

Remittances to Latin America and the Caribbean in 2018



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I. Introduction and General Trends

Family remittances to Latin America and the Caribbean reached \$85 billion in 2018, an important financial flow and a critical source of support for many households in the region. Each year, the Inter-American Dialogue analyzes remittances to the region, identifying areas of growth and new trends that are impacting how people send and receive money. The data presented draws from official sources, such as Central Banks, as well as from original survey data with remittance senders and recipients. Taken together, they shed light on the complex, deep, and very dynamic connections that migrants maintain with their home countries.

Remittances to the Latin American and Caribbean region are on the rise. They grew 10.2% in 2018, up from 8.2% in 2017 and 7.9% in 2016. Moreover, the strong growth levels for remittances stand 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, Guatemala, and Brazil.

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		
Bolivia	1,370	2%	7%	-1.6%	4.5%	3%
Brazil	2,565	9%	-3%	11.5%	1.2%	0%
Colombia	6,339	5%	13%	15.3%	2.7%	2%
Costa Rica*	531	0%	3%	-6.0%	2.7%	1%
Dominican Republic	6,494	6%	12%	9.8%	5.8%	8%
Ecuador*	3,030	9%	9%	6.7%	1.0%	3%
El Salvador	5,469	7%	10%	8.5%	2.8%	21%
Guatemala	9,288	14%	14%	13.4%	2.7%	12%
Haiti*	3,324	7%	20%	17.2%	1.6%	39%
Honduras*	4,751	5%	12%	10.4%	3.6%	20%
Jamaica	2,346	3%	1%	1.8%	1.7%	16%
Mexico	33,470	9%	12%	10.5%	2.1%	3%
Nicaragua	1,501	6%	10%	7.9%	-3.8%	11%
Panama*	457	-10%	4%	2.9%	4.0%	1%
Paraguay*	569	19%	7%	-3.0%	4.0%	1%
Peru	3,225	6%	6%	5.7%	3.9%	1%
Total selected countries	84,650	7.9%	8.2%	10.2%	1.9%	2%
Venezuela**	3,400	-	-	-	-18%	1%

Source: Central Bank Data and INEC data for Panama; * estimates are marked and use most recent Central Bank data as of April 3, 2019; ** Venezuela 2018 remittance data is Inter-American Dialogue estimate based on survey data; previous years are unavailable. For GDP growth and Remittances GDP, Inter-American Dialogue estimates based on World Bank figures for GDP and economic growth.

While the drivers of remittance growth vary by country, some key trends include increases in the size of the average remittance, new migration flows to the United States, and rising intra-regional migration mostly related to political instability. At the same time, the ways that people are sending money are evolving as the marketplace for money transfers becomes increasingly competitive and digitalized. Because migrants who send through digital channels have different sending behaviors, digital participation in the marketplace also affects overall growth.

Among the key findings of this report,

- In the case of Mexico, remittances are growing though net migration is declining. This is in large part due to increases in the principal sent and to increases in the percentage of Mexicans who are sending remittances.
- Haiti was the country with the largest remittance growth in 2018, with noteworthy growth in the Chile-Haiti remittances corridor.
- According to 2019 estimates by the Inter-American Dialogue, there are roughly 3 million Venezuelan migrants worldwide who sent \$3.4 billion in remittances in 2018. Given the difficulties in sending money to Venezuela and the very profound issues related to currency devaluation, in-kind remittances play an important role as well.
- In 2018, Colombia received \$6.3 billion in remittances. This is the second year in the row of strong remittance growth, at 15%. At the same time, the Spain-Colombia remittance corridor has substantially decreased while remittances from other Latin American countries to Colombia have gained prominence. Remittances to Venezuelans in Colombia may also explain this growth, as well as senders using Colombia as a mid-point in order to reach Venezuelan recipients.¹
- Intra-regional remittance growth was a major trend in 2018. Three countries that are witness to these increases are Panama, Chile, and Costa Rica, all of which have seen growth in outbound remittances.
- While cash-to-cash remains important, the use of digital transfers has increased substantially in 2018. 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 applications. These developments may be part of a larger trend of migrants using new technologies to stay connected to their home country; for example, 83% of migrants use WhatsApp to stay connected with family and friends back home.
- The three largest remittance payment markets in the region, Mexico, Guatemala and Colombia, illustrate the impressive growth of digital transfers. In terms of payout method, digital remittances represent an estimated 33%, 34% and 46% of these markets as of 2018.

This report is organized into three main sections. The first presents country profiles on remittance growth for 2018, seeking to explain growth in specific countries and regions. The next section presents new trends in intraregional migration and remittances, which have played a particularly important role in 2018. The report concludes by looking at technology and competition in the money transfer industry.

¹Based on anecdotal evidence from surveys and from media sources. See, for example, <https://www.dw.com/es/c%C3%BAcuta-el-cajero-autom%C3%A1tico-de-venezuela/a-42470925>.

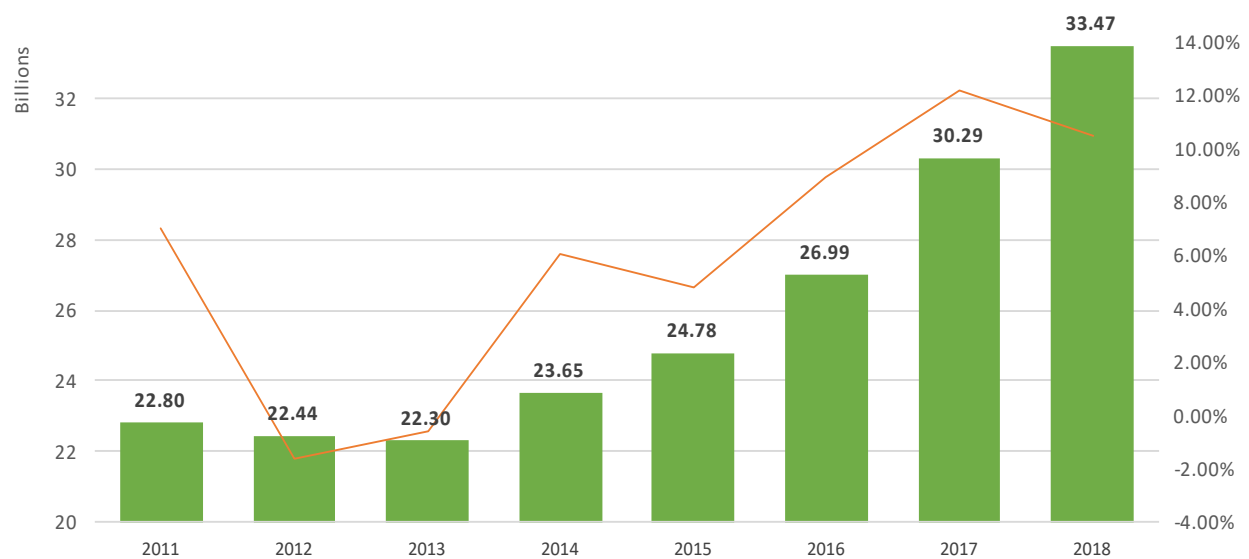
II. Country Profiles for Remittance Growth

In the following section, we present country-specific profiles for Mexico, Haiti, Venezuela and Colombia, as well as a regional analysis for Central America. These case studies shed greater light on countries of special interest in terms of their size, growth, or changing dynamics in 2018.

Mexico²

Mexico represents almost 40% of total remittances flows to the Latin American and Caribbean region. In 2018, Mexico registered double-digit remittance growth for the second consecutive year. The 10.5% remittance growth reported in 2018 comes on the heels of several years of strong growth, 12% in 2017 and 9% in 2016 (See Graphic 1). Remittances to Mexico reached \$33.5 billion in 2018 and 94%³ of remittances entering Mexico came from the United States.

Graphic 1: Remittance Flows to Mexico and Year-Over-Year Growth



Source: Mexican Central Bank, 2019.

