


Economic Status and Remittance Behavior

Among Latin American and Caribbean Migrants in the Post-Recession Period


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This report, commissioned by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank, was prepared by Manuel Orozco with Mariellen Jewers of the Inter-American Dialogue.

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APRIL 2014

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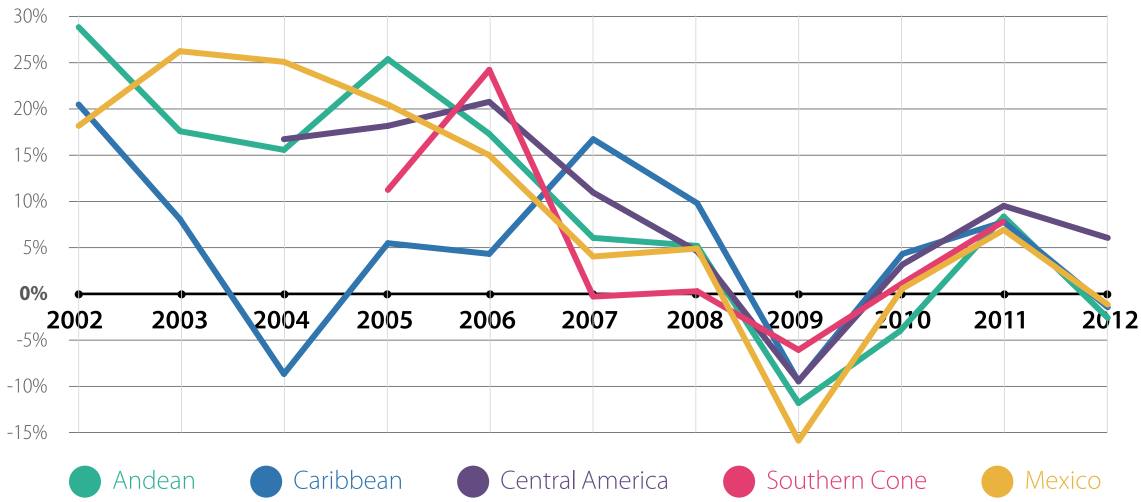
Introduction

This report analyzes the current financial position and remitting behaviors of migrants living in the United States in the context of the 2008-2009 economic crisis. The report is based on findings from a survey of 2,000 Latin American and Caribbean migrants residing in five major U.S. cities. The findings are also compared to earlier surveys from 2009 and 2010 that characterized the economic position of migrants from Latin America and the Caribbean during the 2008-2009 U.S. recession. The results reveal important nuances of migrants' economic well-being and transnational engagement.

Remittances constitute a key form of migrant transnational engagement. In 2012, remittances to Latin America and the Caribbean reached over US$61 billion, representing a major source of income for many families, communities, and countries in the region.[1] Migrant remittances can serve an important role in reducing poverty and enabling development. Moreover, remittances often supplement other sources of income, allowing recipients to make greater investments in their health, education, housing and/or businesses.

It is essential to note that remittances are the product of a great deal of hard work and sacrifice on the part of migrants. When migrants are economically vulnerable, so is their ability to remit. The graph below shows how remittances to Latin America and the Caribbean dropped during the 2008-2009 U.S. recession, when migrants faced greater difficulties in the labor market.

FIGURE 1: GROWTH RATE OF MIGRANT REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN (%). 2001-2012



Source: "Remittances to Latin America and the Caribbean," Inter-American Development Bank. Accessed February 26, 2014, http://remittances.fomin.org.

01 Maldonado, R., Hayem, M. "Remittances to Latin America and the Caribbean in 2012: Differing Behaviors across Subregions," Multilateral Investment Fund, Inter-American Development Bank. Washington, D.C., 2013.
02 These data include all remittance flows into the region, including remittances from Europe and intra-regional transfers.

As the U.S. economy has shown signs of recovery, Latin American and Caribbean migrants have generally been able to regain employment (Table 1). Dominicans, Haitians, and Jamaicans have shown slight increases in unemployment, however.[3]

TABLE 1: UNEMPLOYMENT RATE FOR LATIN AMERICAN AND CARIBBEAN MIGRANTS IN UNITED STATES, BY COUNTRY OF ORIGIN

COUNTRY OF ORIGIN	POPULATION IN U.S., 2012	UNEMPLOYMENT RATE 2009 (%)	UNEMPLOYMENT RATE 2012 (%)	CHANGES IN EMPLOYMENT BY INDUSTRY, 2009 TO 2013[4]
Colombia	677,000	6.6	6.0	+10% education, health care, and social services; -6% professional, scientific and management
Dominican Republic	957,000	8.1	8.6	No significant, nationwide changes by industry
Guatemala	859,000	8.5	7.5	-3.5% construction; +2% in arts, entertainment, recreation, accommodation and food services
Haiti	606,000	9.2	10.6	No significant, nationwide changes by industry
Honduras	522,000	10.7	7.9	-1.5% construction; +2% educational services, and health care and social assistance
Jamaica	681,000	8.4	8.9	No significant, nationwide changes by industry
Mexico	11,563,000	7.5	6.3	-2% construction; small increases in other sectors
El Salvador	1,272,000	8.4	6.4	No significant, nationwide changes by industry
U.S. (native born)	273,000,000	6.4	6.0	No significant, nationwide changes by industry

Source: American Community Survey (ACS), Population Profile in the United States, 2012 and 2009, 1 Year Estimates. Unemployment rate is measured for non-institutionalized population 16 years of age and older.

03 This may be due to an influx of Caribbean migrants to the labor markets of the regions surveyed. According to ACS 1 Year Estimates, the working-age Haitian population in Florida grew 16% from 2009-2012. The working-age Dominican population in New York grew 14% during that same period, and the working-age Jamaican population in New York grew 11%. This is compared to only 1% population of growth of the working-age Mexican population in California during the same period, a 1% population growth of the working-age Salvadoran population in California, and a -3% growth of the working-age Honduran population in Florida.

04 Includes most prominent, nationwide industry changes from 2009-2012.

Employment alone does not provide a complete picture of Latin American and Caribbean migrants' current economic situation. This survey considers a wide range of factors, including savings, debt levels, and risk mitigation strategies to provide a nuanced portrait of economic resilience and vulnerability among migrants.

The economic conditions of Latin American and Caribbean migrants have improved only modestly since 2009. Despite some signs of recovery, migrants remain in a vulnerable position in terms of their income, savings, and debt levels. In many cases, their vulnerability can also be understood as a product of their legal status.

Key findings of this report include:

- Latin American and Caribbean migrants have been able to modestly increase their earnings and savings since the 2008-2009 recession;
- Remittances have also recovered, with flows increasing 12% from 2009-2013 to the countries included in this analysis;
- Of the 2,000 migrants surveyed, 60% have bank accounts in the U.S.; bank account ownership is correlated with gender, education, and length of time in the United States;
- Over 67% of respondents save money in some way, but only 26% of those who save reported doing so formally with a savings account in the past 12 months;
- Debt is relatively low, with 46% of respondents reporting no debt at all, and an additional 33% owing less than US$2,000;
- Only 20% of respondents feel "confident" that they could obtain US$2,000 for an unexpected expense;
- Taking migrants' debt ratios, risk levels, incomes, and savings into consideration, one in three migrants can be classified as economically vulnerable;
- Transnational family structures and the gender of the migrant may impact remittance-sending practices and family finances;
- Most migrants prefer sending remittances through remittance agencies, but a growing number are interested in switching to other methods of remitting, such as online transfers.[5]

In light of this research, migrants are in a slightly better economic position than they were in 2009, but remain vulnerable in a number of ways. To ensure the economic well-being of migrants – and the families back home who rely on their economic contributions – steps must be taken to enhance financial access and economic opportunities.

