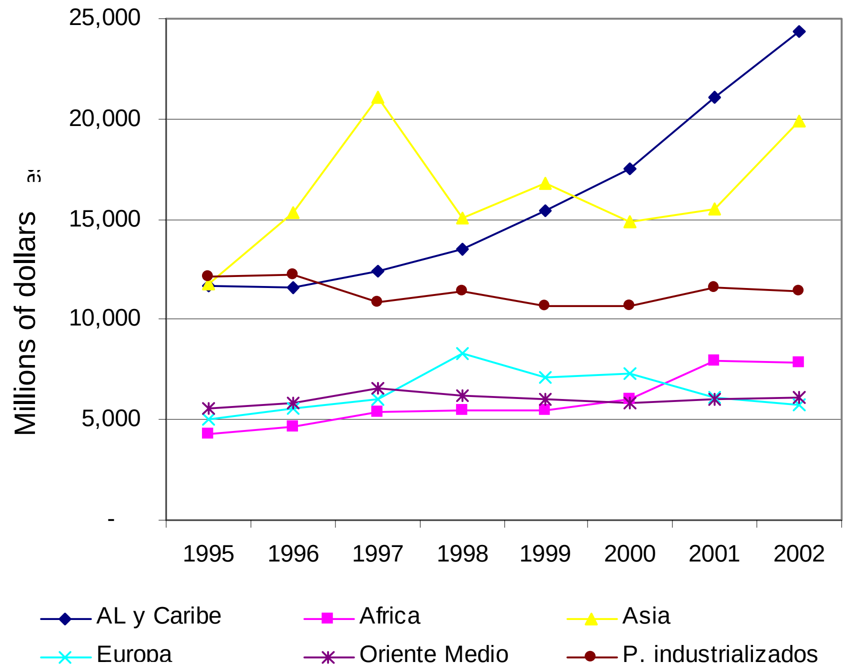
2003, of the International Monetary Fund (IMF, 2003), with data updated to 2002. We are aware that the Inter-American Development Bank (IDB) and the Multilateral Investment Fund (MIF) provide other estimates for the years 2002 and 2003. However, we have chosen to work with the IMF data – particularly with those under the heading *workers' remittances* – not only because they correspond to the figures that are reported directly by the central banks of each country to the IMF, but also, and most importantly, because they offer historic series that allow for comparisons with other demographic and economic indicators.

From 1995 to 2002, world remittances grew 50%, from US$ 50 billion to US$ 75 billion (Table 1). However, not all the regions of the world had the same performance. Of the six regions taken into consideration by the IMF, only Latin America and the Caribbean showed a steady and increasing growth of over 100% in terms of reception of remittances, as they rose from US$ 11.7 billion to US$ 24.4 billion during the aforementioned period.

Asian and African countries also experienced an important growth in the amounts of their remittances, although the flows of those resources were more erratic and less strong than in the case of Latin America and the Caribbean. European countries (excluding industrialised nations) and Middle East countries showed increasing flows of remittances, albeit more modest than those of the first three regions. The only group that showed an absolute decrease in remittances was that of industrialised countries[1] (Chart 1).

[1] The group of industrialised countries includes the following: Spain, Portugal, Greece, France, Austria, Belgium, Ireland, Italy, Sweden, Switzerland, Japan, and New Zealand.

CHART 1: Migrants' remittances in the world by receiving region, 1995-2002
(Millions of dollars at current prices)



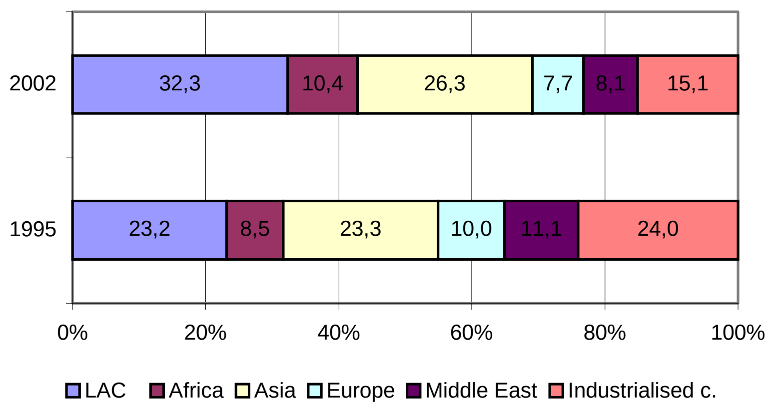
LAC

Source: Table 1

Europ Middle Industrialised

These figures show that LAC is the region with the most dynamic growth in the world in terms of reception of remittances. This trend is also confirmed by the fact that in 1995 remittances to LAC accounted for 23.2% of the world total transfers, but by the year 2002 that share rose to 32.2% (Chart 2 and Table 2).

CHART 2: Distribution of world flows of remittances by region, 1995 and 2002

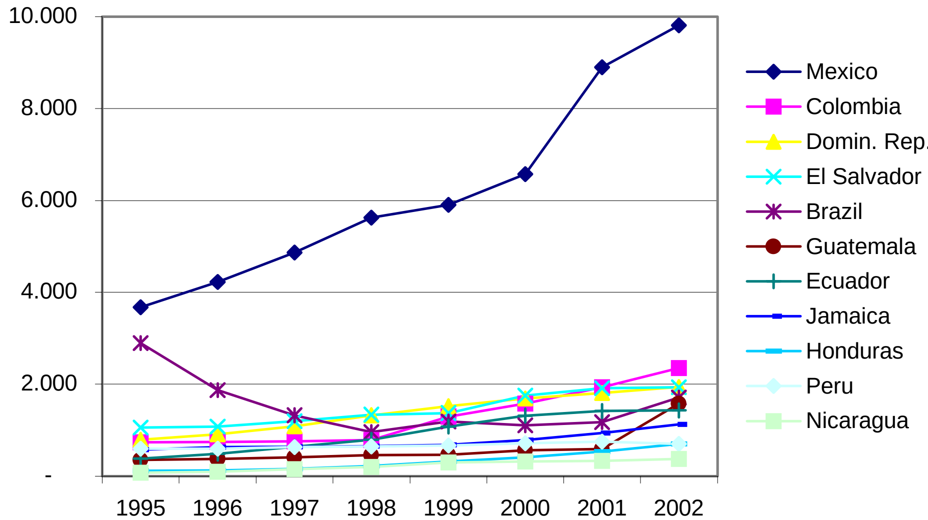


Source. Table 1

As far as the dynamics of remittances within the Latin American region are concerned, it can be seen that the main eleven receiving countries (with the exception of Brazil) showed substantial increases from 1995 to 2002. Remittances to Honduras and Nicaragua grew by more than five times; in Guatemala they increased by more than four times; in Ecuador and Colombia they grew by more than three times; in Mexico and Dominican Republic remittances more than doubled; in Jamaica and El Salvador the increases were close to 100%; and in Peru remittances posted a modest growth of 18% (Table 3). Most likely, the figures corresponding to remittances to Brazil have been underestimated, not only in view of the growth seen in the number of emigrants from that country to the United States and Japan in the past few years, but also in light of the data provided by other organisations such as the IDB and the MIF (2003 and 2004a), which indicate an estimated flow of remittances of US$ 4.6 billion in 2002 and US$ 5.2 billion in 2003. In addition, two countries that receive a substantial amount of remittances, Cuba and Haiti, are not included in the IMF statistics. In this regard, the IDB-MIF estimates that Cuba received US$ 1.138 billion in 2002 and US$ 1.194 billion in 2003, while Haiti received US$ 931 million in 2002 and US$ 977 million in 2003.