The growth in remittances to Mexico seems a bit counterintuitive since Mexican migration to the US has been decreasing since 2014. In this regard, trends in remittance-sending behavior, rather than new migration, help explain increase in remittances sent back home.

Diverse factors may be influencing this growth, impacting increases in principal sent, frequency, or the percentage of migrants currently sending remittances. A root cause for these changes may be the response of migrants to hardline US immigration policies that may encourage them to stay in the US and to send more remittances back home, fearing deportation.⁴ To these we add a low unemployment rate among Mexicans, some as a result of their willingness to relocate within the U.S. and increases in the percentage of the Mexican migrant population sending money to their families or for saving purposes.

² This section also benefitted from research and analysis by Paulina Ortega of the Inter-American Dialogue.

³ See Paulina Ortega and Manuel Orozco, “Remittance Flows from the U.S. to Mexico at the State Level: Drivers and Trends,” Remittance Industry Observatory – Inter-American Dialogue, November 2018. Available at https://www.thedialogue.org/wp-content/uploads/2018/12/Mexico_Final_Blog.pdf

⁴ See Orozco, Porras and Yansura, “The Continued Growth of Family Remittances to Latin America and the Caribbean in 2015,” Inter-American Dialogue, 2016 as well as the RIO Data Release for November 2018.

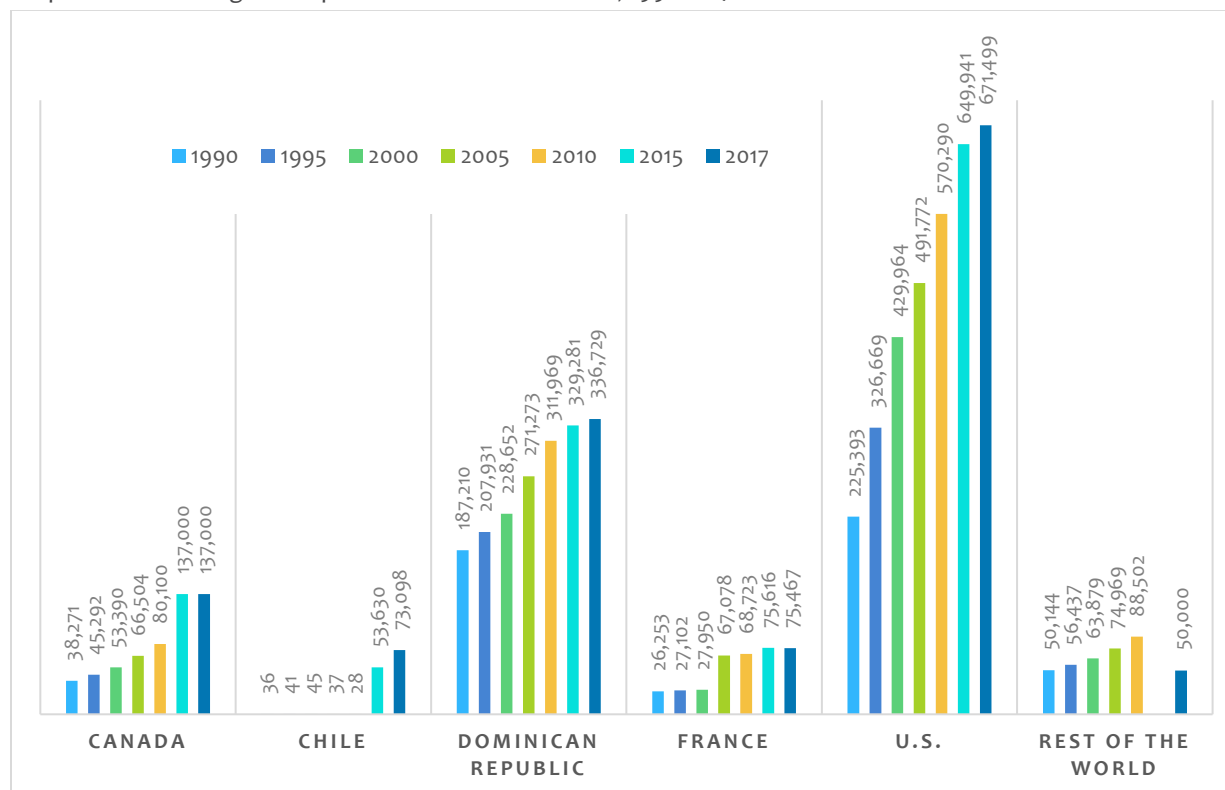
Haiti

Remittances to Haiti have experienced strong growth in recent years, reaching \$3.3 billion in 2018. This represents 17% growth for 2018, following 20% growth for 2017. Among the Latin American and Caribbean countries included in this study, Haiti is the country with the largest remittance growth and the country for which remittances represent the largest portion of GDP (See Table 1).

Haitian migration is closely linked with state fragility and poor performance.⁵ As of 2017, the largest Haitian migrant populations are in the United States, the Dominican Republic, Canada and France (See Graphic 2). New migration corridors have also developed in recent years. After the 2010 earthquake, people who initially migrated to Brazil have subsequently been moving to Chile. There were less than 5,000 Haitians in Chile in 2010, but the number has increased exponentially to an estimated 73,000 in 2017. Thus, the increase in Haitian remittances is predominantly the result of a significant outflow of migration to South America, Canada, and the United States.

Remittances to Haiti come from Canada, Chile, the Dominican Republic, France, and the United States, among other countries, following many of the migration corridors previously noted. According to data from the Chilean Central Bank, Haiti was among the top five destinations of outbound remittances in 2016. Moreover, the growth of remittances from 2017 to 2018 (See Table 1), reflects an increase of more than 100,000 migrants making transfers from Chile to Haiti.⁶ The table below provides additional detail on Haitian migrant populations in key countries of destination, as well as estimates for remittance flows in these same corridors.

Graphic 2: Haitian Migrant Populations Around the World, 1990-2017



Source: UN/DESA, 2017 and authors' estimates from interviews and press sources.

⁵ For more discussion of this topic, see Manuel Orozco, "Latin American and Caribbean Migration from Weak and Failing States," Inter-American Dialogue, November 2018.

⁶ According to the Chilean National Statistics Institute, there were 179,000 Haitians in Chile as of December 31, 2018.

Table 2: Haitian Migration and Remittances to Selected Countries (2017)

Country of residence	Migrant Population Stocks							Remittances: Estimated flows to Haiti (2017)
	1990	1995	2000	2005	2010	2015	2017	
Canada	38,271	45,292	53,390	66,504	80,100	137,000	137,000	\$258,930,000
Chile	36	41	45	37	28	53,630	73,098	\$86,793,025
Dominican Republic	187,210	207,931	228,652	271,273	311,969	329,281	336,729	\$271,538,265
France	26,253	27,102	27,950	67,078	68,723	75,616	75,467	\$190,176,840
U.S.	225,393	326,669	429,964	491,772	570,290	649,941	671,499	\$1,269,133,110
Other	50,144	56,437	63,879	74,969	88,502		50,000	\$88,200,000
World Total	527,307	663,472	803,880	971,633	1,119,612	1,245,468	1,378,325	*\$2,164,771,241

Source: UN/DESA, 2017. Authors' estimates from interviews and press sources. *Differences between Central Bank Data (Table 1) and this table relate to research that shows that up to 20% of transfers recorded are not family remittances, but rather business transactions.

The trend of increased Haitian migration to many of these countries has continued in 2018. For example, the population of Haitians in Chile has grown over 150%, with corresponding growth in remittances sent (see section on Chile on Pg. 14). The table below presents the results of a 2018 survey of Haitians in Chile conducted by the Inter-American Dialogue. According to the Chilean Statistical Institute,⁷ there are 179,338 Haitians in Chile as of 2018; drawing from survey data, we estimate they are sending an approximate of US\$170 million to Haiti as of 2018.