05 Surveys were conducted outside of remittance agencies, which may affect the results. However, the preference for remittance agencies over other forms of remitting has been documented in a number of other surveys. See, for example, Orozco, M., Castillo, N. "Latino Migrants: Remittances, Finances, and Health", The Inter-American Dialogue. Washington, D.C., 2008.

Survey Methodology

The following analysis is based on a 2013 survey of 2,000 Latin American and Caribbean migrants living in five major metropolitan areas: New York, Chicago, Miami, Los Angeles, and Washington, D.C. These cities have some of the largest Latin American and Caribbean migrant populations in the United States, both in terms of the number of inhabitants as well as in terms of the share of the overall population.[6] Within these five cities, particular migrant groups were selected based on their population size. The table below shows the survey breakdown by diaspora group and location.[7]

TABLE 2: 2013 SURVEY BY COUNTRY OF ORIGIN AND INTERVIEW LOCATION

	HAITI	MEXICO	HONDURAS	DOMINICAN REPUBLIC	EL SALVADOR	GUATEMALA	JAMAICA	COLOMBIA
New York	0	200	0	100	0	0	100	100
Chicago	0	300	0	0	0	50	0	0
Washington, D.C.	0	0	0	0	100	0	0	0
Miami	100	0	100	0	0	0	0	100
Los Angeles	0	500	0	0	100	150	0	0
Total	100	1,000	100	100	200	200	100	200

Survey teams were stationed in migrant neighborhoods with heavy foot traffic, and often stood outside remittance agencies. They greeted potential respondents and explained that the objective of the survey was to understand how they sent remittances. If the respondent did not report sending remittances, the survey was discontinued. Likewise, if respondents had not been born in one of the specified countries, the survey was discontinued. This survey includes the views of foreign-born migrants, and not the views of second or third generation migrants. Surveys were conducted in Spanish for all Spanish-speaking migrants. For Jamaican and Haitian migrants, surveys were conducted in English.

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06 Motel, S., Patten, E. "Characteristics of the 60 Largest Metropolitan Areas by Hispanic Population," Pew Hispanic Center. Washington, D.C., 2012.

07 The national origin groups selected are not representative of all Latin American and Caribbean migrants in the U.S. For information on the largest national origin groups, see Lopez, M., Gonzalez-Barrera, A., Cuddington, D. "Diverse Origins: The Nation's 14 Largest Hispanic-Origin Groups," Pew Hispanic Center. Washington, D.C., 2013. The locations selected represent some of the largest population centers for the national origin groups in question. The survey sample does not include the sizable number of migrants living in semi-urban and rural areas.

In order to evaluate whether the financial position of migrants has changed since the 2008-2009 U.S. recession, 2013 survey data were compared with earlier surveys from 2009 and 2010. The 2009 survey, which was very similar in methodology and was carried out by the same survey teams, included the views of 1,150 respondents in six U.S. cities. The cities selected in 2009 were the same as in the 2013 survey, with the addition of Boston. The 2009 survey included Mexicans, Dominicans, Salvadorans, Guatemalans, Bolivians, Ecuadorians, and Colombians. Survey questions focused on migrants' remitting habits, their financial position, and the ways in which they were experiencing the recession. The table below shows the survey breakdown by migrant group and U.S. city.

TABLE 3: 2009 SURVEY OF MIGRANTS BY COUNTRY OF ORIGIN AND INTERVIEW LOCATION

	MEXICO	DOMINICAN REPUBLIC	EL SALVADOR	GUATEMALA	BOLIVIA	ECUADOR	COLOMBIA
New York	0	100	0	0	0	100	0
Washington, D.C.	0	0	100	0	100	0	0
Los Angeles	200	0	100	100	0	0	0
Boston	0	100	50	0	0	0	0
Miami	0	0	0	0	0	0	100
Chicago	100	0	0	0	0	0	0
Total	300	200	250	100	100	100	100

The 2010 survey included 2,000 migrants in five U.S. cities: New York, Chicago, Miami, Los Angeles, and Washington, D.C. It drew from the same migrant groups and cities as the 2013 survey. Survey questions focused on remitting habits, migrants' ownership of financial products, and their use of technology.

TABLE 4: 2010 SURVEY OF MIGRANTS BY COUNTRY OF ORIGIN AND INTERVIEW LOCATION

	HAITI	MEXICO	HONDURAS	DOMINICAN REPUBLIC	EL SALVADOR	GUATEMALA	JAMAICA	COLOMBIA
New York	0	200	0	100	0	0	100	100
Chicago	0	300	0	0	0	50	0	0
Washington, D.C.	0	0	0	0	100	0	0	0
Miami	100	0	100	0	0	0	0	100
Los Angeles	0	500	0	0	100	150	0	0
Total	100	1,000	100	100	200	200	100	200

Despite slight differences in composition, the three surveys are methodologically similar and allow for interesting comparisons of the economic position of Latin American and Caribbean migrants. One major difference is that the 2013 survey delves more into the political realm, asking migrants how a potential immigration reform act might impact their economic position.

Recovery from the Recession

The 2008-2009 recession had a severe impact on the economic well-being of migrants. By 2013, however, there were some signs of recovery. In general, Latin American and Caribbean migrants have been able to increase their earnings, savings and capacity to remit to their families.[8] Comparing 2013 and 2009 survey data, there have been improvements in earnings, and, to a lesser extent, in employment indicators. Over this period, the number of people earning less than US$20,000 annually decreased by six percentage points and those earning over US$25,000 increased by one percentage point. More than two thirds of migrants continued to have full-time jobs: in 2009, 80% reported having full-time jobs, and in 2013, 82% reported having full-time employment.

Savings rates also show signs of recovery. In 2007, 57% of migrants reported some form of savings.[9] This figure dropped to 42% in 2009,[10] but in 2013 had risen back up to 67%. The results also show that those migrant savers have been able to regain their capacity to significantly increase their stock of savings.

In addition, migrants who save were able to nearly double their stock of savings from 2009-2013 among most nationalities surveyed. Savings and bank account ownership are discussed in further detail in the section Savings, Debt, and Risk Mitigation.

08 Results of non-parametric significance tests for ordinal dependent variables (Kruskal Wallis) indicate statistically significant differences at the 1% level between 2013 and 2009 samples in terms of annual personal income categories below US$20,000 (see Table 5). Significance tests for two samples with unequal variances (t-tests) indicated that share of savings between the 2009 and 2013 samples were statistically significantly different at the 1% level (also shown in Table 5). The 2013 sample was ranked higher for annual personal income and shape of sample that reported saving.

09 Migrants were asked whether they save, formally or informally, regardless of the method used to set money aside. Savings are understood as money that is left after all expenses have been met or taken out from a household's disposable income.

10 Orozco, M. "Understanding the Continuing Effect of the Economic Crisis on Remittances," Inter-American Development Bank. Washington, D.C., 2009.