In spite of the substantial growth of remittances in many countries of the region, there is no doubt that the most substantial flow of money goes to Mexico. From US$ 3.7 billion in 1995 – which accounted for 31% of total remittances sent to the region – transfers to Mexico rose to nearly US$ 10 billion in 2002, representing 40% of the region's remittances (Chart 3). In 2003, remittances to Mexico surpassed US$ 13 billion, and the Bank of Mexico reported that only during the first five months of 2004 the country received US$ 6.3 billion, which means a monthly average of US$ 1.3 billion. This may suggest that remittances to Mexico will surpass US$ 15 billion by the end of 2004.

CHART 3: Migrants' remittances to eleven selected countries in Latin America and the Caribbean, 1995-2002
(Millions of dollars at current prices)



Source: Table 3

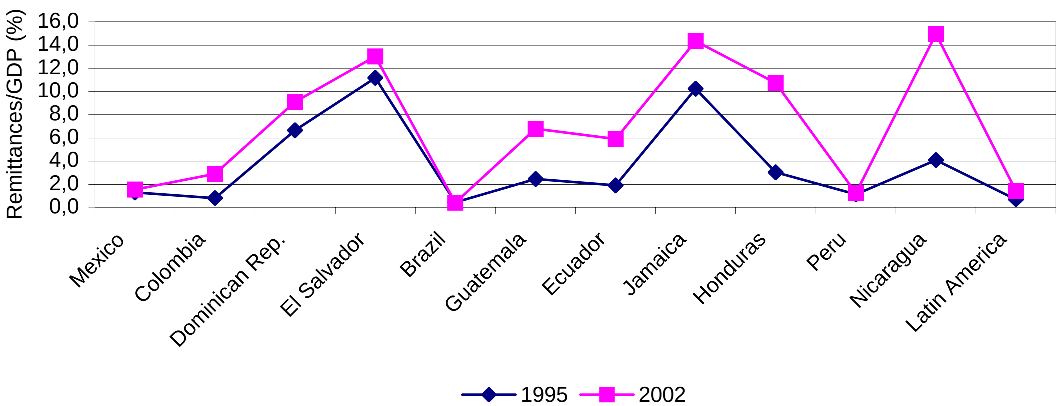
III. SOCIAL AND ECONOMIC IMPORTANCE OF REMITTANCES IN LATIN AMERICA AND THE CARIBBEAN

Historically, migrants' remittances have played a fundamental role in supporting millions of families in the countryside and cities in LAC. With the growth of transfers (which show a steady trend to increase), the social and economic impact of these resources goes beyond the sphere of households, as remittances have started to play an increasingly important role in the economic performance of many countries and regions within countries, particularly in those regions where there is a higher concentration of international migrants. In order to analyse the social and economic impact of remittances in Latin America and the Caribbean, we have selected the eleven countries receiving the greatest amounts of remittances which, according to the IMF data (2003), received 97% of the remittances to the region in 2002.

With respect to remittances share in the Gross Domestic Product (GDP) – an indicator that Martínez Pizarro (2003) calls ***remittance efficiency index*** – it can be seen that while remittances into LAC represented 0.7% of the region's GDP in 1995, that figure grew to 1.4% in 2002 (Table 4). Such an increase reveals that the efficiency of remittances doubled, at least as far as their share in the GDP is concerned. Nevertheless, in some Central American countries, such as El Salvador, Honduras and Nicaragua, their share in the GDP surpassed 10% in 2002. A similar increase was seen in Dominican Republic and Jamaica, in the Caribbean. In the cases of Mexico, Brazil and Peru there were no substantial changes in this index between 1995 and 2002 (Chart 4).

Therefore, the impact of remittances tends to be stronger in smaller countries, which allegedly are also poorer and have a less diversified productive structure.

CHART 4: Share of remittances in the Gross Domestic Product, as percentage, in selected countries in Latin America and the Caribbean, 1995 and 2002

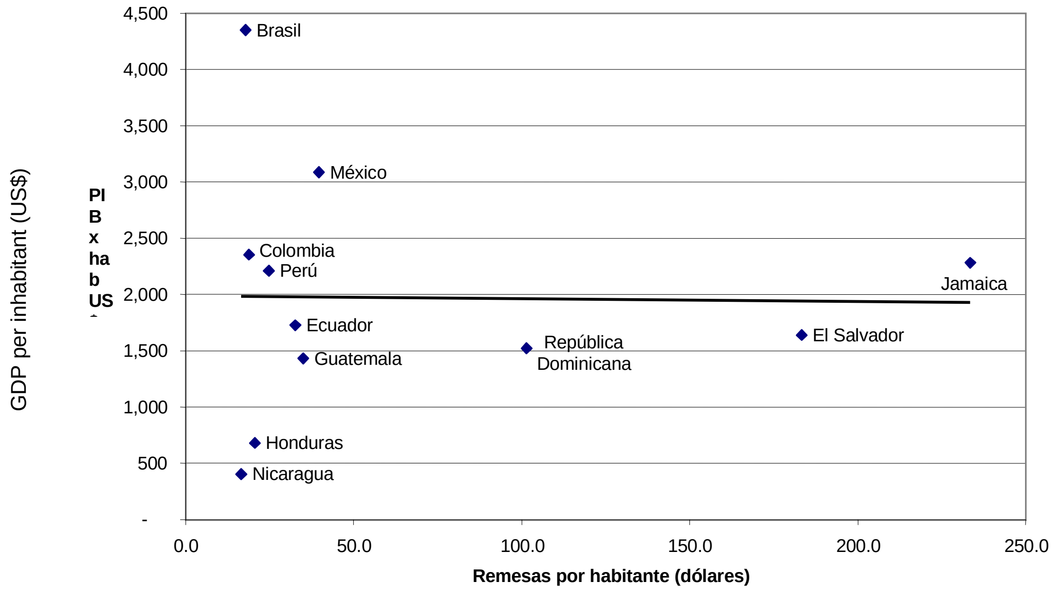


Source: Table 4

The share of remittances in the value of exports of goods shows a similar pattern. In those countries with a little diversified productive base, the amount of remittances surpasses the value of exports of goods by more than 50%. That was the case of Jamaica, El Salvador, Guatemala and Nicaragua in 2002 (Table 4).

As far as the per capita indicators are concerned, remittances per capita rose from US$ 24 to US$ 46 in the whole region from 1995 to 2002, while the GDP per capita declined from US$ 3.4 to US$ 3.1 during the same period. These figures show that while remittances per capita grew 90%, the GDP per capita suffered an absolute decrease of -9.4% (Table 5). These two indicators show important variations from country to country. For instance, the variation range of remittances per capita in 2002 goes from US$ 9.8 in the case of Brazil to US$ 430 per inhabitant in the case of Jamaica.