Table 3: Haitian Migrants in Chile and Remittance Sending Behavior

	Remittances		Average Cost		Sending Method				
	Average Remittance (USD)	Average Frequency	In USD	As %	Agencies	Travelers	Bank	Cellphone	Internet
Haitians in Chile	\$107.5	9.6 times/year	\$4.99	5.7%	98.0%	0.0%	2.0%	0.0%	0.0%

Source: Inter-American Dialogue survey of 102 Haitians in Chile.

The same study found that Haitian migrants in Chile have been in the country a little under two years, on average. Their average age is 30 years old, and 86% are male. With regards to their educational profile, 76% have a high school diploma or higher, and 23% have at least some university education.

⁷ Chilean National Statistics Institute, estimate as per December 31, 2018.

Venezuela

Venezuela's political and economic situation has become untenable. Although many hoped that Guaidó's claim to the presidency, backed by more than 60 countries worldwide, would finally bring relief, change has proven to be elusive.

Meanwhile, millions of Venezuelans have fled the country.⁸ The United Nations currently places the number of Venezuelan migrants at an estimated 3 million. This number may be higher and has been constantly rising for the past 10 years as country conditions deteriorate. Venezuelan migrants in Colombia, living in Bogotá and Cucuta, are an example of the blurred lines between refugee and migrant. They continue to send money home, even amidst a severe situation of vulnerability. Hundreds of thousands of Venezuelans have crossed the Colombian border through places like Cucuta. Cucuta is a transit location where Venezuelans stay temporarily whereas Bogotá is a destination for many.⁹

Meanwhile, Venezuelan migrants abroad are trying to help family back home through cash or in-kind remittances, often through very limited and informal sending mechanisms, the only that are currently available to them. According to 2019 estimates by the Inter-American Dialogue, the roughly 3 million Venezuelan migrants worldwide sent \$3.4 billion in remittances in 2018. This estimate is based on survey results suggesting that 75% of Venezuelan migrants are sending 20-25% of their income back home in the form of remittances.

Table 4: Venezuelan Migrant Populations and Remittances

Country where migrants reside			Share of income
	Venezuelan migrants	Estimated Remittances Sent, USD ¹⁰	
Costa Rica	39,000	\$34,222,500	22%
Panama	79,990	\$112,845,893	29%
Brazil	50,000	\$43,875,000	22%
Chile	288,233	\$252,924,458	22%
Colombia	870,000	\$226,482,750	15%
Ecuador	200,000	\$60,075,000	15%
United States	450,000	\$1,518,750,000	15%
Peru	700,000	\$614,250,000	22%
Rest of countries	300,000	\$607,500,000	-
World	3,000,000	\$3,470,925,600	-
Venezuelan Households receiving remittances: 2,025,000 (out of 8 million households)			

Source: Manuel Orozco, 2018. Data based on surveys conducted in Chile, Colombia, and Panama among Venezuelan migrants. Interviews with money transfer operators.

Surveys conducted by the Inter-American Dialogue in 2018-2019 with Venezuelan migrants in Chile, Colombia, Panama and Costa Rica shed more light on sending amounts and frequencies. Moreover, they highlight the limited options that

⁸ For a detailed discussion of Venezuelan migration and regional responses, see Camilleri and Hampson, "No Strangers at the Gate: Collective Responsibility and a Region's Response to the Venezuelan Refugee and Migration Crisis," Inter-American Dialogue, October 2018. Available at: <https://www.thedialogue.org/analysis/no-strangers-at-the-gate/>

⁹ For more discussion of this topic, see Manuel Orozco, "Latin American and Caribbean Migration from Weak and Failing States," Inter-American Dialogue, November 2018.

¹⁰ Based on survey data suggesting that 75% of Venezuelan migrants send 20-25% of their income.

Venezuelan migrants have to send money through formal mechanisms such as remittance agencies, banks, or mobile or online remittance platforms. Many Venezuelan migrants are sending through “other” mechanisms, including third-party accounts.

Table 5: Venezuelan Migrants and Remittance Sending Behavior (Money Sent)

	Remittances		Ave. Cost		Sending Method (%)					
	Average Remittance (USD)	Average Frequency	In USD	As %	Agency	Traveler	Bank	Mobile	Internet	Other, Incl. Third Party Accounts
Venezuelans in Chile	\$92.3	17.4 times/year	\$6.61	8.0%	23.2	2.0	1.0	0.0	0.0	73.7
Venezuelans in Colombia	\$33.7	11.7 times/year	\$2.03	6.1%	70.9	0.6	10.1	1.0	1.1	16.5
Venezuelans in Panama	\$110.2	11.8 times/year	\$1.94	2.7%	57.3	6.7	30.7	0.0	0.0	5.0
Venezuelans in Costa Rica	\$117.6	18.1 times/year	\$9.71	7.7%	14.7	2.7	4.0	-	6.7	72.0

Source: Surveys of Venezuelan Migrants, 2018-2019. Includes 99 Venezuelans in Chile, 436 Venezuelans in Colombia, 75 Venezuelans in Panama, and 75 Venezuelans in Costa Rica. Do note Banks and agencies may include third country transfers and at least one web-based operator is likely informal.

Given the difficulties in sending money to Venezuela and the very profound issues related to currency devaluation, in-kind remittances (goods such as food and clothes that are sent to families in parcels) play an important role. For example, 40% of Venezuelans in Panama are sending in-kind remittances roughly four times per year. The table below provides additional detail.

Table 6: Venezuelan Migrants and Remittance Sending Behavior (In-Kind Remittances)

	Yearly value (USD)	Average Frequency	Cost of Sending (USD)	% Using
Venezuelans in Chile	US\$300	3 times/year	\$21.97	11.0%
Venezuelans in Colombia	US\$390	9.2 times/year	\$3.44	6.9%
Venezuelans in Panama	US\$285	3.5 times/year	\$57.32	40%
Venezuelans in Costa Rica	US\$200	4 times/year	\$45.00	36%

Source: Surveys of Venezuelan Migrants, 2018-2019. Includes 99 Venezuelans in Chile, 436 Venezuelans in Colombia, 75 Venezuelans in Panama, and 75 Venezuelans in Costa Rica.

Colombia

Remittances to Colombia have continued to grow, even as relevant changes in their originating countries have occurred in the past decade. In 2018, Colombia received \$6.3 billion in remittances. This is the second year in the row of strong remittance growth, at 15%.

In 2007, remittances from the U.S. and Spain were very much at the same level and represented over 80% of the total. Since 2007, Spain has increasingly lost prominence as a sending country. Overall, total remittances have grown consistently since 2015.

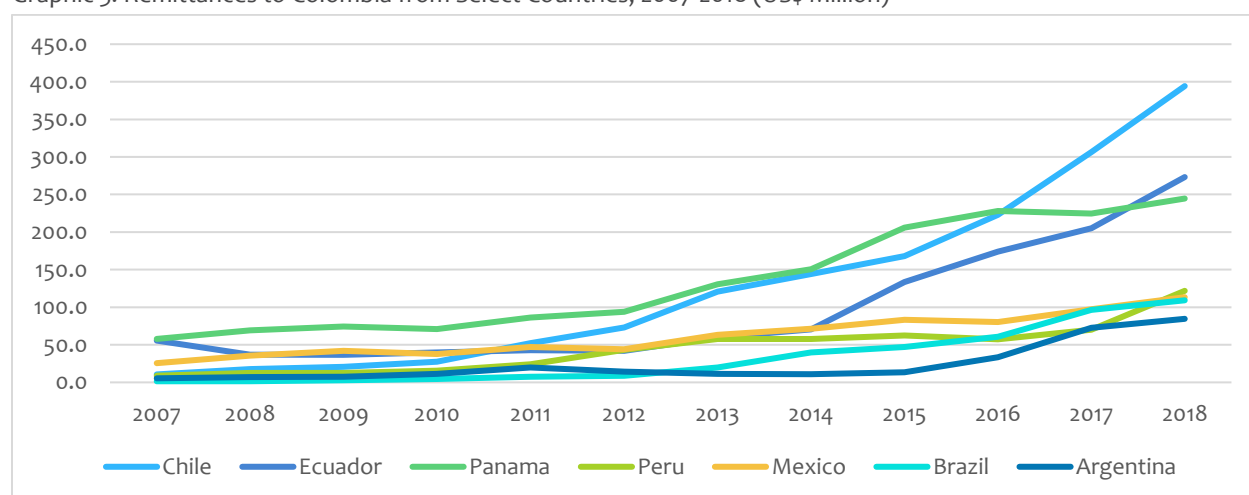
Table 7: Remittances to Colombia by Point of Origination - As a Percentage of Total Remittances

	2007	2018	Change
U.S.	41.4%	46.5%	5.1%
Spain	41.2%	14.9%	-26.3%
Chile	0.5%	6.2%	5.7%
Ecuador	0.9%	4.3%	3.4%
Panama	1.8%	3.9%	2.0%
Peru	0.3%	1.9%	1.6%
Mexico	1.0%	1.8%	0.8%
Brazil	0.1%	1.7%	1.7%
Argentina	0.2%	1.3%	1.2%
All but the above	22.4%	17.5%	-4.9%

Source: Colombian Central Bank, “Encuesta trimestral de remesas- Banco de la República.”