TABLE 5: INCOME AND EMPLOYMENT, 2009 & 2013

	INCOME AND EMPLOYMENT INDICATORS	2009	2013
Income	Avg. annual income less than US$20,000	52%	46%**
	Avg. annual income between US$20,000 and 25,000	21%	26%*
	Avg. annual income over US$25,000	27%	28%
Employment	Migrants with full time work	80%	82%
Savings	Percent of migrants saving	42%	67%**

Note: For employment and savings n = 2,000 for 2013 sample; for income n = 1,825 for 2013 sample. For 2009 n = 1,313 for employment; n = 1,282 for savings, and n = 1,183 for income. ** indicates the mean differences between 2009 and 2013 were statistically significant at the 1% level. * indicates the mean differences between 2009 and 2013 were statistically significant at the 5% level.

In addition to allowing for larger amounts of savings, the improvements in earnings also appear to have translated into slightly greater remittance sending, both in amount and in frequency. While average remittance transaction amounts have increased by only a few dollars, the frequency increased by an additional remittance transaction in each year, thus raising remittance flows by 12%.[11] It is worth noting that the increase in the number of transfers per year is observed more among women. Remitting behaviors and methods will be further analyzed in the section Remittance Sending Behavior.

TABLE 6: TRANSACTION AMOUNT REMITTED AND NUMBER OF TRANSFERS PER YEAR, 2009 & 2013

AVERAGE AMOUNT SENT		AVERAGE NUMBER OF TRANSFERS PER YEAR	
2009 (n= 1,303)	**2013 (n = 1,902)**	**2009 (n = 1,308)**	**2013 (n = 1,922)**
US$205	US$212	12	13

As the previous tables have demonstrated, migrants' economic position has improved modestly between 2009 and 2013, particularly with regard to their earnings, savings and capacity to remit. The following sections analyze migrants' current financial position and remitting behavior in greater depth.

11 Significance tests for two samples with unequal variances (t-tests) were conducted for both number of transfers each year, and amount sent for each transfer by year. The 2013 sample mean was statistically significantly higher than the 2009 sample mean for number of transfers each year at the 1% level. There was not a statistically significant difference between the means for 2009 and 2013 in dollar amount per transfer at conventional levels.

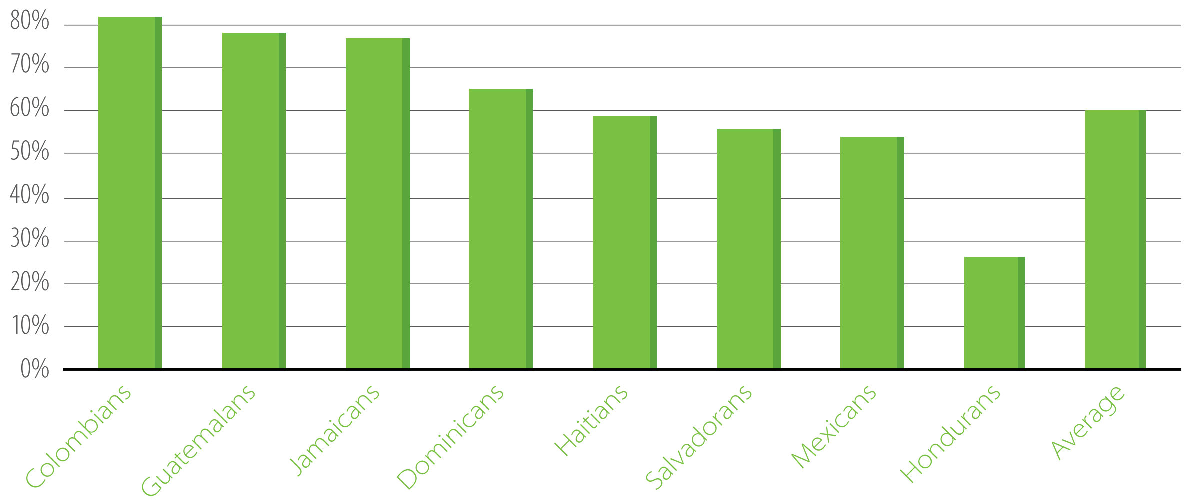
Latin American and Caribbean Migrants' Financial Position

This section focuses on migrants' financial position as it relates to bank account ownership, savings practices, debt, and other financial elements.

Financial Product Ownership in the United States

Overall, more than 60% of migrants hold bank accounts in the United States. Bank account ownership is highest among Colombians, Guatemalans, and Jamaicans (over 70%). However, only 54% of Mexicans and 26% of Hondurans have bank accounts. About 56% of migrants hold a checking account and 46% hold a savings account.

FIGURE 2: MIGRANTS WITH U.S. BANK ACCOUNTS, 2013



In most cases, there have been improvements in bank account ownership between 2005 and 2013. Some of the greatest increases can be seen among Mexicans (29% to 54%) and Guatemalans (31% to 78%).

TABLE 7: U.S. BANK ACCOUNT OWNERSHIP, 2005-2013 (%)

COUNTRY OF ORIGIN	2005	2009	2010	2013
Mexico	29	48	53	54
Guatemala	31	75	62	78
El Salvador	53	48	47	56
Colombia	62	90	97	82
Dominican Republic	62	67	75	65
Ecuador	55	57	42	-

Source: Orozco, M., Burgess, E., Ascoli, N. "Is There a Match among Migrants, Remittances, and Technology?," The Inter-American Dialogue. Washington, D.C., 2010.

In addition to nationality, demographic factors play a role in bank account ownership. The table below shows some of the characteristics of bank account holders. Living longer in the United States, holding legal residency or citizenship, and holding a higher education degree are statistically significant variables for bank account ownership.

TABLE 8: CHARACTERISTICS OF BANK ACCOUNT OWNERSHIP IN THE UNITED STATES, 2013

		OWNERSHIP OF BANK ACCOUNTS (%)	
		No	Yes
Financial institution type	Bank	0	99
	Credit union	0	1
Gender	Female	43	42
	Male	57	58
Education	University	0	7
	Some college	3	14
	High school	26	40
	Elementary	48	30
	Did not complete elementary	23	10
Personal income	Less than US$10,000	10	2
	Between US$10,001 and 15,000	30	8
	Between US$15,001 and 20,000	28	22
	Between US$20,001 and 25,000	21	29
	Between US$25,001 and 30,000	8	17
	Between US$30,001 and 35,000	2	11
	More than US$ 35,000	0	12
Legal status	Undocumented	85	31
	Temporary Protected Status	3	7
	Legal resident	8	35
	US citizen	4	27
	Number of years living abroad	6 years	11 years

New technologies, such as online and mobile services, can facilitate financial access. Roughly one-quarter of all respondents monitor their bank accounts online via the Internet and 15% do so as least once a week. In addition, 13% of respondents use their cellphones for mobile banking,[12] and the vast majority do so at least once a week.

TABLE 9: INTERNET AND MOBILE BANKING AMONG MIGRANTS, 2013

INTERNET AND MOBILE BANKING	FREQUENCY OF USE	(%)
Internet Banking N = 2,000	Never uses Internet to monitor bank account	76
	Infrequently uses Internet to monitor bank account	9
	Uses Internet to monitor bank account at least once a week	15
Mobile (via cell phone) Banking n = 1,953	Uses cell phone to access mobile banking services	13
Frequency of Using Cell Phone to Access Mobile Banking Services n = 259	Four or more times per week	10
	Three times per week	9
	Twice per week	23
	Once per week	25
	Infrequently	3
	Did not indicate frequency of use	29

Migrants were also asked about the range of financial products they own, shedding light on how they use the formal financial system. After bank accounts, the most commonly owned products are credit cards, with 50% of the respondents answering positively. Products such as life insurance or personal loans were relatively uncommon among migrants.