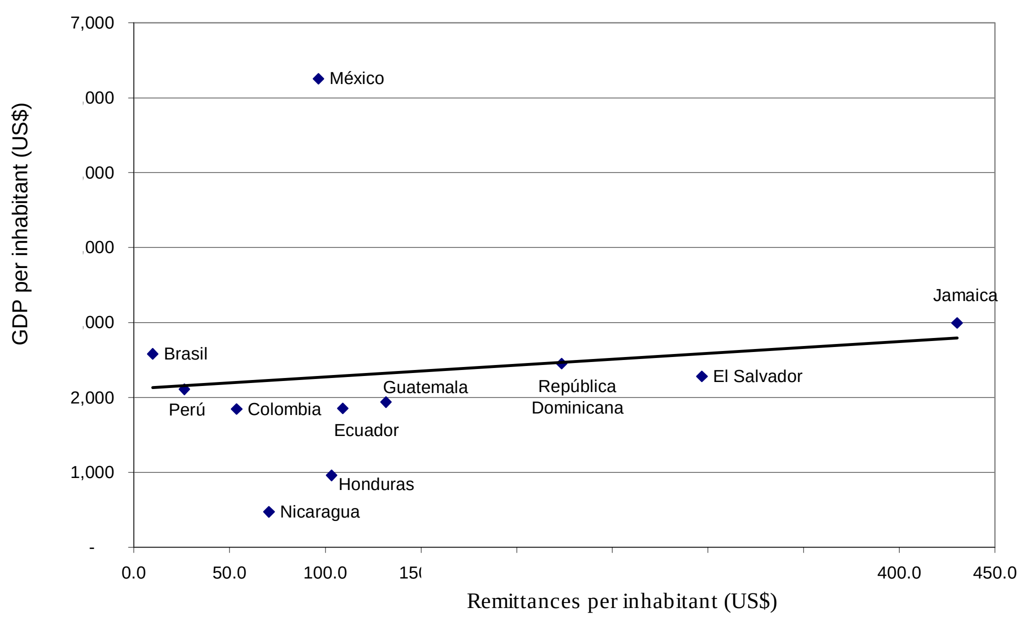
CHART 5: GDP and remittances per capita in selected countries in LAC, 1995



Source: Table 5

Remittances per inhabitant (US$)

CHART 6: GDP and remittances per capita in selected countries in LAC, 2002



Remittances per inhabitant (US$)

Source: Table 5

These are extreme cases. Nevertheless, in all the countries of the region (with the exception of Peru and Brazil) remittances per capita surpassed the regional average of US$ 46 in the year 2002. In short, the accelerated growth seen in remittances from 1995 to 2002 had a remarkable macroeconomic impact in LAC, particularly in the case of smaller countries with a weak productive base. Even though we are analysing data about only eleven countries, attention should be paid to the fact that in 2002 there was a clear trend towards a positive relation between remittances per capita and GDP per capita – a trend which was not seen in 1995 because in that year the two indicators showed a slightly negative relation (Charts 5 and 6). Working with data corresponding to the same countries (except Jamaica), Martínez Pizarro (2003) found that in the year 2000 there was a relatively clear negative relation between remittances per capita and GDP per capita. Two years later, as our findings indicate, such a trend was completely reversed.

IV. SOCIO-DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF THE POPULATION TRANSFERRING REMITTANCES

According to IDB estimates, of the total remittances received by the countries of Latin America and the Caribbean in 2002, 80% came from the United States and Canada, 9.2% from European countries such as Spain, Italy and Great Britain, 6.2% from Japan, and 4.6% were intra-regional remittances, which were sent by Haitians working in Dominican Republic, Nicaraguans in Costa Rica, Guatemalans in Mexico, and Bolivians in Argentina (IDB-MIF, 2003).

Even though the number of Latin American emigrants to Europe and Asia has substantially increased over the last few years, the United States continues to be the main destination country for LAC migrants. Pablo Serrano (2002) points out that 88% of Latin American and Caribbean migrants goes to the United States. This section of the study presents a brief overview of the evolution of the Latin American and Caribbean population in the United States, in view that it is the main country of destination for these migrants, as well as an analysis of the socio-demographic and economic characteristics of Latin American and Caribbean migrants residing in the United States and sending remittances from there.

During the period analysed here, the Latin American and Caribbean population with regular residence in the United States grew from 11.8 million to 17 million people, which meant an annual flow of approximately 740,000 people and an annual growth rate of 5.2%. There is no doubt that the demographic group that contributed the most to such a growth were the Mexicans, with their number increasing from 6.7 to 9.7 million people during those years, which meant an annual flow of 427,000 people during the period (Table 6). The population of emigrants from countries such as Colombia, Brazil, Ecuador and Honduras grew at a rate that even surpassed the average registered for the whole region.

Even though the extraordinary growth in the population of migrants explains to a great extent the increase in the flow of remittances towards the countries of origin of migrants, one aspect that should be made clear is that not all migrants send remittances back home. Recent surveys reveal different percentages of the population of Latin American and Caribbean migrants residing in the United States who responded that they do make regular remittances of money to their countries of origin: 69% in the case of the *Survey of Remittance Senders: U.S. to Latin America* (Bendixen & Associates, 2001), 47% in the *National Survey of Latinos (NSL) 2002* (Benavides, 2002), and 40% in the case the 2003 edition of the NSL (Suro 2003; Pew Hispanic Center/kaiser Family Foundation, 2004). In addition, these surveys and other studies have outlined more or less similar profiles of those individuals sending remittances. Traditionally, they are the most recent migrants, who have less expectations of permanently staying in the United States and who have family ties or any other type of links with their countries of origin.

It was deemed important to include an analysis of the profile of the population sending remittances in this document, in order to identify the characteristics associated with the people who make transfers of money and those who do not. Below, we make a brief description of these characteristics, followed by the results of four logistic regression models that serve to predict remittance behaviour.[2] The models take into account 18 variables and are based on information taken from the National Survey of Latinos (NSL) 2002.

The survey was conducted from April to June 2002 by telephone interviews to a representative sample group of 4,213 individuals aged 18 or older. Of that group, 2,929 claimed to be of Hispanic or Latino origin and 1,689 claimed to have been born in a Latin American or Caribbean country (excluding those who were born in Puerto Rico). Of the latter group, 47% indicated they made regular transfers of money to their relatives in their countries of origin. The percentages of individuals who make money transfer, by country or region, are as follows: 45% in the case of Mexicans, 51% in the case of individuals born in Caribbean countries, 56% for those born in Central America, and 44% for those born in South America.

In order to create the profiles of migrants who send remittances and to conduct the logistic regression analysis to predict remittance behaviour among migrants, we have selected 18 variables, classified in four types of indicators: a) demographic indicators, b) economic indicators, c) indicators on the adaptation and/or assimilation of migrants into the U.S. society, and d) indicators on the links of migrants with their countries of origin.

As far as **demographic** indicators are concerned, the data from the NSL 2002 indicate that of the 791 individuals who claimed to send regular remittances of money to their countries of origin, 65% were born in Mexico, 60% are male, 70% are 30 years old or older, 70% are married or are living in unmarried cohabitation, 71% have nine or more years of education, and 67% live with at least one minor under 18. With respect to the selected **economic** indicators, the data indicate that 67% of the individuals who send regular remittances have an annual household income below US$ 30,000, and 74% were employed at the time the survey was conducted.

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[2] *Remittance behaviour*: Term regularly used in English-language literature on this subject.

With respect to the indicators that would hypothetically reflect the degree of **adaptation or assimilation** of migrants into the U.S. society, we found that 57% of the individuals who send regular remittances arrived in the United States after 1990, 23% had U.S. citizenship at the time the survey was conducted; 73% were slightly able, hardly able or completely unable to hold a conversation in English, 56% claimed to have a banking account in the United States, 43% had a credit card, and 27% owned the house where they were living in the U.S. Finally, the group of indicators on the **links** of migrants with their countries of origin show that 66% of remittance senders have visited their countries of origin, at least once, since their arrival in the United States, 20% have voted in the elections held in their countries since they arrived in the U.S., 49% plan to return to their countries of origin in the future, and 69% of remittance senders consider their country of origin to be their homeland (See third column of Table 7).