Meanwhile, remittances to Colombia from other Latin American countries have increased substantially over this period, as can be seen in the following graphic.

Graphic 3: Remittances to Colombia from Select Countries, 2007-2018 (US\$ Million)



Source: Colombian Central Bank, “Encuesta trimestral de remesas- Banco de la República.”

A recent survey by the Inter-American Dialogue of remittance recipients in Colombia provides additional information on the average size and frequency of the remittances they are receiving.

Table 8: Remittances to Colombia: Sending Frequencies and Principal Amounts

From	Average Frequency	Average Remittance	Average Sent per Year
United States	7.3 times/ year	\$290	\$2,120
Spain	8.1 times/year	\$270	\$2,195
South America	5.4 times/ year	\$210	\$1,134

Source: Survey of 500 remittance recipients in Colombia. Inter-American Dialogue, 2018.

In terms of payout methods, in Colombia roughly one third of remittance recipients receive their remittance directly to be deposited in a bank account. From 2014 to 2018, there has been growth in direct deposit, from 24.8% to 31.4%.¹¹

¹¹ Colombian Central Bank, “Encuesta trimestral de remesas,” Remesas por Modalidad de Pago, 2014 – 2018.

Central American Countries

Remittances to Guatemala, Honduras, El Salvador and Nicaragua showed strong growth in 2018. Among these countries, Guatemala stands out as the country with the largest remittance inflows (\$9.3 billion), as well as the highest remittance growth (13.4%). Remittances to Nicaragua reached \$1.5 billion in 2018, which represents roughly 8% growth over 2017. Moreover, remittances represent 11% of GDP in Nicaragua amidst sluggish overall economic growth of negative 3.8%. Countries such as Costa Rica and Panama, which are countries that both receive and send remittances, will be discussed in greater detail in the next section, which focuses on intraregional flows.

Table 9: Remittances to Central American Countries in 2018

Countries	2018 Remittances (,000,000 USD)	Remittance Growth			GDP Growth	Remittances / GDP
		2016	2017	2018e		
Costa Rica*	531	0%	3%	-6.0%	2.7%	1%
El Salvador	5,469	7%	10%	8.5%	2.8%	21%
Guatemala	9,288	14%	14%	13.4%	2.7%	12%
Honduras*	4,751	5%	12%	10.4%	3.6%	20%
Nicaragua	1,501	6%	10%	7.9%	-3.8%	11%
Panama*	457	-10%	4%	2.9%	4.0%	1%

Source: Central Bank Data and INEC data for Panama; * estimates are marked and use most recent Central Bank data as of March 20, 2019; For GDP growth and Remittances GDP: Inter-American Dialogue's estimates based on World Bank figures for GDP and economic growth.

Emigration from Northern Triangle countries has continued, with an estimated 150,000 migrants from El Salvador, Guatemala and Honduras entering the United States in 2018. The table below presents estimated undocumented migration to the United States from Northern Triangle countries on an annual basis.

Table 10: Estimated Annual Migration from the Northern Triangle to the United States (Irregular Migration only)

Year	El Salvador*	Guatemala	Honduras	Northern Triangle
2009	61,000	43,485	50,205	154,690
2016	28,116	35,751	55,012	118,879
2017	9,844	51,889	37,156	98,888
2018	10,719	53,139	37,508	101,366

Source: Authors' estimates. *In 2009, 23% of migrants entered via authorized legal entry, and 61% in 2017.

However, it is important to note that while this migration continues, it is occurring at a slightly slower rate than in the past. This decline is particularly noticeable because the pattern of deportations has remained steady. Eventually, because most Central American migration to the US is irregular, the continued numbers of deportations effectively reduce the number of people in the country. In turn, the replenishment ratio of migrants from the Northern Triangle declines because the number of entries is quite modest. In fact, net migration – which is calculated as the difference between new migrant entries and deportations— was 67,000 in 2017. If we add to this continued border enforcement and the termination of Temporary Protected Status for more than 300,000 Central Americans from El Salvador and Honduras, the size of the migrant population will decline even further.

These changes will have a number of impacts for economies in the region. It will be important to find strategies to help returning migrants integrate into the labor market, which is already saturated and highly informal. Moreover, given

the importance of remittances to economies in the region – ranging from 21% of GDP in El Salvador to 12% in Guatemala – it will be important to consider alternate strategies to support livelihoods and generate wealth.

In the case of Nicaragua, remittances to the country have been growing constantly, year after year. Since 2015, we also observe increases in the percentage of the GDP they represent. Despite the alleged economic growth sustained by agriculture, reliance on remittances has been relatively constant and increasing, as the following graphic indicates. To put the importance of remittances in perspective, the country receives at least 500,000 person-to-person transfers reaching roughly one third of households in Nicaragua.

As with the Northern Triangle, Nicaraguan foreign labor migration is a byproduct of the poor model of growth, one which precedes the 1980s period when thousands of Nicaraguans left escaping the civil war.¹² Given the economic asymmetries between Nicaragua and Costa Rica (Costa Rica’s minimum wages are at least five times that of Nicaragua’s) and a growing international demand for foreign labor in strategically important areas, there are roughly 700,000 Nicaraguans living and working abroad, particularly in Costa Rica and the United States. These migrants are sending 1.5 billion dollars in remittances annually. Nearly half of those flows come from Nicaraguans in the United States and the other half from Nicaraguans in Costa Rica.

The current political crisis in Nicaragua, which started with protests in April 2018, has led to new waves of migration. Meanwhile, the country’s economic performance has taken a sharp downward turn, threatening the economic livelihoods of Nicaraguans.¹³

Graphic 4: Remittances to Nicaragua, Yearly Growth and % of GDP



Source: World Bank data, 2018; Nicaragua Central Bank; and authors’ estimates.

¹² This is excerpted from the Inter-American Dialogue’s Country Profile on Nicaragua. For more detail, see Manuel Orozco, “Country Profile: Nicaragua,” Inter-American Dialogue, March 2019.

¹³ See, for example, a recent article in *Confidencial*, which quotes Nestor Avendano, Executive Director of Consultants for Business Development (COPADES in Spanish), as saying: “nos encontramos al borde del precipicio económico, financiero y social. Caer en él significaría el desplome del gasto de inversión fija (construcción y adquisición de maquinaria y equipo) y del gasto de consumo de los hogares, depresión económica, creciente desempleo y subempleo, caída de la recaudación, y reducción inexorable del gasto de consumo público.” <https://confidencial.com.ni/el-colapso-economico-ya-comenzo/>

New surveys by the Inter-American Dialogue of Nicaraguans in Costa Rica and Panama provide additional detail on sending methods, as well as on the average size and frequency of the remittances being sent.