12 Mobile banking refers to the financial features offered by banks and made accessible using a cellphone device, whether a smart or a regular mobile phone.

TABLE 10: OTHER FINANCIAL PRODUCTS OWNED IN THE UNITED STATES OR HOME COUNTRY, 2013

OWNS ONE OR MORE FINANCIAL PRODUCTS (n=1,317)		(%)
Type of Financial Product (among those with financial products)*	Certificate of Deposit (CD)	7
	Personal loan	12
	Medical insurance	37
	Life insurance	12
	Credit card	50
	Prepaid card	6

*Total percentages will be greater than 100 because respondents could choose more than one response.

Those who did not hold bank accounts cited a variety of reasons. Nearly half of migrants without accounts said that their legal status was the main reason.[13] A quarter of migrants responded, "I don't need an account." This response is commonly heard among low-income groups and can often be traced back to poor financial education, fear of approaching a banking institution, and living in a cash-based environment. Finally, not trusting financial institutions factored into some migrants' responses when asked why they did not own a bank account.

TABLE 11: REASONS WHY MIGRANT DOES NOT HOLD A BANK ACCOUNT, 2013 (% OF ALL CHOICE RESPONSES)

	HAI	MEX	HON	DOM	SAL	GUA	JAM	COL	ALL
Lack of identification documents	13	51	74	5	59	34	17	53	48
I don't need an account	26	23	16	50	24	36	44	15	25
I don't trust banks	15	13	1	23	10	13	4	18	12
I don't have enough money to open an account	31	6	7	23	1	0	13	5	7
I don't know how to open an account	5	4	3	0	3	2	0	3	3
A credit or overdraft problem	8	2	0	0	2	6	13	5	2
Very high fees and minimum balance requirements	0	2	0	0	1	6	9	0	2
Other reasons	3	0	0	0	0	2	0	3	0

13 It is important to note that there are in fact ways for undocumented migrants to access accounts in the U.S. However, many people are not aware of this.

Financial Product Ownership in Home Country

Because many migrants maintain close cross-border relations with their home countries (including investments back home), having access to financial products and services in their homelands is critically important. The survey investigated respondents' financial product ownership in their home country. The results show that few respondents have bank accounts in their home country (11%).

Among those with bank accounts in their home country, the most common financial products used in respondents' home countries were checking and savings accounts. A smaller share of migrants in the sample had medical insurance, personal loans, and credit card accounts in their home country.

TABLE 12: MIGRANT BANK ACCOUNT & FINANCIAL PRODUCTS IN HOME COUNTRY, 2013

PRODUCT OWNERSHIP IN HOME COUNTRY	(%)
Has a bank account in home country	11
OF THOSE WITH BANK ACCOUNTS, OWNS ONE OR MORE FINANCIAL PRODUCTS*	(%)
Checking account	28
Savings account	51
Certificate of Deposit (CD)	5
Personal loan	17
Medical insurance	17
Life insurance	9
Credit card	17
Debit card	13

*Total percentages will be greater than 100 because respondents could choose more than one option.

Among the people included in this group are those migrants who tend to send more money per remittance transfer (US$260 per transfer on average compared to US$212 in the overall sample), transfer money more frequently (14 times a year compared to 13), and over the course of more years. These migrants also tend to have lived longer in the U.S. and are predominantly males. Interestingly, however, the percentage of people with account ownership back home does not differ across legal status. However, those with higher income are also those with bank accounts in their home country.

TABLE 13: CHARACTERISTICS OF THOSE OWNING ACCOUNTS IN THEIR HOME COUNTRY, 2013

	DEMOGRAPHIC CHARACTERISTICS	(%)
Marital status	Single	20
	Married or living with partner	72
	Other (widowed, divorced, etc.)	9
Gender	Female	25
	Male	75
Education	Completed university	9
	Some university	20
	Completed high school	41
	Completed elementary school	19
	Did not finish elementary school	11
Occupation	Professional or business person, entrepreneur	27
Legal status	Undocumented	29
	Temporary Protected Status	7
	Legal resident	32
	U.S. citizen	32
Personal income	Less than US$ 10,000	4
	Between US$ 10,001 and US$ 15,000	8
	Between US$ 15,001 and US$ 20,000	9
	Between US$ 20,001 and US$ 25,000	8
	Between US$ 25,001 and US$ 30,000	13
	Between US$ 30,001 and US$ 35,000	20
	More than US$ 35,000	29

Savings, Debt, and Risk Mitigation

Beyond current income and employment status, certain aspects of migrants' financial profile are likely to help (or hinder) their sustained economic well-being. Savings, debt, and risk mitigation play an important role in determining the stability of migrants' financial position, and thus can offer clues about attaining long-term financial independence.[14] Practically speaking, two migrants with the same income will be in categorically different positions, depending on whether they save, the amount of their stock of savings, their levels of debt, and methods to deal with emergencies or unexpected problems.

Roughly 67% of respondents reported having some sort of savings. Including those who reported not saving, the average savings among all migrants surveyed was US$3,447.[15] Among the 67% of migrants who save, the total average savings is US$5,954. The amount of savings ranged widely. Nevertheless, half of the respondents had US$4,500 or more in savings.

When asked how they have saved within a 12 month period, responses were varied. Nearly one in three was not actively saving; the rest used a mix of practices, with 41% putting their savings in a bank account (15% checking and 26% savings).

14 In this context, financial independence should be understood as financial resources and skills that enable people to comfortably meet their basic needs. Financial independence relies on four endowments: a stable income above the cost of living, a solid stock of assets, financial access, and money management skills. For more information, see Orozco, M., Burgess, E., Castillo, N., Romei, L. "Financial Independence: A Toolkit for Financial Education," The Inter-American Dialogue. Washington, D.C., 2012.

15 This figure includes those who reported zero savings; it does not include those who refused to answer. The total number of migrants in the sample that reported savings (zero and greater) is 1,427.

TABLE 14: FINANCIAL PRACTICES AMONG MIGRANTS OVER THE PAST 12 MONTHS, 2013

	SAVING IN CASH AT HOME OR IN WALLET (%)	SAVING IN A CHECKING ACCOUNT (%)	SAVING IN A SAVINGS ACCOUNT (%)	GIVING MONEY TO ANOTHER FAMILY MEMBER TO SAVE (%)	BUYING FINANCIAL PRODUCTS FOR INVESTMENT (%)	BUYING OTHER KINDS OF ASSETS (%)	NOT SAVING ACTIVELY (%)
Haiti	12	2	23	1	0	0	57
Mexico	26	14	25	12	6	4	27
Honduras	48	19	4	25	0	5	28
Dominican Republic	7	6	25	5	1	5	37
El Salvador	14	16	35	6	0	3	31
Guatemala	11	22	48	9	1	3	20
Jamaica	27	28	22	6	3	0	30
Colombia	14	19	16	4	1	2	42
Average	22	15	26	9	4	3	30

Respondents saved for more than one motive, but a significant share saved for sudden illness (68%) and/or higher education (42%). Notably, less than one-fifth of all respondents were saving to invest in small businesses, either in the U.S. or in their home country.