A more in-depth analysis of the profile of migrants who send remittances (sending population) resulted from the logistic regression exercise, in which the dependent variable is a dichotomic variable valued 1 if the migrant sends remittances and valued 0 if the migrant does not send them. The exercise consisted in creating four models (Table 8) that use the 18 independent variables mentioned above.[3] The variables, according to the four types of indicators, were incorporated into the different models. The 18 variables were incorporated in model 4, on which we will focus our remarks, because the results from models 1, 2 and 3 do not substantially change the direction of the results from model 4 (last column of Table 8).

But what is the reason for conducting a logistic regression exercise in order to predict migrants' remittance behaviour? What is its use? There are two fundamental reasons. First of all, it allows not only for identifying the factors or variables associated with the behaviour that we want to evaluate (in this case, remittance behaviour), but also for measuring or quantifying the probability – or the reason for probability, to be precise – that an individual will send remittances, depending on the characteristics or variables intervening in the regression. The second reason is that the results of this type of exercise are fundamental input in policy-making and in designing programmes aimed at protecting and/or promoting the transfer of remittances from abroad.

As far as the demographic variables are concerned, the results of the full model indicate that Caribbean migrants are 80% more likely to send remittances from the United States than Mexican migrants (referential group); whereas Central American migrants are 72% more likely to transfer remittances than Mexicans. South American migrants are 10% less likely to send remittances than Mexicans; however, this difference did not turn out to be statistically significant. With respect to gender of migrants, men were 48% more likely to send remittances to their countries of origin than women. The differences in reasons for probability for the rest of the demographic variables (age, marital status, education level and presence of minors in the house of the migrant) did not turn out to be statistically significant.

[3] Of the total of independent variables, only age is a continuous variable. The remaining 17 are dichotomic variables or dummy variables.

The results from the two economic variables included in model 4 indicate that those migrants with an annual household income below US$ 30,000 are 29% less likely to send remittances than those with an annual household income above US$ 30,000. Similarly, those migrants that have a job in the United States have a reason for probability 34% higher than unemployed migrants to send remittances. The last variable was incorporated into the model because one-fourth of the migrants who were unemployed at the time the survey was conducted responded that they did send money remittances to their countries of origin (Table 7).

With respect to the variables included in the group of indicators on adaptation and/or assimilation of migrants into the U.S. society, we found that those migrants who arrived in the country before 1990 are 40% less likely to send remittances than those who arrived after 1990. Similarly, those migrants who have already been granted the U.S. citizenship are 30% less likely to send remittances than those who have not been granted it. With respect to the ability of the individuals surveyed to hold a conversation in English, it should be noted that those migrants with little, very little or no capacity at all to speak in English showed an extremely high probability to send remittances (145%), compared with those migrants who were able to speak in English. As far as owning a place to live in the U.S. is concerned, the results of the model indicate that those migrants who own a house in the U.S. are 25% less likely to make money remittances to their countries of origin than those who do not own a house.

There was an important finding – which will be dealt with in detail later – with respect to having or not having a bank account and its relation with remittance behaviour. According to our results, Latin American and Caribbean migrants who have a bank account in the United States are 60% more likely to send remittances than those who do not have an account.

Finally, with respect to the group of variables on the links that migrants have with their communities of origin, it can be seen that those migrants who have visited their countries of origin at least once since they arrived in the United States are 50% more likely to send remittances than those who have not done so. Similarly, migrants who have voted in elections held in their countries of origin since their arrival in the U.S. are 75% more likely to send remittances than those migrants who have not done so. Finally, those migrants who claimed to have plans to return to their countries of origin in the future are 76% more likely to send remittances than those who are planning to stay in the United States.

In general, this series of results confirm findings of previous research and studies on the remittance behaviour among Mexican, Latin American and Caribbean migrants in the United States (See, for instance, Massey and Basem, 1992; Durand et al., 1996; Menjívar et al., 1998; Lozano, 1997 and 1999; López, 2001; Sana, 2003). Nevertheless, one of our results contradicts previous findings. Specifically, we are referring to having or not having a bank account and its relation with the probability to transfer remittances. Using the database of the *Mexican Migration Project*, Louis DeSipio (2002) found in a regression exercise, which was similar to the one presented here, that having a bank account in the United States significantly reduces the probability that migrants send remittances to their countries of origin. Having a bank account could be interpreted as a sign of assimilation into the culture and society of the country of destination, which could possibly imply dissociation with the country of origin and a gradual decrease in the transfer of remittances. However, our study reinforces the notion that migration is an increasingly transnational phenomenon, which implies that even though migrants may decide to take up their definitive residence in the country of destination, they do no lose their economic links, or any other type of link, with their countries of origin.

Therefore, it can be concluded that having a bank account in the country of destination – regardless of their migratory status – has allowed migrants to better administer their economic resources, has increased their likeliness of sending remittances to their countries of origin (though not necessarily through the banking system), and has helped them with their process to consolidate their economic citizenship in the United States.

V. THE SURGE OF "MIGRANTS' DOLLARS" AND MAIN OBSTACLES TO THE FUNCTIONING OF THE REMITTANCE TRANSFER SYSTEM

The conceptual scheme proposed by Sharon Stanton-Russell (1986) in the 1980s, which identified a series of factors that had an influence on the transfers of remittances from the country of destination to the countries of origin of migrants, has gradually broadened and turned itself into an increasingly complex scheme in which new actors and new processes have emerged. The current features of the "remittances system" (as Stanton-Russell calls it) are radically different, which has led some authors to posit the emergence of a new era in the history of family remittances on a global scale and particularly in Latin America and the Caribbean (Lowell and de la Garza, 2002).

Many factors could explain the accelerated growth of remittances over the past few years. A crucial factor, as mentioned before, has been the increase in the number of labour migrants (either on a temporary or a permanent basis) to those countries demanding labour force. There are, however, other factors that have played a key role – not only by boosting growth in remittances, but also by changing the way in which the transfer system works. In this section, we will examine some of the factors associated with the surge in "migrants' dollars" as well as the main obstacles to the functioning of the remittance transfer system over the last few years.

1. Cost of remittance transfers

Even though at present there is a broad consensus that the cost of transferring money from abroad is still high, some authors have detected a trend in transfer prices to decrease. Orozco (2003), for instance, points out that between November 2001 and November 2002 the average cost of sending US$ 200 from the United States to various Latin American countries experienced an average decrease of 9% as it fell from US$ 17.46 to US$ 16.02. According to the IDB, prior to the year 2000, the average cost of sending money from the United States to LAC was the equivalent of 15% of the value of the transfer. In early 2004, says the IDB, the average cost of sending US$ 200 from the U.S. to 14 countries in LAC was the equivalent of 7.8% of the amount transferred, i.e. US$ 16 (IDB-MIF, 2004a). The decrease in the cost of these international transfers has not only had an impact on the volume of money transferred, but also means considerable savings for migrants and their relatives. The decrease in the cost of transfer, which amounts to 7% according to the data provided by the IDB-MIF, meant a saving of up to US$ 1.7 billion in household income of poor families in LAC.