Table 11: Remittances to Nicaragua – Surveys with Migrant Senders

	Average Remittance (USD)	Average Frequency	Average Cost		Sending Method					
			In USD	As %	Agencies	Travelers	Bank	Mobile	Internet	Other
Cash Remittances										
Nicaraguans in Panama	\$85.08	10.2 times/year	\$5.76	11.1%	88.0%	0.0%	4.0%	2.0%	0.0%	6.0%
Nicaraguans in Costa Rica	\$130.06	15.2 times/year	\$5.69	5.8%	92.7%	0.9%	2.3%	-	0.9%	0.5%

Source: Surveys by the Inter-American Dialogue, 2018-2019. Includes 50 Nicaraguans in Panama and 220 Nicaraguans in Costa Rica.

Table 12: In-kind Remittances to Nicaragua – Surveys with Migrant Senders

In kind Remittances				
	Average Value USD	Average Frequency	% Using	Primary Sending Methods
Nicaraguans in Panama	\$146	2.8 times/year	\$20.0%	Formal - Company
Nicaraguans in Costa Rica	\$160	6.8 times/year	20.5%	Formal - Company

Source: Surveys by the Inter-American Dialogue, 2018-2019. Includes 50 Nicaraguans in Panama and 220 Nicaraguans in Costa Rica.

The next section, focusing on Intra-Regional Migration and Remittances, discusses Costa Rica, Chile and Panama in more depth, completing the picture of these trends from the host countries' perspective.

III. Intra-Regional Migration and Growth in Remittances

A key factor explaining the increase in remittances is intra-regional migration, mostly related to political instability in the region. Three countries that are witness to these increases are Panama, Chile, and Costa Rica, which are increasingly becoming countries of destination for migrants from neighboring countries that are undergoing political crises. In this section, we present a brief analysis of trends in intra-regional migration and remittances, as well as original survey data regarding South-South remittance behavior.

Political instability has been a key driver of intra-regional migration in 2018. 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 there are 3 million Venezuelan migrants abroad and roughly 75% of them are sending remittances.

The following table presents 2017 data on migration from fragile states for purposes of comparison. It is important to note that some of the numbers quoted in this report have increased considerably in 2018 alone. For example, the number of Haitian migrants in Chile increased from an estimated 73,000 in 2017 to 179,000 in 2018.¹⁴

Table 13: Migration from Fragile or Unstable Countries (2017)

Migrants from	Brazil	Chile	Costa Rica	Colombia	Dom. Rep	Ecuador	Panama	United States	All countries	Share
Colombia	8,395	146,582	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	73,079		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	50,000	288,233	39,000	870,000	5,539	200,000	79,990	450,000	3,000,000	74%
Selected countries	79,179	614,153	432,435	873,953	351,324	405,584	201,595	6,269,250	12,048,721	76%
Latin America & Caribbean	286,092	1251,225	458,237	911,290	359,347	447,254	239,173	23,362,654	39,026,446	71%
Share	28%	45%	94%	96%	98%	91%	84%	27%	31%	

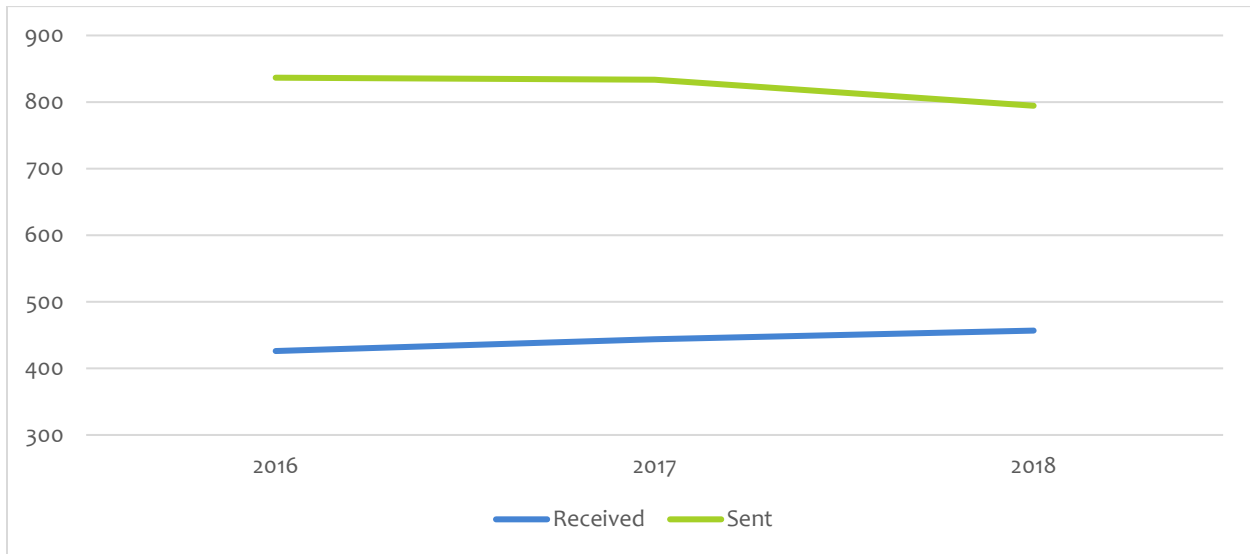
Source: Countries' Migration and/or Statistical Institutes (INEC Costa Rica, UNDESA Honduras, DGMYE Costa Rica, INE Panama, et. al). July 2018 Venezuelan Migration Report, IOM and official press releases and quotes including [IOMArgentina](#), [La Prensa](#), [LaFmColombia](#), [La Gestion](#).

Panama

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, and Nicaragua, migration and remitting have increased. Today, Panama is a net sender of remittances. However, outgoing remittances from Panama decreased 5% in 2018, while incoming flows grew almost 3%.

¹⁴ According to the Chilean National Statistics Institute, there were 179,000 Haitians in Chile as of December 31, 2018.

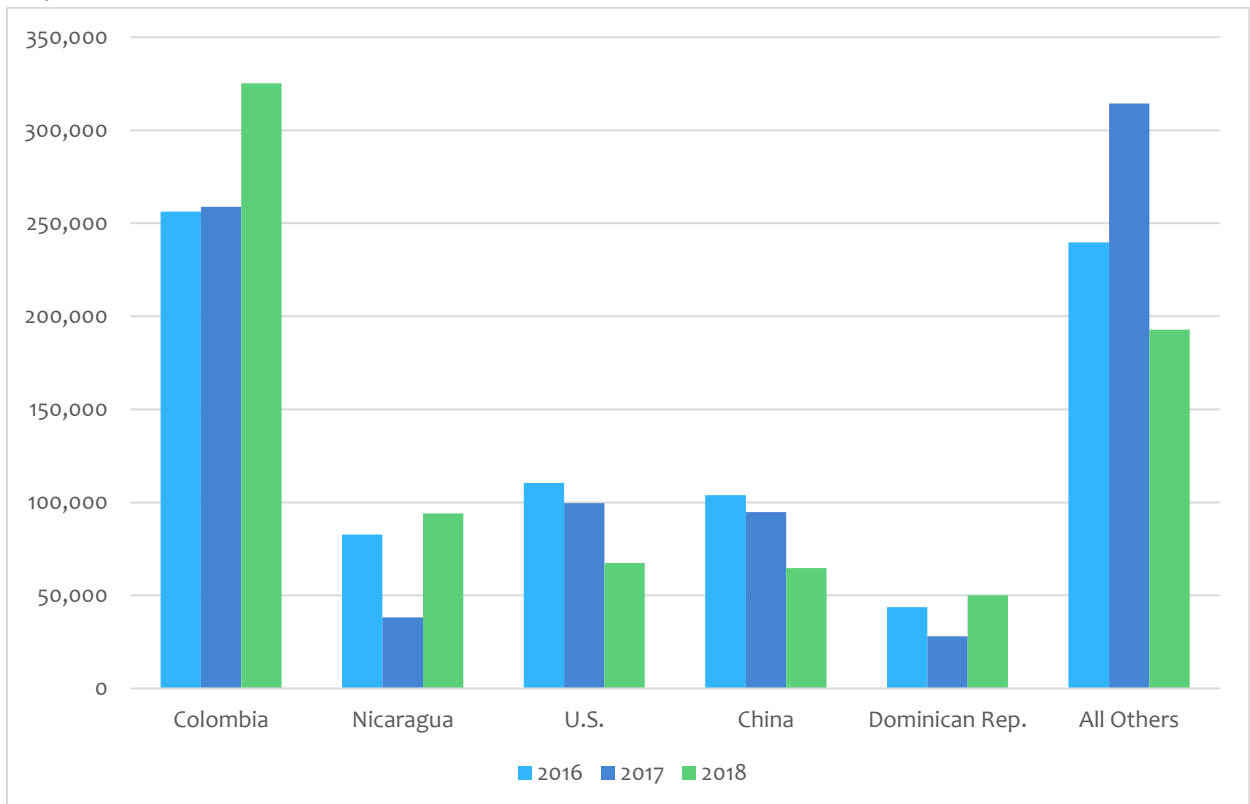
Graphic 5: Incoming and Outgoing Remittances – Panama, 2016 – 2018 (USD ,000,000)