TABLE 15: TOTAL CURRENT SAVINGS AMONG MIGRANTS WHO SAVE, REASONS FOR SAVING, AND SAVING METHOD, 2013

CURRENT SAVINGS AMOUNT (US$)		US$
Average		(n=827) 5,954
CURRENT SAVINGS AMOUNT (US$)	**MINIMUM US$**	**MAXIMUM US$**
Lowest quartile	200	2,000
Median		4,500
Highest quartile	8,000	50,000
Percent of migrants actively saving (n=1824)	67%	
REASON FOR SAVING (n=1,226)	**% MENTIONING***	**% OF ALL REASONS FOR SAVING ****
Emergency: Illness	68	27
Asset: Higher education (for self or children)	42	17
Remittances	36	14
Asset: Home improvement	26	10
Retirement	22	9
Emergency: Death in the family	16	6
Asset: Buy used or new car	13	5
Investment: Small business in home country	12	5
Asset: Purchase appliances or furniture	8	3
Celebrate a special occasion (nonreligious)	6	2
Investment: Small business in the United States	4	2
Celebrate a religious occasion	1	0

*Total percentages will be greater than 100 because respondents could choose more than one option. **Percentage is obtained from all responses.

In analyzing migrants' financial position, savings is an extremely important indicator of stability. Debt is another indicator that must be considered. Respondents were asked whether they held any debt (credit card, educational loans, or any other type). Forty-six percent responded that they did not owe money, while 33% owed amounts under US$2,000. Moreover, their debt to income ratio is low, at 15%, and their average net worth (factoring only liquid savings and debt) is US$2,000.[16]

TABLE 16: TOTAL DEBT (I.E. OUTSTANDING CREDIT CARD BALANCE, EDUCATIONAL, AND OTHER LOANS), BY NATIONALITY, 2013 (%)

	NO DEBT (%)	LESS THAN US $500 (%)	US$500 - $999 (%)	US$1,000 - $1,999 (%)	US$2,000 - $4,999 (%)	US$5,000 - $9,999 (%)	US10,000 - $19,999 (%)	US$20,000 - $49,999 (%)	US$50,000 OR MORE (%)
Haiti	64	6	6	12	5	3	2	1	1
Mexico	44	17	14	11	7	2	4	1	1
Honduras	69	15	4	7	1	3	0	0	0
Dominican Republic	23	12	6	21	19	16	3	0	0
El Salvador	40	6	9	9	19	14	5	0	1
Guatemala	53	10	8	6	5	7	7	1	4
Jamaica	44	9	13	17	6	6	2	2	1
Colombia	46	5	3	6	13	11	9	8	1
Average	46	13	10	10	9	6	4	1	1

16 Debt to income ratio is a metric typically used by mortgage lenders to assess how much a person can afford to borrow. The typical threshold is 33/38, 33% for housing and 38% for all forms of debt. A 15% ratio is regarded as quite low and subject to lending. The loan amount, however, will depend on the person's gross income, not on the ratio itself. Because the average migrant's income is relatively low, their borrowing capacity is relatively limited. Net worth calculations are based on all respondents, regardless of whether they save or have debt.

TABLE 17: DEBT AND ANNUAL PERSONAL INCOME LEVEL AMONG MIGRANTS, 2013

LEVEL OF DEBT	EARN LESS THAN US $20,000 (%)	EARN MORE THAN US$20,000 (%)	AVERAGE SAVED (US$)	OVERALL (%)
No debt	26	20	5,439	46
Less than US$500	6	7	4,487	13
US$500 to $999	5	5	4,920	10
US$1,000 to $1,999	7	3	6,375	10
US$2,000 to $4,999	6	3	6,227	8
US$5,000 to $9,999	4	2	7,849	5
US$10,000 to $19,999	3	1	8,423	4
Over US$20,000	2	1	11,500	2

In addition to considering savings and debt, the survey looked at whether migrants were able to cover an unexpected expense. The ability to deal with unexpected costs like a medical bill or car repair is an important indicator of economic strength and stability.

Migrants were asked whether they felt confident that they could obtain US$2,000 to cover an unexpected expense. Less than 20% felt confident that they could obtain US$2,000, and another 32% believed they could probably do so. Respondents that were more confident in their ability to access the resources for an unexpected expense were among those who held substantial amounts of savings.

TABLE 18: CAPACITY TO MITIGATE RISK: ABILITY TO GET US$2,000 FOR UNEXPECTED EXPENSE, BY GENDER AND NATIONALITY, 2013

		CONFIDENT (%)	PROBABLE (%)	UNLIKELY (%)	UNABLE (%)	DID NOT KNOW (%)
Gender	Female (n=851)	17	36	23	8	16
	Male (n=1,149)	20	33	18	9	20
Nationality	Haiti (n=100)	18	33	22	3	24
	Mexico (n=1,000)	16	34	18	11	20
	Honduras (n=100)	27	26	26	16	5
	Dominican Republic (n=100)	7	28	4	3	58
	El Salvador (n=200)	14	44	36	7	1
	Guatemala (n=200)	21	36	31	8	5
	Jamaica (n=100)	15	20	9	8	48
	Colombia (n=200)	40	36	13	2	10

TABLE 19: ABILITY TO GET US$2,000 FOR UNEXPECTED EXPENSE, WHETHER ACTIVELY SAVING AND AMOUNT SAVED, 2013

	DOES NOT SAVE (%)	SAVES (%)	AVERAGE AMOUNT SAVED (US$)
Confident	8	27	US$8,172
Probable	37	35	US$2,874
Unlikely	21	17	US$2,213
Unable	11	6	US$1,146
Did not know	23	14	US$1,817

Notes: For savers n = 826 and for non-savers n = 601; n = 277 for confident; 511 for probable; 266 for unlikely; 119 for unable and 254 for did not know. The confident, probable, unlikely, unable and did not know average savings amounts include savers and non-savers.

A Vulnerable Community?

In order to make sense of how migrants fared financially, four variables were computed to examine the extent of vulnerability among the migrants sampled. These figures are typically used in the literature[17] to assess a person's financial position and combine elements associated with financial capability: savings, income, debt and risk mitigation resources.[18] The following variables were used to develop a Vulnerability Index:

1. **DEBT RATIO:** Debt to income ratio. Coded 0 (having debt ratio over 0.25), 1 (having debt ratio below 0.25).
2. **RISK:**[19] Confidence in obtaining US$2,000 in the event of an unexpected expense. Coded from 0 (unable) to 1 (confident) that could obtain the money.
3. **INCOME:** Having an income above or below US$20,000. Coded 0 (earning under US$20,000), 1 (earning over US$20,000).
4. **SAVINGS:** Whether the respondent has US$2,000 in savings or not. Coded 0 (not saving over US$2,000), 1 (saving over US$2,000).

Respondents were classified as "Vulnerable" if they were coded as "0" on three or four of the variables (i.e. had debt ratio above 0.25, earnings under US$20,000, savings under US$2,000, and were unable to find funds for unexpected expenses). Those in the middle were people who were coded as "1" for two of those four components, and those considered financially stable were coded as "1" for three or more variables. One in three migrants were considered vulnerable and one quarter as stable, but 44% were in the middle.

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17 For example, Brobeck, S. "Understanding the Emergency Savings Needs of Low- and Moderate-Income Households: A Survey-Based Analysis of Impacts, Causes, and Remedies," Consumer Federation of America. Washington, D.C., 2008.

18 A 0.25 debt to income ratio is used, and US$2,000 is a threshold figure used in the literature for savings and the amount needed in the case of an emergency expense.

19 See Lusardi, A., Schneider, D., Tufano, P. "Financially Fragile Households: Evidence and Implications," NBER Working Paper No. 17072, May 2011.

