

# Fact sheet: Family Remittances to Latin America and the Caribbean in 2018



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Family remittances to Latin America and the Caribbean experienced nearly 10% growth in 2018, one of the largest growth rates in the past 10 years. Growth in remittances stands in stark contrast to the sluggish 1.9% economic growth rate for the region. The countries with the highest remittance growth rates in 2018 included Haiti, Colombia, Brazil, Guatemala and Paraguay. While Brazil showed negative growth during 2017, in 2018 this changed. Excluding Brazil, aggregate remittance flows to at least 15 Latin America and Caribbean countries comprise 4% of gross domestic product, ranging from 39% for Haiti to 1% for countries like Costa Rica or Venezuela.

Table 1: Family Remittances to Latin America and the Caribbean in 2018 (USD)

Countries	2018 Remittances (,000,000 USD)	Remittance Growth			GDP Growth	Remittances / GDP
		2016	2017	2018e		
<b>Bolivia*</b>	1,256	2%	6%	-2.6%	4%	3%
<b>Brazil</b>	2,665	9%	-3%	15.8%	1%	0%
<b>Colombia</b>	6,372	5%	15%	15.9%	3%	2%
<b>Costa Rica*</b>	500	0%	3%	-5.9%	3%	1%
<b>Dominican Republic*</b>	6,516	6%	12%	10.2%	6%	8%
<b>Ecuador*</b>	3,030	9%	5%	6.7%	1%	3%
<b>El Salvador</b>	5,501	7%	10%	9.1%	2%	22%
<b>Guatemala</b>	9,308	14%	14%	13.6%	3%	12%
<b>Haiti*</b>	3,324	7%	15%	17.2%	1%	39%
<b>Honduras*</b>	4,751	5%	13%	10.4%	4%	20%
<b>Jamaica*</b>	2,353	3%	4%	2.1%	2%	16%
<b>Mexico</b>	33,455	9%	6%	10.4%	2%	3%
<b>Nicaragua*</b>	1,400	6%	11%	6.0%	-4%	11%
<b>Panama*</b>	442	-10%	4%	-0.3%	4%	1%
<b>Paraguay*</b>	658	19%	6%	12.2%	4%	2%
<b>Peru*</b>	3,239	6%	6%	6.2%	2%	2%
<b>Total selected countries</b>	<b>84,027</b>	<b>7.87%</b>	<b>8.54%</b>	<b>9.4%</b>	<b>1.9%</b>	<b>2%</b>
<b>Venezuela**</b>	<b>2,000</b>	-	-	-	<b>-15%</b>	<b>1%</b>

Source: Central Bank Data and INEC data for Panama; \* estimates are marked and use most recent Central Bank data as of February 5, 2019; \*\* Venezuela 2018 remittance data is Inter-American Dialogue's estimate based on survey data, previous years are unavailable. For GDP growth and Remittances GDP: Inter-American Dialogue's estimates based on World Bank figures for GDP and economic growth.

The growth in remittances that we are seeing at a regional level is explained by several important developments. Increases in remittances to Mexico can be attributed to continued growth in the average amount remitted, as well as increases in the percent of Mexican migrants sending money to their families. This is partly explained by Mexicans staying longer in the United States. In the case of Central American countries, increases in migration and in amount remitted explain the double-digit growth. Nicaraguan migration during the 2018 political crisis explains continued remittance growth, albeit at a slightly slower rate than in 2017.

Other countries that experienced higher growth rates in 2018 include Colombia, Ecuador, and Paraguay. Two main factors explain such increases: first, migration from these countries, and second, Venezuelan migration. With regards to the first factor, Colombians and Ecuadorians are among those who are migrating. In a survey the Dialogue carried out among Colombians in Bogota, for example, over 25% of respondents expressed their intention of emigrating in search of better economic opportunities. The second factor refers to Venezuelan migrants in transit or in temporary stay in those countries, who are receiving remittances. This is particularly the case for Venezuelan migrants who are receiving remittances in Colombia, Ecuador and Peru.

## Intra-Regional Growth

Another key factor explaining the increase in remittances is intra-regional migration, mostly related to political instability in the region. Migration from 8 countries experiencing political tensions (see table below) represents more than a third of all migration from the Americas. Venezuela is the most striking example; we estimate that Venezuelan migrants abroad are remitting about US\$2 billion from at least six countries.