Source: Panamanian National Institute of Statistics and Census (INE)

Remittances from Panama to the U.S. and China decreased in 2018, while remittances to the region, including those to Colombia and Nicaragua, increased.

Graphic 6: Outbound Remittances from Panama, 2016- 2018

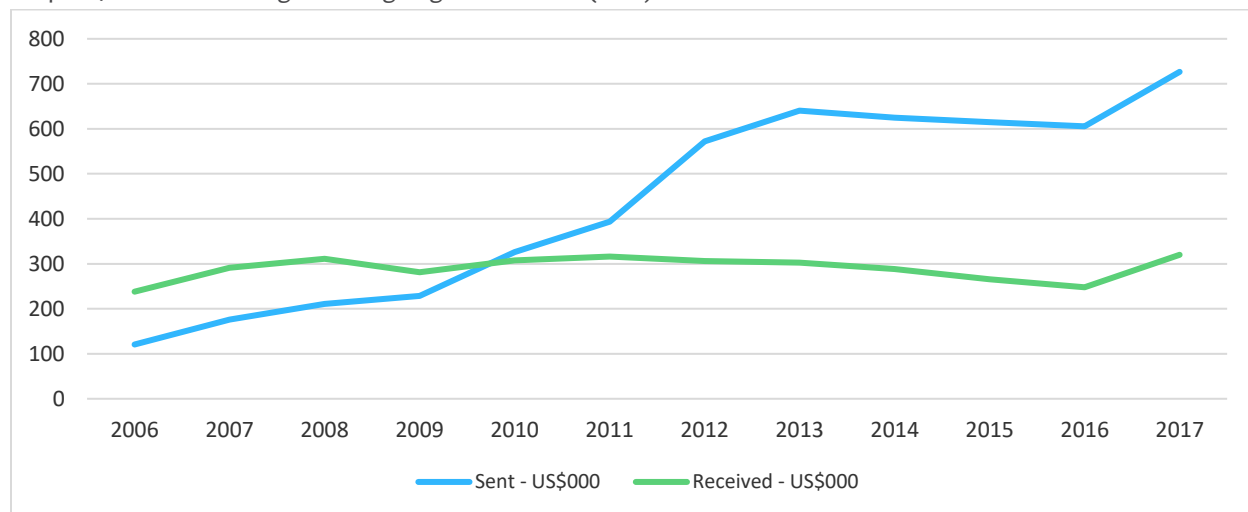


Source: Panamanian National Institute of Statistics and Census (INE)

Chile

Since 2010, Chile has switched from being a net recipient of remittances to a net sender. According to most recent data (2016) from Chile's central bank, the main recipients for outgoing remittances include Perú (31.6%), Colombia (16.1%), and Bolivia (8.4).

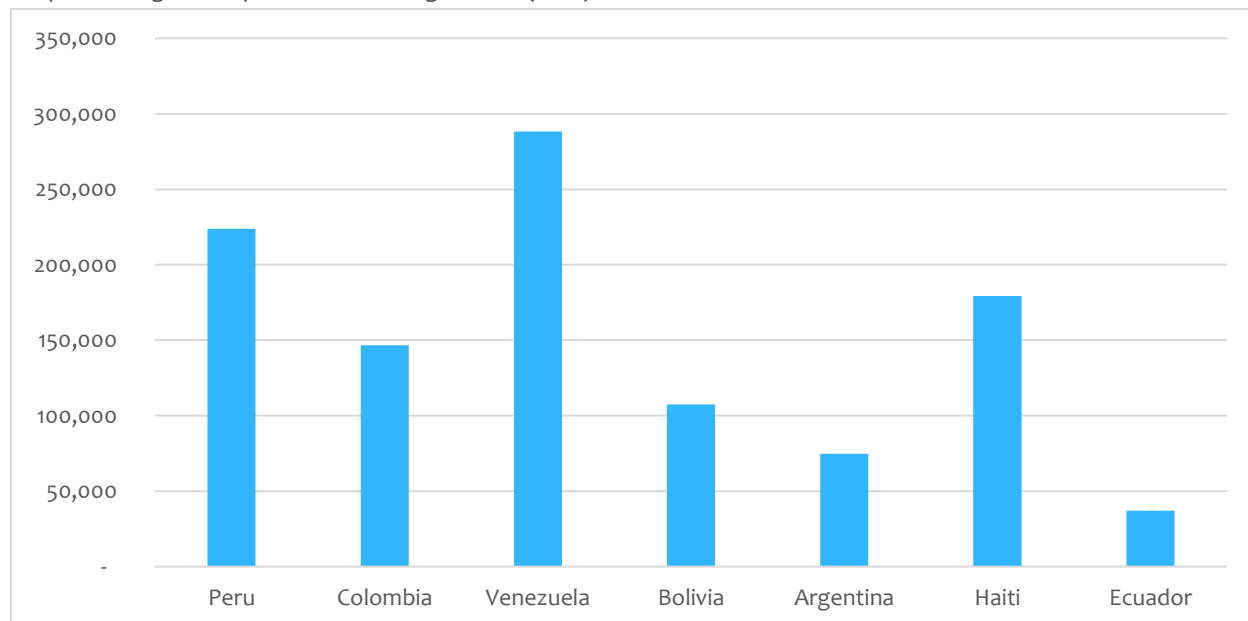
Graphic 7: Chile - Incoming and Outgoing Remittances (USD)



Source: Chilean Central Bank

During 2017 and 2018, remittances from Chile have continued to increase, and may have even doubled.¹⁵

Graphic 8: Migrant Populations Residing in Chile (2018)