2. Expansion of the remittance market

A factor that is linked to the decrease in the costs of transfers is the increase in the number of enterprises participating in the business of money transfers. Even though this market in the United States is still controlled by traditional money transfer firms such as *Western Union*, *MoneyGram* and *Orlandi Valuta* – just to mention a few – some banks such as Wells Fargo, Bank of America and Citibank, as well as some credit unions, have entered the business. Sheila C. Bair (2003) says that the expansion of U.S. banks into this area has pushed down the costs of remittances, although its impact is still limited due to the problems faced by migrants – particularly undocumented migrants – to open bank accounts. Nevertheless, the strategy followed by U.S. banks is a long-tem one, since their ultimate objective is to incorporate those migrants who make regular transfers of money to their countries of origin as account holders and turn them into a group of potential borrowers who may require personal or mortgage loans.

In the case of Mexicans in the United States, for the time being, it is difficult to determine the impact of the acceptance of the consular card (*matrícula consular*), which is an ID card issued Mexican consular offices abroad, as a valid document for new account openings in the United States. What we know to date is that 70 banks and 56 credit unions in the U.S. are now accepting it as a valid document to open new accounts (O'Neil, 2003). According to some authors, this could have an impact on the amount of the remittances, the regularity of transfers, and the availability of funds to migrants (Hamilton 2003). Hypothetically, opening banks accounts in the country of destination would have a negative impact in the flow of remittances, since migrants would prefer to keep part of their savings abroad, particularly during periods of economic crises and instability in the foreign exchange rates in their countries of origin. Nonetheless, the results presented in this document, which are based on the National Survey of Latinos 2002, point to the opposite direction; that is, having banks accounts has had a positive effect on the transfers of remittances to the countries of origin.

It is worthwhile mentioning that the "banking" process of migrants – particularly undocumented migrants – has given them the possibility to enjoy economic citizenship in the country of destination, which would have been impossible a few years ago. For an undocumented migrant, having some type of financial instrument, as a bank account, means a substantial improvement in his or her life standards.

3. Formal channels vs. informal channels

The decrease in remittance costs, along with the growing participation of banks in the countries of destination in money transfer operations, could lead to an increase in the use of formal or official channels for remittance transfers, with a subsequent decrease in the use of informal channels.

According to a recent survey conducted by the firm Bendixen & Associates (2004) among 38 entities in the United States, 87% of migrants from LAC residing in the U.S. send back money through remittance companies, U.S. banks and credit unions, whereas the remaining 13% send their money through third persons, public or private mail, or by "pocket transfers" (money or goods brought personally by migrants on their visits).

Nevertheless, it is still very difficult to determine whether money transfers through informal channels has actually decreased. In this regard, there is concrete information only in the case of Mexico. According to data from the Bank of Mexico, there is a downward trend in transfers in cash and/or in kind, both in absolute and relative terms. According to the Bank, in 2000 this type of transfers rose to US$ 487 million and accounted for 7.4% of the total flow of remittances coming into the country. However, by 2003, these transfers fell to US$ 254 and represented only 1.9% of the total remittances.[4]

4. Inadequate financial infrastructure in countries of origin

A serious problem that has been detected in migrants' countries of origin is the poor penetration of financial intermediation agents in the communities of origin, with the purpose of facilitating not only the reception of money coming from abroad, but also the overall management of such resources. According to data from the IDB, 33% of the population receiving remittances in Mexico have a bank account, while in Central American that figure stands at 22% (IDB-MIF, 2004a). The IDB estimates that in all Latin America and the Caribbean, only 10% of people receiving remittances have a bank account (IDB-MIF, 2004b). It is obvious that large financial and banking institutions have not taken steps to develop a financial infrastructure in rural and peri-urban areas in Latin America, which explains the lack of financial culture in our countries. When the large banking corporations fail to meet the financial needs of the population receiving remittances, other type of microfinancial organisations – such as credit unions, savings banks, solidarity funds, savings and loans cooperatives, and microbanks – start to do it, in spite of all difficulties. In Mexico, for instance, microfinancial organisations were not allowed to receive remittances from abroad. It was necessary to change the institutional regulations so that banks could start receiving electronic transfers of remittances in a safe and dynamic way (Robinson 2002). In this connection, the process that migrants undergo to consolidate their economic citizenship in the countries of destination should be accompanied by a process to democratise the financial systems in the countries of origin.

[4] The figures about remittances in México are available in http://www.banxico.org.mx.

VI. POTENTIAL OF REMITTANCES IN MIGRANTS' COUNTRIES OF ORIGIN

Only two decades ago, the prevailing perception about remittances was that they were vulnerable and unpredictable flows of resources, subject to fluctuations in the demand for migrant labour force in the countries of destination;[5] but it has been gradually replaced by the notion that they are resources with a stable dynamics – even more stable than that of capital flows at the global level. World Bank studies estimate that the magnitude of remittances will increase in the medium and long term (Ratha 2003:157-158). Other authors have also made projections with an upward trend for remittances flows to Mexico and some Central American countries (Lowell 2002).

In face of the growing importance of migrants and remittances, many governments of countries exporting their labour force have implemented a broad series of policies aimed at maintaining and strengthening links among migrants and their countries of origin, as well as promoting their economic contributions and investments in their countries of origin. For many of these countries, particularly smaller countries with a little diversified economic structure, remittances provide dynamic flows of resources that have contributed to stabilise their balances of payment and their domestic markets. Added together, these small contributions from migrants have a strong macroeconomic impact, even on the area of public finances. Curiously enough, in view of the steady growth seen during the last seven years, these flows of small resources, and particularly the flows foreseen in the future, have been used by some countries such as Mexico, Brazil and El Salvador as guarantees to obtain loans from international financial institutions (Ratha 2003).

In order to evaluate the potential of remittances in migrants' countries of origin, it is necessary to make a difference between two major types of remittances: family remittances and collective remittances, and to determine how they are normally used. ***Family remittances*** are economic resources (monetary and non-monetary resources) sent by an emigrant, who lives or works abroad, to his or her relatives residing in the country of origin. These are usually aimed at helping recipients to cover their basic needs, including food, health, education and housing (construction or remodelling of houses) and a small fraction is used to establish small businesses or enterprises: between 10% and 15% in the case of Mexico (Tuirán, 2002), and 5% and 6% in the case of Central American countries (Serrano, 2000). ***Collective or community remittances*** are economic resources (monetary and non-monetary resources) collected and donated by migrants' associations or groups in order to provide funds for social, religious and sports events, small-scale infrastructure projects and investments in productive and commercial activities in the communities or origin (See Chart 7). These resources are related to the development and maturing process of migrants' associations and the creation of transnational community networks (Alarcón, 2002; Torres, 2001). It is quite difficult to determine the amount of money provided in collective remittances, even though some authors estimate it to be 1% of total remittances (Serrano, 2000).

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[5] See, for instance, Stanton Russell (1986) and Lozano (1993).

CHART 7. Types of remittances, uses and priority attention areas

Type of remittance	Sender	Receivers	Uses	Priority attention areas
Family remittances	Individual migrants	Relatives in the country of origin	Coverage of basic needs of the families	- Transfer costs - "Banking" process of senders and receivers - Banking services
	Individual migrants	Relatives, partners or the same migrant	Investment in small businesses and enterprises	- Individual investment schemes - Technical assistance, information
Collective or community remittances	Migrants' groups	Organisations or leaders in communities of origin. Local governments	Social projects: Small-scale infrastructure projects (philanthropic causes)	- Knowing local demands - Adapt programmes or support funds to local demands
	Migrants' groups	Partners/ investors	Productive investments in small- and medium-sized enterprises	- Evaluation of conditions for investments - Technical assistance, information

Source: Prepared by the author, with adaptations to the scheme proposed by Torres (2001).