TABLE 20: FINANCIAL POSITION OF MIGRANTS, 2013

		VULNERABLE (%)	MIDDLE (%)	STABLE (%)
	Extent of vulnerability	33	44	23
Debt ratio	Has ratio over 0.25	43	57	0
	Has ratio under 0.25	31	41	28
Risk	Could not obtain US$2,000	64	36	0
	Could obtain US$2,000	6	50	44
Income	Income below US$20,000	60	40	0
	Income above US$20,000	14	46	40
Savings	Does not have US$2,000 saved	78	22	0
	Has over US$2,000 in savings	27	47	27

The table below compares some variables based on migrants' financial positions. Those who are more vulnerable, for example, appear to be among those who have been in the United States for fewer years, don't have children, are women, have only an elementary education, or are undocumented.

TABLE 21: CHARACTERISTICS OF MIGRANTS' FINANCIAL POSITION, 2013

		VULNERABLE	MIDDLE	STABLE
Remittances	Average amount remitted	US$180	US$219	US$245
	Number of times sending money in a year	12	13	13
	Years sending money	6	8	8
	Age	34	37	38
	Years in the U.S.	8	10	11
Marital status	Single	40%	39%	21%
	Married or living with partner	29%	46%	25%
	Other (widow, divorced, etc.)	34%	46%	20%
Children	My children live with me in the United States	26%	45%	29%
	My children live in my home country	34%	43%	24%
	Children are in both countries	29%	44%	27%
	I don't have children	44%	41%	15%
Gender	Female	37%	44%	20%
	Male	31%	43%	26%
Education	Completed university	11%	48%	41%
	Some university	19%	46%	35%
	Completed high school	26%	45%	29%
	Completed elementary school	43%	41%	16%
	Did not finish elementary school	44%	38%	18%
Occupation	Professional	15%	43%	42%
	Business person, entrepreneur	9%	47%	45%
Legal status	Undocumented	45%	41%	14%
	Temporary Protected Status	23%	43%	34%
	Legal resident	25%	45%	30%
	U.S. citizen	17%	47%	37%
Owning a bank account in home country	Does not own an account	34%	44%	22%
	Owns an account	26%	40%	34%

To further understand which of these characteristics may influence migrants' financial vulnerability; a logistic model was run to identify which of these variables are determinant:

Vulnerability Index-hat = b0+b1Age + b2Being single + b3Gender + b4Lower Education + b5Professional Occupation + b6Years Living in the U.S. +b7Legal Status +b8Owning an account in home country + εi

The regression results confirm some of the characteristics above. For example, migrants with documented status had a statistically significantly lower probability of being in a vulnerable financial position compared to undocumented migrants (statistical significance at the 1% level). Likewise, migrants whose highest educational attainment level was primary education had a greater likelihood of being in a vulnerable financial position than those with higher educational attainment (statistically significant at the 1% level).

TABLE 22: LOGISTIC REGRESSION VULNERABILITY, 2013

							VARIABLES IN THE EQUATION
		B	S.E.	Wald	df	p-value	Exp(B)
Dependent variable: Vulnerability (1)							
Independent variables	Legal status*	-.283	.062	20.888	1	.000	.753
	Years abroad	-.018	.013	2.056	1	.152	.982
	Primary education*	.200	.066	9.131	1	.003	1.222
	Age	-.008	.008	1.015	1	.314	.992
	Gender	-.215	.115	3.501	1	.061	.806
	Professional and business*	-.800	.267	8.955	1	.003	.449
	Single	.155	.120	1.656	1	.198	1.168
	Constant	-.540	.342	2.488	1	.115	.583
	Owns an account back home	-.547	.342	2.562	1	.109	.579
							Pseudo R2 (Cox & Snell) = .192
							Pseudo R2 (Nagelkerke) = .282

Note: *Statistically significant at the 1% level.

Remittance Sending Behavior

Because sending money home is one of the most important financial activities that migrants perform, understanding their remitting behavior is crucial, particularly in reference to changes after the recession and possible development opportunities for both public policy and the private sector. Remittance behavior is studied with a focus on sender characteristics, sending practices, and the extent of the sender's involvement in family finances.

Characterizing Remittance Sending: Amounts and Beneficiaries

As the economy has improved, so has migrants' ability to remit, however slightly. When this data is disaggregated by gender, it shows that women are responsible for much of this increase. Whereas male migrants are sending remittances of nearly the same amount and frequency in 2013 as they did in 2009, female respondents reported sending more money, and more frequently. On average, female migrants who remit send money home 13 times a year, as opposed to 11 times a year in 2009.[20]

TABLE 23: TRANSACTION AMOUNT REMITTED AND NUMBER OF TRANSFERS PER YEAR, BY GENDER, 2009 & 2013

	2009 (US$)	2013 (US$)	DIFFERENCE IN US$, 2009 - 2013	2009 (TIMES)	2013 (TIMES)
All respondents	US$222	US$212	US$10	12	13
Male[21]	US$232	US$229	US$3	12	12
Female	US$189	US$207	US$18	11	13

20 Per means comparison tests (t-tests) of two samples with unequal variances, the mean number of times female migrants sent remittances between 2009 and 2013 was statistically significantly different at the 5% level.

21 For number of transfers 2009 n = 505 (female) and n = 797 (male), and for amount n = 510 female and n = 797 male; for 2013 number of transfers n = 809 (female) and n = 1093 (male), and for amount n = 1100 male and 822 for female.

When compared by nationality, the increases also vary. Guatemalan migrants, who have tended to send less money and to do so less frequently, showed large increases in both amount and frequency over the 2009-2013 period.

TABLE 24: AVERAGE AMOUNT SENT AND NUMBER OF ANNUAL TRANSFERS BY COUNTRY, 2009 AND 2013

	AVERAGE AMOUNT SENT (US$)		AVERAGE NUMBER OF TRANSFERS PER YEAR	
	2009	2013	2009	2013
Colombia	179	213	14	16
Dominican Republic	174	196	12	10
El Salvador	209	237	11	14
Guatemala	167	212	7[22]	12
Mexico	227	234	12	13

Gender may impact to whom migrants send money. Of those respondents who sent money to a spouse, 86% were male while only 14% were female. More men (60%) sent money to a non-immediate family member than female respondents (40%). In contrast, slightly more women sent money to a son or daughter in their home country than men (57% to 43%).

Some patterns emerge in the distribution of remittance recipients across nationalities. The largest number of respondents reported sending money to their parents, with the fewest respondents sending money to grandparents—with the exception of Haitians (13%). A spouse was the second beneficiary, with Honduras having the largest percent (41%) of beneficiaries being a spouse.

22 This low figure may be due to the fact that Guatemalans have been sending remittances for fewer years than the other groups included in the survey.

TABLE 25: GENDER AND NATIONALITY OF RESPONDENTS, BY RELATIONSHIP TO REMITTANCE RECIPIENT (%), 2013

		PARENT(S)	SPOUSE	SON/ DAUGHTER	SIBLING(S)	GRAND-PARENT(S)	OTHER FAMILY MEMBERS
Gender	Female	50	14	57	42	51	40
	Male	50	86	43	58	49	60
Nationality	Haiti	24	3	2	38	13	20
	Mexico	47	20	10	12	5	6
	Honduras	39	41	9	8	0	2
	Dominican Republic	31	18	9	18	1	23
	El Salvador	52	20	14	8	5	1
	Guatemala	44	16	13	14	7	7
	Jamaica	47	3	11	18	4	17
	Colombia	36	9	24	15	3	15

In terms of transnational family ties, men constituted a larger share of respondents with children living in either the home country only, or in both their home country and the United States. Of those respondents with children living in just their home country, two-thirds were men. More men than women had children living in both the United States and their home countries. In contrast, the share of men and women with children living with them in the U.S. was more even.