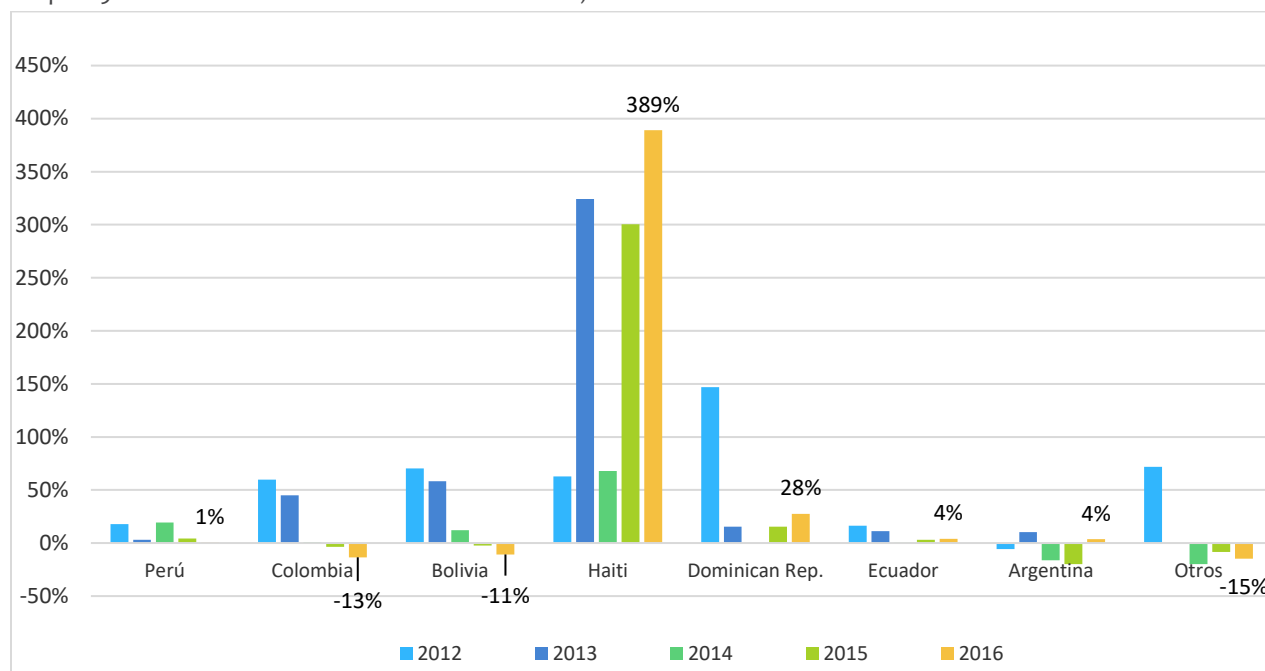


Source: Chile's Statistical Institute: 2018 estimates for migration stocks in the country.

¹⁵ Although the Central Bank has not published detailed data for workers' remittances, the Balance of payments secondary income account, of which workers' remittances are about 70%, shows twice the amount it did in 2016.

The observed growth in recent years is strongly associated with the migration trends from fragile countries analyzed previously in this article. Haiti, for example, has grown from virtually 0% of remittances sent out from Chile in 2012 to 5.9% in 2016; Peru has remained more or less constant.

Graphic 9: Remittances from Chile to Select Countries, Year-Over-Year Growth

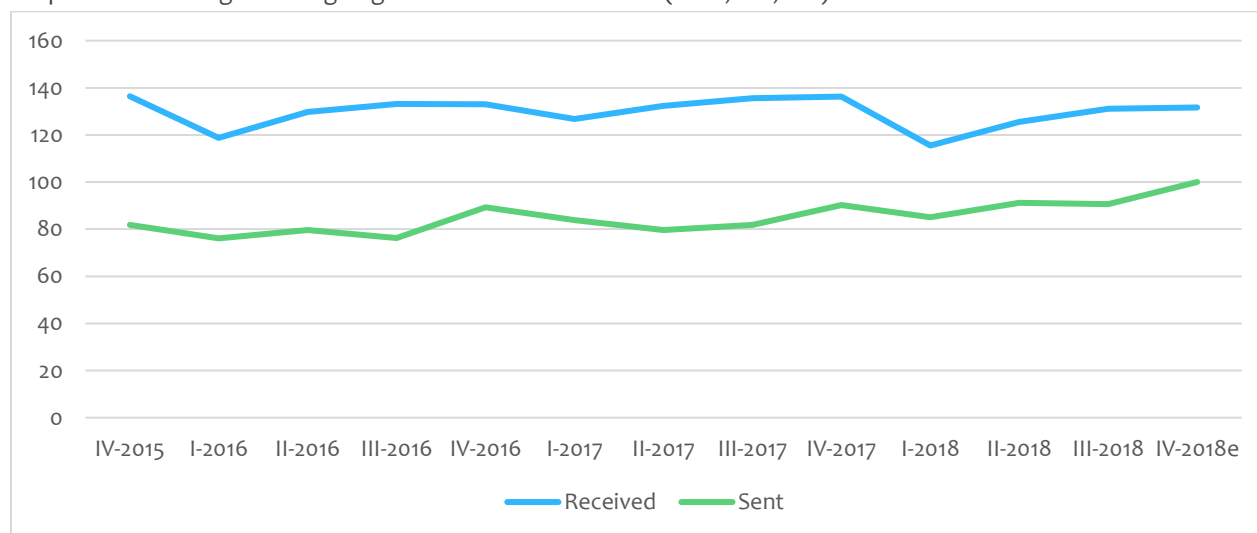


Source: Chile's Central Bank data.

Costa Rica

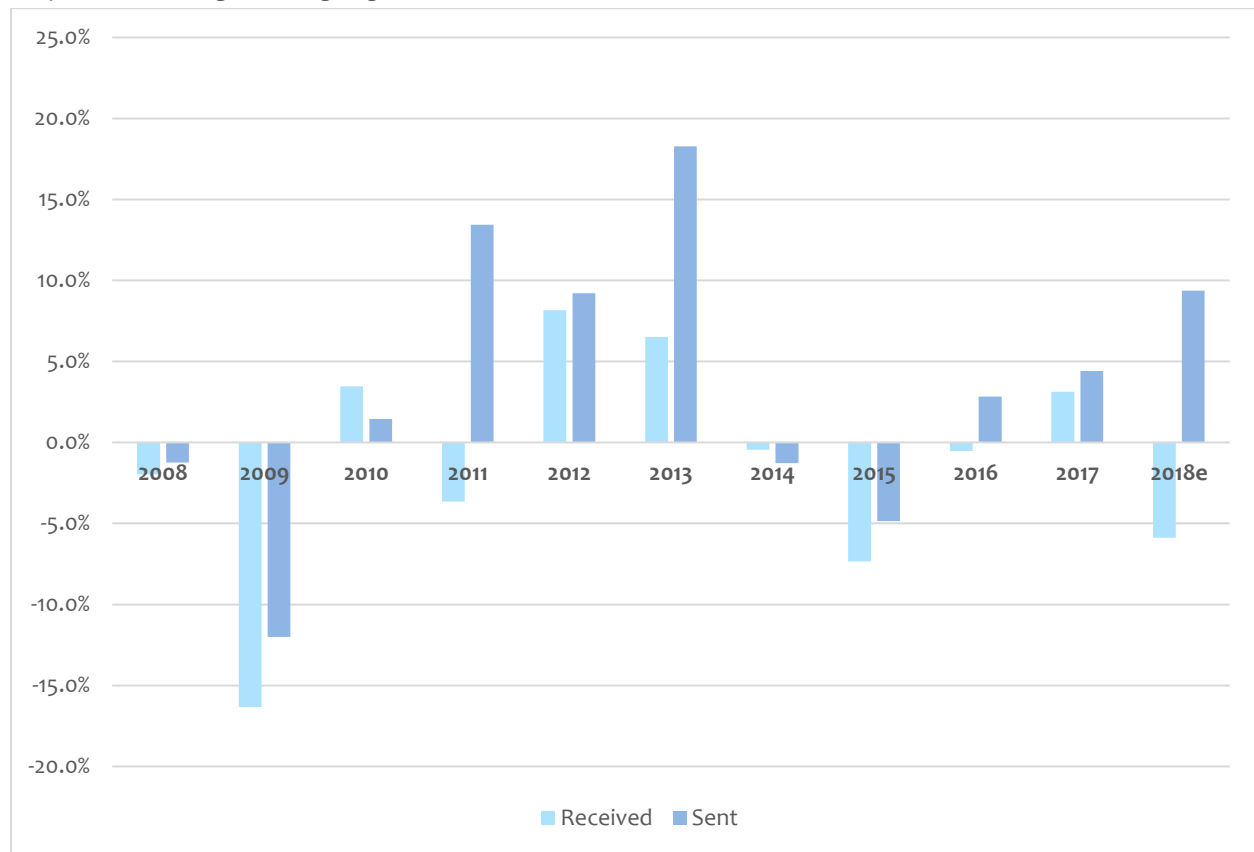
Costa Rica continues to be a net recipient of remittances, but outgoing remittances tend to grow faster, or during negative growth years shrink less, than incoming remittances. While the Costa Rica-Nicaragua remittance corridor remains the biggest intraregional corridor, we can also observe growth in immigration from other countries, including Colombia, Venezuela, and neighboring Central American countries.