Table 2: Migration from Fragile or Unstable Countries (2017)

Migrants' Country of Origin	Migrants' Country of Residence									% - total for eight countries
	Brazil	Chile	Costa Rica	Colombia	Dom. Rep	Ecuador	Panama	United States	All countries	
Colombia	8,395	126,981	26739	..	3,687	200,539	98,253	753,847	2,736,230	47%
Cuba	2,544	3,173	5,791	1,945	3,927	3,083	2,917	1,251,037	1,558,312	83%
El Salvador	279	242	13,984	409	273	537	3,330	1,392,663	1,559,924	94%
Guatemala	357	236	2,676	490	438	442	1,658	975,504	1,117,355	89%
Haiti	10,000	73,098		122	336,729	98	559	671,499	1,364,492	87%
Honduras	155	249	3,947	376	433	482	1,553	597,647	722,430	85%
Nicaragua	449	249	340,298	611	298	403	13,335	275,909	689,978	93%
Venezuela *	57,000	84,586	39,000	870,000	5,539	200,000	79,990	351,144	3,000,000	66%
8 Selected countries	79,179	288,814	432,435	873,953	351,324	405,584	201,595	6,269,250	12,048,721	76%
Latin America & Caribbean	286,092	637,286	458,237	911,290	359,347	447,254	239,173	23,362,654	39,026,446	71%
Fragile Countries as % Total	28%	45%	94%	96%	98%	91%	84%	27%	31%	

Source: Countries migration and/or statistic institutes (INEC Costa Rica, UNDESA Honduras, DGMYE Costa Rica, INE Panama, et. al). For \*: July 2018 Venezuelan Migration Report, IOM and official press releases and quotes including: [IOMArgentina](#), [La Prensa](#), [LaFmColombia](#), [La Gestion](#).

Panama represents another example of intra-regional remittance growth. Until a few years ago, Panama did not have a large migrant population. However, since the reconstruction process of the Panama Canal and the global economic recession, and more recently the political crises in Colombia, Venezuela, Nicaragua, migration and remitting have increased. According to the Central Bank of Panama, over US\$800 million were remitted out of Panama.

## Competition and Technology in the Remittance Industry

The marketplace for money transfers has also evolved, becoming increasingly competitive and high tech. In particular, the market has responded to the demand for services in intraregional markets as well as for digital technologies. With regards to the latter, we find that use of digital transfers has increased substantially. For example, at least two million out of seven million monthly transfers to Mexico are currently done through digital-based channels using online or mobile apps. In addition, many more companies are introducing cross border bill payment as part of the services they offer.

These developments may be part of a larger trend of migrants using new technologies to stay connected to their home country. As the table below indicates, nearly 98% of migrants use WhatsApp to stay connected with family and friends back home. Moreover, these technologies also appear to be linked to certain remittance behaviors. For example, those who use the internet to send remittances and access social media send 66% more money than those who do not.

Table 3: Latin American Remittance Senders and Technology Use

Method of Staying in Touch with Home Country	Percent of users	Uses	Does not use
		Annual sent (USD)	Annual sent (USD)
Phone calls	48%	\$ 1,532	\$1,767
SMS	12%	\$ 612	\$ 1,718
Social Media	51%	\$1,661	\$ 1,602
WhatsApp	98%	\$1,585	\$ 1,544

Source: Survey of 1,057 migrants sending money from Colombia, Panama and Chile. Inter-American Dialogue, 2018.

Use of technology specifically for sending remittances has also increased, with relevant differences in sending behavior. Those who send money via web or mobile platforms are among those who send more money. However, those who send money via a remittance agency are among those who send more frequently, nearly 14 times a year in the case of US-outbound remittances.

Table 4: Remittance Behavior vs Sending Mechanisms

Vehicle for sending:	Sending from LAC		Sending from U.S.	
	Average sent (USD)	Frequency	Average sent (USD)	Frequency
Remittance Agency	131	10.7	261	13.8
Bank	124	10.3	337	11.3
Cellphone (including Apps)	254	6.5	425	4.63
Web-based	254	6.6	275	9.52
Travelers	105	7.3	480	5.2
Other	88	17.3	400	3

Source: For LAC-outbound remittances, survey of 1,057 migrants sending money from Colombia, Panama and Chile. Inter-American Dialogue 2018. For US-outbound remittances, survey of 340 migrants in the U.S., Inter-American Dialogue, 2017.