TABLE 26: GENDER AND NATIONALITY OF RESPONDENTS, BY CHILDREN'S COUNTRY OF RESIDENCE, 2013

		CHILDREN IN US (%) n= 687	CHILDREN IN HOME COUNTRY (%) n= 558	CHILDREN IN BOTH COUNTRIES (%) n= 182	NO CHILDREN (%) n= 542
Gender	Female	48	34	40	46
	Male	52	67	60	54
Nationality	Haiti	59	4	8	29
	Mexico	35	30	9	26
	Honduras	27	47	4	22
	Dominican Republic	51	15	19	15
	El Salvador	29	32	16	24
	Guatemala	35	29	3	33
	Jamaica	26	18	9	47
	Colombia	27	31	10	32

The combination of the lower share of women sending money to spouses and the slightly higher share sending money directly to sons and daughters, alongside the male dominated gender distribution of respondents with children only living in their home countries, may highlight differences in family structures between male and female migrants.

Income Dependence on Remittances

According to migrants, remittances were not the single source of income for roughly two-thirds of the remittance recipient households. Of the recipient households that rely on other sources of income in addition to remittances, about one-quarter earn wages. Although the amount earned from rent or business ownership was the highest on average, only 9% of remittance recipient households generate income from rent or businesses. The largest share of recipient households with multiple income sources generates funds from other sources that are less profitable on average than formal employment, businesses, or rentals.

TABLE 27: INCOME DEPENDENCE ON REMITTANCES, 2013

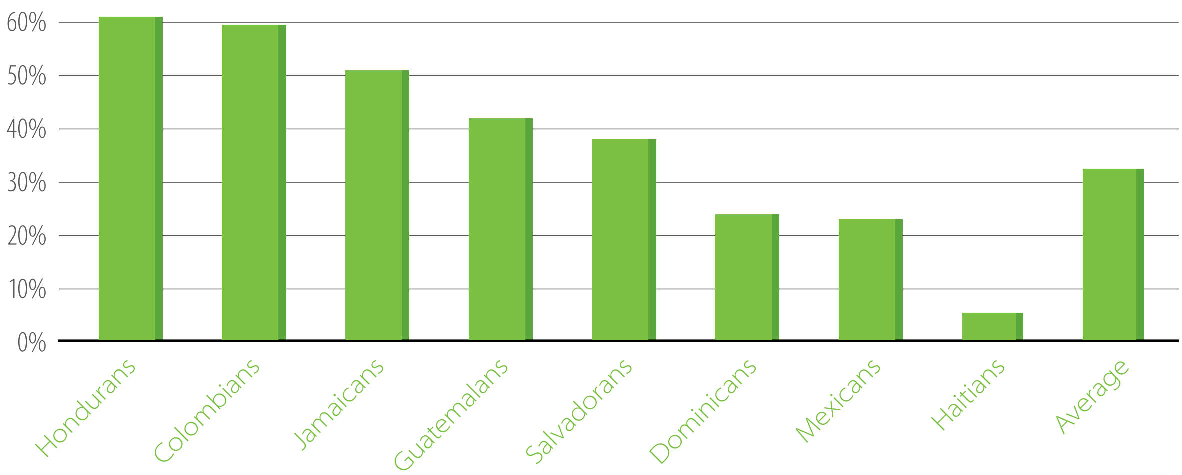
		RESPONDENTS (%)	AVERAGE MONTHLY INCOME FROM OTHER SOURCES (US$)
Only income remittance N =2,000		30	
Type of income of those with other sources of income besides remittances* n = 1,404	Work	24	296.95
	Rent or business	9	378.95
	Other	34	130.33

*Total percentages will be greater than 100 because respondents could choose more than one option. The average income amounts were taken from fewer observations than the percentages, as some respondents did not provide amounts for other sources of income. n: Work = 192; Business = 76; Other = 226.

These results are also consistent with work performed in Latin America and the Caribbean, where income dependence on remittances is found to be no more than 60% of all income.[23]

According to migrant survey respondents, to the best of their knowledge one third of their relatives has a bank account.

FIGURE 3: FAMILIES OF MIGRANTS WITH BANK ACCOUNTS BY NATIONALITY, 2013 (%)



Finally, there appears to be a relationship between bank account ownership and the amount, frequency, and duration of the remittances. Migrants who send to relatives with bank accounts send more money on average. They also send money more frequently and for a longer duration of time.

23 Orozco, M., Castillo, N., Romei, L. "Toward Financial Independence: Financial Literacy for Remittance Senders and Recipients," The Inter-American Dialogue. Washington, D.C., 2010.

TABLE 28: SENDING REMITTANCES AND ACCOUNT OWNERSHIP AMONG RECIPIENTS, 2013[24]

	RELATIVE DOES NOT HAVE A BANK ACCOUNT	RELATIVE HAS A BANK ACCOUNT
Average amount sent (US$)	US$201	US$234
Frequency sent per year	12	13
Years sending money	7	8

24 Earlier evidence of the correlation between bank account ownership among recipients and receiving larger amounts can be found in Orozco, M., Lowell, L., Bump, M., Fedewa, R. "Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean," Institute for the Study of International Migration, Georgetown University. Washington, D.C., 2005.

Disposition to Change in Remitting Methods

Most respondents' preferred method for sending remittances in both 2009 and 2013 was through a remittance agency. Moreover, remittance agencies have gained in popularity over less formal means of remitting: only 5% of migrants sampled in 2013 indicated travelers[25] or others as their preferred method, compared to 12% in 2010.

A higher percentage of respondents in 2013 were open to switching remittance methods (58%) than in 2010 (47%). The largest growth was seen among those willing to switch to online or mobile transfers, which is consistent with a larger share of respondents that checked their bank accounts online in 2013 compared to 2010. Interestingly, however, a smaller share of migrants in 2013 than in 2010 expected to switch from their current preferences, which are largely cash-based, to direct deposit.

TABLE 29: DISPOSITION TO CHANGE IN REMITTANCE METHODS, 2010 AND 2013[26]

		2010 YES (%)	2013 YES (%)
Willing to change method for sending money (2010:n=1,000) (2013:n=1,970)		47	58
Method most likely to switch to (2010:n=470) (2013:n=1,145)	Remittance card[27]	9	29
	Direct deposit in a bank account	75	41
	Internet	7	18
	Cell phone mobile transfer	4	12
	Other	5	0

25 This method involves migrants sending money with a courier or someone they know who is traveling back to their home country, commonly known as a "viajero."

26 When preferences for sending remittances are ranked by their means, 2009 and 2013 are ranked in the same order. However, there are statistically significant differences in the means for remitting via banks and viajeros from 2009 to 2013. The average for remitting via banks was statistically significantly higher in 2009 than 2013 (at 1% level). The average for remitting using viajeros was statistically significantly higher in 2009 than 2013 (at 1% level).

27 A remittance card allows the recipient to receive their remittance on a plastic card, much like a debit card. They can then use the card to withdraw the funds from an ATM or to make purchases.