Graphic 10: Incoming and Outgoing Remittances – Costa Rica (USD ,000,000)



Source: Costa Rican Central Bank data.

Graphic 11: Incoming and Outgoing Remittances to Costa Rica, Year-Over-Year Growth



Source: Costa Rican Central Bank data.

Historically, Costa Rica has received labor migration from Nicaragua. However, during 2018 they also received a number of Nicaraguans fleeing violence. Costa Rica is the number one option due to its geographical proximity as well as its family ties. For others, such as Colombians and Venezuelans, Costa Rica is one of the various countries they are migrating to.

According to the newspaper “El Financiero¹⁶” Costa Rica received as many refugee status requests in 2018 alone as it did during the previous 15 years combined.

Trends in South-South Sending Behavior

Sending behavior is shaped by a number of aspects, which include income in the host country, years in the host country, and cost of living in the home country. Sending behavior varies per host country, revealing differences among various migrant populations, as the table below shows. Table 14 summarizes sending behaviors presented in one table, so comparison is evident.

¹⁶ <https://www.elfinancierocr.com/economia-y-politica/costa-rica-se-vuelve-destino-para-refugiados/PMX6WAEERBS3B5RN44KFC5CTY/story/>

Table 14: Trends in South-South Remittances: Sending Frequency and Averages

Populations	Frequency (Times per year)	Average Sent (USD)	Sent per Year (USD)
Migrant Remittance Senders in Chile			
All	12.4	165	2,046
Venezuelans	17.4	92	1,601
Haitians	9.6	107	1,027
Migrant Remittance Senders in Panama			
All	8.8	213	1,874
Nicaraguans	10.2	85	867
Colombians	7.4	243	1,798
Venezuelans	11.8	110	1,298
Migrant Remittance Senders in Costa Rica			
All	15.3	128	1,958
Nicaraguans	15.2	130	1,976
Venezuelans	18.1	117	2,118
Migrant Remittance Senders in Colombia			
Venezuelans	11.7	34	398
All	12.2	130	1,586

Source: Survey of 1,400 migrants sending money from Costa Rica, Colombia, Panama and Chile. Inter-American Dialogue, 2018.

It is likely that these differences reflect also differences in the profiles of migrants that migrate from one country compared to another. For example, Venezuelans in Colombia, a neighboring country, send significantly less than those in Chile, Panama, or Costa Rica. Nicaraguans in Costa Rica, on the other hand, send more than those in Panama. This are very interesting differences which would benefit from more research. The impact of reasons to migrate, income, educational attainment, employment sector, years since arrival, and many others are interesting factors to explore.

IV. 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, the 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 applications. 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 83% 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 more money than those who do not.

Table 15: Latin American Remittance Senders and Technology Use

Method of Staying in Touch with Home Country	Percent of users	Average Sent per year (US\$)	
		Uses	Does not use
Uses Social Media	23.4%	1,672	1,540
Uses WhatsApp	82.9%	1,708	947
Uses Phone Calls	39.2%	1,665	1,503
Uses MSM	4.1%	582	1,623

Source: Survey of 1,400 migrants sending money from Costa Rica, Colombia, Panama and Chile. Inter-American Dialogue, 2018.

Use of technology for sending remittances has also increased, with relevant differences in sending behavior. In Latin America, those who send money via web or mobile platforms are among those who send higher principal amounts. Overall, 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 16: 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	141	11.7	261	13.8
Bank	120	10.8	337	11.3
Cellphone (including Apps)	232	6.7	425	4.6
Web-based	226	10.6	275	9.5
Travelers	119	8.0	480	5.2
Others	98	18.4	400	3

Source: For LAC-outbound remittances, survey of 1,400 migrants sending money from Costa Rica, Colombia, Panama, and Chile. Inter-American Dialogue 2018. For US-outbound remittances, survey of 340 migrants in the U.S., Inter-American Dialogue, 2017.

Leading Competitors in the Digital Remittance Market

The entry of cross-border digital payment businesses is relatively recent and has seen even more recent increases in adoption, as discussed in the previous section. Two distinguishable segments are visible now as part of the market landscape. First are the companies which were already in the remittance market and expanded their product offering to include digital services while keeping hybrid models, such as Western Union, MoneyGram, and UAE Exchange. Second are entirely new remittance service providers that entered to offer digital transactions as their sole business model, doing away with the agent model in the origination but, mindful of limitations in developing countries, retaining strong agent partnerships on the payout side of business. Gradually these companies intend to move entirely into digital transfers. Examples of this second segment are WorldRemit, Xoom, and Remitly.

As of 2017, global companies offering digital transfers are highly competitive, and handle at least 40% of global flows. These companies have a major presence in at least 100 countries, with more than 100,000 payment points. While in most cases the overwhelming majority of their transactions are C2C, and only a fraction are digital, they are setting the tone and sending a message to over a hundred leading companies that mobile and online are the way of the future for the remittance industry.

The table below presents the characteristics of these companies in relationship to the scope of their network, countries of operation, services offered, transaction cost, and market share.

Table 17: Competitive Features of Digital Businesses, 2017

RSP (* only online/ mobile transfers)	Payment Network (payment points)	Number of countries in which it operates	Number of Financial Services (i.e. online, card, remittances, exchange, payroll deposit, mobile)	Cost (US\$)	Global Market Share
Global Money Transfer Companies					
Western Union	500,000	200	6	8.14	15%
UAE Exchange/XpressMoney	200,000	100+	6	3.44	6%
MoneyGram	300,000	200+	6	8.13	5%
Ria	332,000	146	5	6.14	3%
Transfast	200,000	120+	3	4.03	1.7%
Al Anzari	100,000+	200	5	3.22	
Azimo	300,000	195+	4	5.06	
Pangea	40,000+	15	4	4.73	
Digital only					
Xoom*	78,000	67	5	5.00	1.5%
WorldRemit*	30,000	140	4	5.34	1%
Remitly*	40,000+	10	5	3.24	0.5%
Smallworld	200,000	150+	6	6.04	0.6%
Transferwise*	*account only	59	3	1.97	0.6%

Source: Authors' estimates based on data collected from news sources, company annual reports, and expert interviews. Global market share estimate based on 159,000,000 transactions. * offer only online/mobile transfer.

The Latin American and Caribbean market has also experienced important growth in the digital business, especially in the past four years. The consolidation of Xoom's footprint in Latin America and the Caribbean takes place just as it was acquired by Paypal, while Remitly's entrance into Latin America, prioritizing Mexico and Guatemala, also yielded relevant impacts on the marketplace. More recently (post 2015) WorldRemit's efforts to increase its market presence in LAC have started paying off with increased presence in the Mexican market. Moreover, Western Union's digital expansion in Mexico has proven a successful case of transformation, from being one of the largest cash-to-cash companies into becoming a digital transfer player. As of December 2018, westernunion.com revenue experienced over 20% growth and represented 12% of Western Union's US\$5.6 billion in revenue.¹⁷

The three largest remittance receiving markets in the region - Mexico, Guatemala, and Colombia - illustrate the impressive growth of digital transfers, measured both as increases in the number of corridors where digital products are offered and their market share. This pattern is in striking contrast to the slow takeoff observed in 2010, when entry of digital companies was lukewarm, and adoption of digital products was slow.

Table 18: Market Share Participation by Type of Payment Method

Payment method	Colombia		Guatemala		Mexico	
	2015	2018	2015	2018	2015	2018
Cash	72%	54%	77%	66%	82%	67%
Digital*	28%	46%	23%	34%	18%	33%
Total monthly transactions	489,000	598,000	760,000	850,000	6,393,600	6,880,000

Source: Authors' estimates based on data collected from news sources, company annual reports, and expert interviews.

**We include here transaction amounts from Xoom, Remitly, WorldRemit, and WesternUnion.com

¹⁷ Western Union Fourth Quarter Report, 2018.