In short, the two types of remittances mentioned above differ from each other in the reasons to make the remittances, the type of sender or beneficiary, the way the funds are used, and the amounts of money involved. These two types of remittances also offer different potentialities for investment and innovative uses. Although collective or community remittances represent only a small proportion in comparison with family remittances, they can have a relatively stronger impact on local development. In particular, community remittances can be more malleable for innovative projects. Federico Torres (2001: 43) points out that "policies and programmes for the promotion of a more productive use of remittances must take these differences (between family and collective remittances) into consideration for targeting the right clientele and for programme and project design". In this connection, it is important to take into account that family or individual remittances are generally destined to the parents of the emigrant (with the purpose of exempting them from working) or to women who are in charge of administering these resources usually to support their children. (Serrano, 2000). For example, in the case of Mexico it can be seen that of the households receiving remittances (4.4% of the total in the year 2000), 55% were located in rural areas, 43%

were headed by women and, in general, their family members tended to be older than in those homes that do not receive remittances (Lozano, 2003). These figures confirm the notion that family remittances have less productive and investment potentialities than collective or community remittances, even though there is no doubt that largest flows of resources correspond to the former group of remittances.

Undoubtedly, remittances have contributed to improve the living standards of millions of families in LAC. Nevertheless, there is a real contradiction between the traditional remittance spending patterns and the desire of many governments to turn these resources into productive investments. For instance, the Mexican government, through the Finance and Public Credit Secretariat, has stated that "the remittances sent by Mexicans living in the United States, which represent the third largest source of income for the country, are resources that **must be invested in productive projects in migrants' communities of origin** in order to foster economic growth and social development" (text in bold highlighted by the author).[6]

Spending remittance resources in local markets is, by itself, a contribution to the development of the economies of those countries exporting their labour force. However, in view of the desire of some governments to use these resources for productive investments, emphasis must be made on the fact that money remittances sent by migrants to their relatives and, most importantly, the final use of those resources are a private matter. No government at any level has the authority to decide how that money should be spent, or even suggest that it should be used for productive investments. A recent report by the Inter-American Dialogue (2004), which contains the conclusions of a working group called *Task Force on Remittances,* supports these ideas, saying that any government programme regarding remittances should acknowledge the private nature of these flows. Governments have no claim on these resources, it says, because "they belong to the family members who send and receive them" (Inter-American Dialogue 2004:14).

Therefore, it is necessary to identify priority attention areas by type of remittance, by type of receiver, and by the use given to those resources. For instance, the resources provided by family remittances that are used for consumption of goods could be boosted by facilitating their transfer process, reducing their transfer costs, making it easier for senders and receivers to open bank accounts, and expanding the banking and financial infrastructure – particularly in poor and marginalised areas in the countries of origin (See last column of Chart 7). As regards individual remittances that are aimed at creating businesses and making small-scale investments, we have identified two areas that deserve priority attention: systematic evaluation of individual investment schemes in order to identify successful and unsuccessful experiences, and promotion of technical assistance and information on financing mechanisms and investment funds. Pablo Serrano has observed that the experiences of Central American migrants to the United States indicate that many individual investments have failed, not only because of the difficulties faced by receiving families to make some savings from the remittances they

[6] See the link of the Consejo Nacional para los Mexicanos en el Exterior in the Web site of Instituto de los Mexicanos en el Exterior: http://www.sre.gob.mx/ime/.

receive, but also because they lack entrepreneurial ability and initiative, and because they do not live in a favourable environment to support such drive (Serrano 2000:308). Hence our criticism against the positions held by some governments that want to turn remittances into productive investments at all costs. On the contrary, the development policies that take remittances into consideration should offer both spending options and investment options, in case the migrant or his or her relatives wish to invest part of that monetary income in establishing some type of business or enterprise.

With respect to the priority attention areas in the case of collective remittances – both those destined to social projects for community infrastructure (roads, small irrigation systems, potable water systems, construction of churches) and those destined to investments in small- and medium-sized enterprises – it is imperative to conduct a systematic evaluation of local demands in order to adjust financing programmes or investment funds to those demands and needs. Evaluating the conditions for investments implies creating socio-economic and demographic profiles of the communities of origin of migrants with the purpose of identifying those communities with the greatest potential for development and economic growth.

Historically, remittances have been the most concrete link between international migrations and development in the countries of origin. Nevertheless, in the area of public policies, it is necessary to think of programmes that go beyond the dependence on remittance flows, because, in spite of the strong impact of these resources, there is not enough evidence to prove that they can constitute a mechanism against poverty in migrants' countries of origin.

VII. CONCLUSIONS AND RECOMMENDATIONS

During the last seven years, the flows of remittances sent by Latin American and Caribbean migrants to their countries of origin have changed the dynamics of continental financial flows. A significant aspect about these resources is that they do not entail future financial obligations, and in addition, they have a positive impact on the living standards of millions of recipient families. In spite of the accelerated growth of remittances and the fact that we are now going through a new era in the history of family remittances – as a result of the participation of new actors and the transformations seen in the market for international money transfers – there are still many issues to which attention should be paid. One of those issues is the need to keep promoting the process to further reduce the costs of money transfers from abroad. While market forces have played a central role in this process – which explains the growing participation of new enterprises in this business – it would be naive to think that the market itself can correct its own imperfections. Standing out among the actions considered to be of priority are the following:

a) *Promote programmes to make strides with the "banking" process of migrant populations in the countries of destination.* In this study, we have demonstrated that Latin American and Caribbean migrants who have a bank account (at least in the case of those living in the United States) are more likely to make money transfers to the their countries of origin than those who do not have an account. In the case of the Mexicans, the acceptance of the consular card as a valid identification document to open a new bank account is a positive measure, which could also be adopted in the case of other groups of migrants from other countries of the continent.

b) Foster "banking" programmes for the population receiving remittances. It is essential to promote financial markets and financial intermediation in migrants' countries of origin, so that migrants' relatives can receive their remittances and have access to other types of financial services, such as savings accounts and checking accounts, among others.

c) Encourage the use of transnational financial services for remittance transfers. Debit cards and dual cards have proved to be one of the least expensive mechanisms to make money transfers from abroad. To that end, it is necessary to foster a regulatory environment that supports the development of electronic finances.

d) Promote the expansion of microfinancial organisations for the reception of remittances. Microbanks have proved to be efficient bodies in offering financial services in rural poor areas and peri-urban areas in Latin America and the Caribbean. Once again, other regions in LAC could learn from the experience in Mexico, where the financial legislation was modified in order to allow microfinancial organisations to receive remittances from abroad.

e) Promote programmes to inform the population sending remittances and the population receiving them about the costs and benefits of different mechanisms to transfer money. Until a few years ago, money transfers from abroad, particularly from the United States to LAC, was highly concentrated in a few businesses. In those circumstances, excessive charges were very common, as there was little or no information about the commissions charged by remitting companies and there was a lack of information about the exchange rates applied to remittances in the country to which the money was sent. The expansion and diversification of the remittance market hypothetically implies greater contacts, as well as better information flows, among companies and the users of these services. Nevertheless, it is fundamental to expand the information on the series of commissions and services offered by the different remitting companies, especially if one takes into account the limited financial experience of migrants and the population receiving remittances.

f) To promote opinion trends that recognise remittances as essentially private flows of resources. The accelerated growth of remittances in LAC has aroused the interest of many governmental and non- governmental actors in obtaining some political or economic benefit from these astronomical amounts of money coming from abroad. However, it is important to insist on the fact that money remittances from a migrant to his or her relatives and, above all, the final use and destination of those resources, are a private matter.