TABLE 30: BANK ACCOUNT OWNERSHIP AND DISPOSITION TO CHANGE, 2013

	DOES NOT OWN AN ACCOUNT (%)	OWNS AN ACCOUNT (%)
Would not change current method	48	38
Would change to remittance card	16	17
Would change to direct deposit in a bank account	19	27
Would change to Internet	9	12
Would change to mobile transfer	7	6
Other	0.3	0.3

In 2010, just 7% of migrants who were willing to switch sending methods said they were most likely to consider online sending. By 2013, this had grown to 18%, as table 29 shows.

Migrants' reasons for choosing specific remittance companies were similarly ranked in 2010 and 2013. Ease of use was the most important determinant for using a specific company, followed by transparent prices and transparent exchange rates.

TABLE 31: TRENDS IN SENDING METHODS, 2010 - 2013

		2010 YES (%)	2013 YES (%)
	Fee for each remittance transaction28 (2010:n=947)	US$ 8.32	US$ 8.23
Preferred method*	Banks (2010:N=1,000) (2013:N=2,000)	17	16
	Remittance agencies (2010:N=1,000) (2013:N=2,000)	87	87
	Internet (2010:N=1,000) (2013:N=2,000)	3	2
	Travelers or others (2010:N=1,000) (2013:N=2,000)	12	5
Reason for choosing company: Shown are "Strongly agree" & "Agree"	Transparent prices (2010:n=986) (2013:N=2,000)	72	82
	Transparent exchange rates (2010:n=886) (2013:N=2,000)	63	78
	Easy to use (2010:n=986) (2013:N=2,000)	82	89
	Cheap (2010:n=986) (2013:N=2,000)	61	69
	Offers more value than others (2010:n=986) (2013:N=2,000)	50	60

*Total percentages will be greater than 100 because more than one answer was possible.

28 Respondents were asked, "¿Cuánto le cobran por mandar su remesa?" (How much are you charged to send your remittance?). This question is not intended to reflect the variety of products and pricing structures in the remittance marketplace; it does, however, reflect the average amount that respondents pay for the types and values of transactions that they typically make.

Potential Effects of Proposed Immigration Reform

If the United States Congress were to pass an immigration reform act that regularized the status of undocumented migrants, how would this impact the financial positions and behaviors of migrants? Undocumented migrants would likely have access to a wider range of opportunities – better paying jobs, better access to social and financial services – that would help them improve their financial position. This, in turn, would enable them to remit more, some researchers have argued.

Survey results shed light on the effects of a potential immigration reform. Regardless of nationality, more than half of non- US citizen respondents thought they would be able to send more money home if an immigration reform bill were to pass. A slightly larger share of women estimated they would send more, whereas a larger share of men expected their remittance frequency and amount would stay largely unchanged. Slight differences emerged by country of origin as well. The share of Haitians, Guatemalans and Mexicans that expected their remittance frequency and amount to stay mostly the same was 59%, 34% and 33%, respectively. Migrants from these three nationalities had the highest share of respondents that indicated no change in their remittance behavior if immigration reform were to pass. Jamaicans and Salvadorans had the highest share of migrants that estimated their remittances would increase as a result of reform.

Over three-fourths of respondents, regardless of their immigration status, believed that their access to financial services would improve with reform. Of those migrants that specified their immigration status, mostly undocumented migrants and migrants with Temporary Protected Status responded to the question of whether immigration reform would improve their access to financial and banking services. Most considered that a potential reform would improve their access to credit and medical insurance. Less than 20% of those who said they would be eligible to formalize their status say would open a bank account.

Exploring Opportunities for Financial Inclusion of Migrants in the U.S.

The economic recovery in the United States has enabled migrants to send money in a slightly increased manner. However, such recovery has not contributed significantly to improving the economic and financial positions of most migrants. Although financial vulnerability among migrants is complicated by a number of factors (such as legal status), there are strategies that can help ameliorate these vulnerabilities, such as leveraging increasing access to financial products and services.

In addition, survey responses about the marketplace for money transfers point to shifting issues: migrants are interested in switching to more technology-driven methods of remitting, while increasing numbers of migrants hold bank accounts.

Financial vulnerability among Latin American and Caribbean migrants in the U.S. can be mitigated through savings mobilization and increased access to financial products. Strategies to expand this access include:

1. INCREASING ACCESS TO FINANCIAL PRODUCTS AND SERVICES AMONG MIGRANTS IN THE UNITED STATES.
   Banks and non-bank financial institutions should offer products and services oriented towards migrants, including products with lower fee structures such as low-cost checking accounts with debit cards, and Internet and mobile money transfer services. Because many migrants have savings, their assets can be mobilized into U.S. financial institutions if they open new bank accounts or use alternative financial products such as prepaid debit cards.

2. IMPROVING FINANCIAL LITERACY AMONG MIGRANTS AND REMITTANCE RECIPIENTS.
   Some existing financial education models have yielded important results in

achieving the economic independence of remittance clients.[29] Financial education can be delivered in many ways, such as through partnerships between nonprofit organizations and financial institutions, or by incorporating educational elements into a financial institution's business and marketing strategies.

3 PROMOTING TRANSNATIONAL SAVINGS PRODUCTS.
An enabling regulatory environment should be in place to allow migrants to open bank accounts in their home country while living abroad. The relatively low percentage of migrants with bank accounts in their home country (11% of respondents) represents an opportunity for innovation and product development. Once these accounts exist they can be leveraged to extend financial services to this population.

4 OFFERING BANKING PRODUCTS TO REMITTANCE RECIPIENTS.
The low percentage of remittance recipients who own bank accounts presents a key opportunity for the supply of affordable savings accounts accompanied with other financial products. Bank account ownership among recipients, in turn, has a double effect in increasing the volume of remittances and revenue for payout institutions: migrants tend to send more remittances to those recipients who have bank accounts in their home country.

5 DEVELOPING INTERNET-BASED MONEY TRANSFERS.
As the number of migrants using the Internet to manage their bank accounts has grown, so has migrants' interest in using online money transfer services. Several companies are now capturing an important market share for money transfers relying on account-to-cash and account-to-account payments via the Internet. Money transfer operators should be encouraged to innovate and assimilate new payment technologies and offer migrants the option to use the Internet or mobile phone applications for their transfers. These instruments may become central to future remittance flows.

29 Orozco, M., Castillo, N., Romei, L. "Toward Financial Independence: Financial Literacy for Remittance Senders and Recipients," The Inter-American Dialogue. Washington, D.C., 2010.

Conclusion

This report provides insights into the financial position of migrants in the aftermath of the 2008-2009 U.S. economic crisis. Comparing 2013 survey data with earlier surveys conducted in 2009 and 2010, the report considers a wide range of factors – including savings, income, debt levels, and financial access – to provide a nuanced analysis of migrants' economic situation.

As the survey data suggests, migrants' recovery from the 2008-2009 crisis has been modest. In general, Latin American and Caribbean migrants have been able to slightly increase their earnings, savings, and capacity to remit from 2009. However, they remain in a vulnerable position. Assessing migrants' savings, income, debt, and risk mitigation resources, this report finds that one in three migrants is in an economically vulnerable position. Women, recent arrivals, and those with low levels of education or without paperwork are among those who are most economically vulnerable.

It is important for financial institutions, development organizations, and political and community leaders to take note of these results. Financial vulnerability among Latin American and Caribbean migrants in the U.S. can be mitigated through savings mobilization and increased access to financial products and services. This report is intended to serve as a point of departure for a much-needed discussion on financial inclusion strategies for migrants and other economically vulnerable populations.

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