With respect to the public policies aimed at promoting a productive use of both individual and collective remittances, we see the following priority actions:

a) Evaluate individual productive schemes in order to identify successful and unsuccessful experiences. In the communities of origin of international migrants, both in rural and peri-urban areas, it is common to observe the creation of small businesses or micro-enterprises, which emerge in a spontaneous way, following a logic based on subsistence, not accumulation. Many of these small businesses operate within the informal sector of the economy, are mostly aimed at trading goods, and are very likely to disappear shortly after their start. Therefore, a central task would be, not only to encourage people to invest remittances in a productive way, but also provide them technical assistance, training and information about financial mechanisms and successful experiences.

b) Evaluate local needs and demands in order to adapt financial programmes and investment funds to them. In this study, we have pointed out that collective remittances could be a key factor in the development of migrants' communities of origin, not only because of the amounts of money they provide at present, but also because they are high-quality resources. These types of remittances represent the link between migrants associations abroad and their communities of origin; in addition they are flows aimed mainly at investments (not necessarily productive investments) and are more likely to be tied to other financing modalities. The key for success in the actions to be taken with respect to collective remittances is to support the initiatives undertaken by the associations of migrants living abroad, in order to carry out investment projects to improve life standards in the communities of origin. This is, to a large extent, the fundamental purpose of the Mexican programme **3x1**, which calls for the financial participation, in equal parts, of migrants or their associations and of the three government levels: federal, state and municipal levels. Another experience, involving a longer-term investment and a more business-oriented profile, is the programme called "Mi Comunidad", being developed in the state of Guanajuato, Mexico. This programme is aimed at attracting migrants' savings to carry out projects involving small- and medium-sized enterprises, particularly *maquiladoras*. Participating in the programme are associations of citizens from the state of Guanajuato living in the United States, as well as the state government. Each party contributes 50% of the investment (Castro and Tuirán, 2000; Torres, 2001; Tuirán, 2002). Therefore, it is necessary to undertake the task of learning from this type of experiences and evaluating the possibility to reproduce them in other regions of the continent.

c) Create socio-economic and demographic profiles of both the population receiving remittances and the communities of origin of migrants, in order to identify the types of households and regions with the greatest potential for development and economic growth. In this document, we have insisted on the need to evaluate the profile of the population receiving remittances as a way to identify spending patterns and the productive potential of these families. In this regard, the Inter-American Development Bank, through the Multilateral Investment Fund, has promoted a series of valuable studies on the characteristics of people receiving remittances in Mexico, Central America, Colombia, Ecuador and Brazil (BID-FOMIN 2004). At the same time, it is imperative to promote studies and establish profiles on the areas with higher international migration rates, because, even though remittances flows do have an influence on the performance of the country as a whole, their greatest impact within the country itself tends to focus precisely on those regions with the highest migration rates.

ANNEX

TABLE 1: Migrants' remittances in the world by receiving region, 1995-2002
(Millions of dollars at current prices)

REGION	1995	1996	1997	1998	1999	2000	2001	2002
World total	50,433	55,137	62,337	59,986	61,541	62,288	68,194	75,400
Latin America	11,676	11,581	12,389	13,543	15,453	17,492	21,053	24,383
Africa	4,283	4,636	5,418	5,515	5,459	6,045	7,906	7,877
Asia	11,760	15,359	21,043	15,055	16,820	14,864	15,542	19,855
Europe	5,024	5,524	6,052	8,282	7,125	7,310	6,076	5,775
Middle East	5,590	5,837	6,583	6,196	6,041	5,865	6,045	6,137
Industrialised Countries	12,100	12,200	10,852	11,395	10,643	10,712	11,572	11,373

Source: International Monetary Fund (2003) Balance of Payments Statistic Yearbook.

TABLE 2: Migrants' remittances in the world by receiving region, 1995-2002
(Percentage distribution)

REGION	1995	1996	1997	1998	1999	2000	2001	2002
World total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Latin America	23.2	21.0	19.9	22.6	25.1	28.1	30.9	32.3
Africa	8.5	8.4	8.7	9.2	8.9	9.7	11.6	10.4
Asia	23.3	27.9	33.8	25.1	27.3	23.9	22.8	26.3
Europe	10.0	10.0	9.7	13.8	11.6	11.7	8.9	7.7
Middle East	11.1	10.6	10.6	10.3	9.8	9.4	8.9	8.1
Industrialised countries	24.0	22.1	17.4	19.0	17.3	17.2	17.0	15.1

Source: Table 1.

TABLE 3: Migrants' remittances to Latin America and the Caribbean by receiving country, 1995-2002
(Millions of dollars at current prices)

Country	1995	1996	1997	1998	1999	2000	2001	2002
Total for Latin America	11,676	11,581	12,389	13,543	15,453	17,492	21,053	24,383
Mexico	3,673	4,224	4,865	5,627	5,910	6,573	8,895	9,814
Colombia	739	745	758	788	1,297	1,578	1,932	2,351
Dominican Rep.	795	914	1,089	1,326	1,519	1,689	1,808	1,939
El Salvador	1,061	1,084	1,199	1,338	1,374	1,751	1,910	1,935
Brazil	2,891	1,866	1,324	963	1,190	1,112	1,178	1,711
Guatemala	358	375	408	457	466	563	592	1,579
Ecuador	382	485	644	794	1,084	1,317	1,414	1,432
Jamaica	582	636	642	655	681	790	940	1,130
Honduras	120	128	160	220	320	410	534	705
Peru	600	597	636	647	670	718	753	705
Nicaragua	75	95	150	200	300	320	336	377
Costa Rica	116	122	116	112	101	109	166	212
Paraguay	135	137	141	143	148	152	140	99
Bolivia	2	2	68	64	73	101	107	83
Guyana	-	15	15	15	20	27	22	51
Panama	16	16	16	16	16	16	21	22
Netherlands Antilles	4	9	12	10	16	6	12	20
Belize	14	13	18	19	21	22	16	14
Aruba	1	1	1	1	4	1	-	2
Argentina	40	41	41	43	29	-	-	-
Barbados	42	48	55	61	71	84	100	-
Trinidad and Tobago	30	28	30	45	54	38	41	-
Venezuela	-	-	-	-	89	115	136	-
Others								202

Source: International Monetary Fund (2003) Balance of Payments Statistic Yearbook.

TABLE 4: Share of remittances in the Gross Domestic Product and in the value of exported goods by selected countries, 1995 and 2002

Countries	Remittances (millions of US$)		Remittances/GDP (%)		Remittances /Exports[1] (%)	
	1995	2002	1995	2002	1995	2002
Total	11,676	24,383	0.7	1.4	5.1	7.0
Mexico	3,673	9,814	1.3	1.5	4.6	6.1
Colombia	739	2,351	0.8	2.9	7.0	19.1
Dominican Rep.	795	1,939	6.7	9.1	21.0	37.4
El Salvador	1,061	1,935	11.2	13.0	64.3	64.1
Brazil	2,891	1,711	0.4	0.4	6.2	2.8
Guatemala	358	1,579	2.4	6.8	16.6	60.1
Ecuador	382	1,432	1.9	5.9	8.5	27.6
Jamaica	582	1,130	10.2	14.4	32.4	86.3
Honduras	120	705	3.0	10.7	8.7	36.5
Peru	600	705	1.1	1.2	10.7	9.2
Nicaragua	75	377	4.1	14.9	15.2	52.3

[1] This item refers only to exports of goods.

Source: Prepared by the author on the basis of data from the IMF (2003) and ECLAC (2004).

TABLE 5: Remittances per capita and Gross Domestic Product per capita by selected countries, 1995 and 2002

Countries	Remittance/inhabitant (US$) 1995	Remittance/inhabitant (US$) 2002	GDP/inhabitant (US$) 1995	GDP/inhabitant (US$) 2002	Percentage variation of remittances 1995-2002	Percentage variation of GDP 1995-2002
Total	24.0	45.6	3,478	3,151	90.4	- 9.4
Mexico	39.6	96.4	3,087	6,255	143.2	102.6
Colombia	18.8	53.7	2,355	1,847	185.2	- 21.6
Dominican Rep.	101.4	223.5	1,523	2,453	120.3	61.1
El Salvador	183.3	296.9	1,641	2,282	61.9	39.1
Brazil	17.9	9.8	4,350	2,584	- 45.3	- 40.6
Guatemala	34.9	131.6	1,431	1,938	276.7	35.5
Ecuador	32.7	109.2	1,726	1,854	234.4	7.4
Jamaica	233.5	430.1	2,283	2,996	84.3	31.2
Honduras	20.6	103.3	681	961	400.4	41.2
Peru	24.7	26.4	2,211	2,110	6.6	- 4.6
Nicaragua	16.5	70.5	403	472	327.9	17.0

Source: Prepared by the author on the basis of data from the IMF (2003) and ECLAC (2004).

TABLE 6: Population stocks of Latin American and Caribbean migrants in the United States by selected countries, 1995 and 2002

Country	Emigrants in the U.S. 1995	2002	avg. annual growth rate 1995-2002
Total for Latin America	11,759	16,943	5.2
Mexico	6,668	9,659	5.2
Colombia	339	540	6.5
Dominican Rep.	530	652	2.9
El Salvador	656	868	4.0
Brazil	90	173	9.0
Guatemala	323	407	3.3
Ecuador	214	359	7.2
Jamaica	524	532	0.2
Honduras	178	287	6.7
Peru	256	283	1.4
Nicaragua	251	208	-2.7

Source: Urban Institute tabulations from public use file from the US Census Bureau, Current Population Survey, March Supplement, 1995 and 2002.

Taken from: http://www.migrationinformation.org

TABLE 7: Economic and demographic indicators on Latin American and Caribbean migrants in the United States, by transfers of remittance to their countries of origin, 2002

INDICATORS	Total Pop. (%)	Transfers (%)	No transfers (%)
DEMOGRAPHIC INDICATORS			
Region/country of birth			
Mexico	68.3	65.4	70.9
Caribbean	13.9	15.2	12.8
Central America	10.4	12.5	8.6
South America	7.3	7.0	7.7
Gender			
Females	49.7	39.9	56.5
Males	51.3	60.1	43.5
Age			
Under 30	27.5	29.6	25.6
30 or more	72.5	70.4	74.4
Marital status			
Single, separated or divorced	31.3	30.0	32.4
Married or in unmarried cohabitation	68.7	70.0	67.6
Education			
Nine or more years of education	70.8	71.2	70.4
Up to eight years of education	29.2	28.8	29.6
Presence of minors under 18 in the house of migrant			
No	31.9	32.5	31.3
Yes	68.1	67.5	68.7
ECONOMIC INDICATORS			
Household income			
More than US$ 30,000 per year	33.6	32.7	34.4
Less than US$ 30,000 per year	66.4	67.3	65.6
Currently employed in the U.S.			
No	34.1	26.4	40.9
Yes	65.9	73.6	59.1
ADAPTATION IN THE UNITED STATES			
Arrival in the United States			
After 1990	47.6	57.0	39.2
Prior to 1990	52.4	43.0	60.6
U.S. Citizenship			
No	69.8	77.4	63.1
Yes	30.2	22.6	36.9
Ability to speak English			
Good, very good	35.5	26.8	43.1
Little, very little, does not speak English	64.5	73.2	56.9
Bank account in the United States			
No	45.1	44.2	45.9
Yes	54.9	55.8	54.1

INDICATORS	Total Pop. (%)	Transfers (%)	No transfers (%)
Credit card			
No	54.8	56.8	53.0
Yes	45.2	43.2	47.0
Own house in the United States			
No	66.5	72.8	60.9
Yes	33.5	27.2	39.1
LINKS WITH COUNTRY OF ORIGIN			
Visits to country of origin			
No	33.9	34.4	33.4
Yes	66.1	65.6	66.6
Voted in elections in country of origin			
No	84.7	79.6	89.2
Yes	15.3	20.4	10.8
Plans to return to country of origin			
No	62.1	51.0	72.0
Yes	37.9	49.0	28.0
Country considered as homeland			
United States	38.6	31.4	44.9
Country of origin	61.4	68.6	55.1

Source: Prepared by the author, on the basis of data from the archives of the National Survey of Latinos 2002.

TABLE 8: Results of logistic regression analyses to predict remittance behaviour among Latin American and Caribbean migrants in the United States, 2002

	Model 1	Model 2	Model 3	Model 4
Demographic variables				
Mexico	1.000	1.000	1.000	1.000
Caribbean	1.738**	1.818**	1.856**	1.803**
Central America	1.780**	1.689**	1.752**	1.721**
South America	1.116	1.107	0.996	0.899
Females	1.000	1.000	1.000	1.000
Males	1.981***	1.751***	1.790***	1.483**
Age (continuous variable)	0.978***	0.975***	0.990	0.988
Single, separated or divorced	1.000	1.000	1.000	1.000
Married or in unmarried cohabitation	1.167	1.026	0.979	0.926
Nine or more years of education	1.000	1.000	1.000	1.000
Up to eight years of education	1.223	1.304*	1.072	1.004
No minors under 18 at home	1.000	1.000	1.000	1.000
With minors under 18 at home	0.885	0.852	0.861	0.809
Economic variables				
Annual income above US$ 30,000		1.000	1.000	1.000
Annual income below US$ 30,000		1.207	0.702*	0.708*
Currently unemployed in the U.S.		1.000	1.000	1.000
Currently employed in the U.S.		1.252	1.422*	1.345*
Adaptation/assimilation in the U.S.				
Arrived in the U.S. after 1990			1.000	1.000
Arrived in the U.S. prior to 1990			0.576***	0.609**
Does not have U.S. citizenship			1.000	1.000
Has U.S. citizenship			0.742	0.706*
Good ability to speak English			1.000	1.000
Little or no ability to speak English			2.688***	2.452***
Without bank account in the U.S.			1.000	1.000
With bank account in the U.S.			1.459*	1.580**
Without credit card in the U.S.			1.000	1.000
With credit card in the U.S.			0.916	0.879
Without own house in the U.S.			1.000	1.000
With own house in the U.S.			0.638**	0.746*
Links with country of origin				
Has not visited country of origin				1.000
Has visited country of origin				1.505**
Has not voted in country of origin				1.000
Has voted in country of origin				1.753**
No plans to return to country of origin				1.000
Plans to return to country of origin				1.764***
U.S considered as homeland				1.000
Country of origin considered as homeland				1.171

*Notes: Statistical Significance: *=p<.05, **=p<=.01, ***=p<.001.*

Source: Prepared by the author, on the basis of data from the archives of the National Survey of Latinos 2002.

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