

Future Trends in Migration, Remittances, Markets and Development: Latin America and the Caribbean

Manuel Orozco

International Money Transfer and Payments Conference

November 14, 2019

Content

1. Forecasts for international migration patterns from the LAC

- Growth outlook
- Determinants
- Consequences

2. Family remittances to the LAC

- Growth in remittance flows
- Modernization of payment industry
- Economic impact of these flows



Forecasting international migration patterns

From Latin America and the Caribbean



Migration growth outlook through 2022

- The migration wave shaping the LAC region is likely to **continue its growth pattern** through at least 2022.
- Migration flows are estimated to reach **6%** in 2022.
- **Origin countries:** Haiti, Cuba, Central America, Venezuela, Colombia. Increased outflows also likely from Guyana, Paraguay, Bolivia
- **Destination countries:** Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Panama, Peru, USA

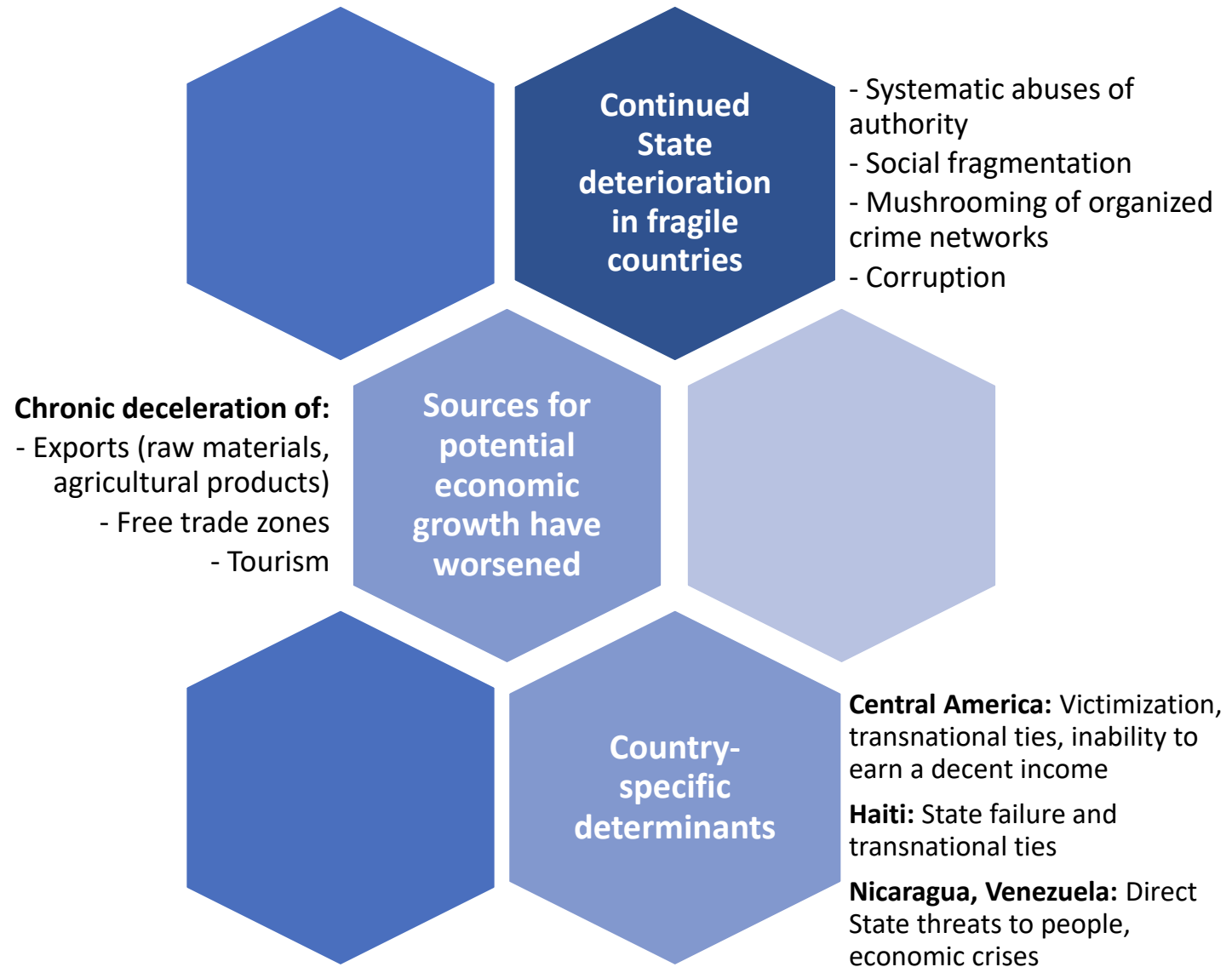
MIGRATION GROWTH	2005	2010	2017	2022 est	2010- 2017	2010- 2022
Growth LAC	3.4%	0.1%	4.8%			
Growth fragile/unstable countries	3.6%	4.3%	5.0%	6.0%		
Growth 2017-2010 LAC migration			3.0%	3.0%		
Fragile / Unstable countries					4.3%	4.3%

Source: UNDESA, 2018. Author's estimates.

INTENTION TO MIGRATE	People thinking of leaving (est)	2019
El Salvador	380,767	26%
Honduras	678,686	33%
Guatemala	667,881	19%
Northern Triangle region	1,727,516	

Source: www.saliendo-adelante.com

Determinants of forecasted migration growth



Consequences of forecasted migration growth

Larger transnational networks connecting people:

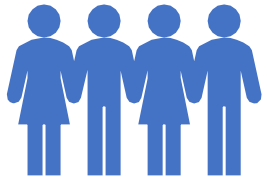
- Tendency towards permanent migration (from Haiti, Nicaragua, Venezuela)
- Pattern of continuity in short-term migration pазover the next three years

Anti-immigrant sentiment in host societies

- Social and political resistance towards immigrants: Nativist sentiments, reduced visa entry
- The challenge of making inclusive public policies shapes the political discourses in non-traditional host countries (Panama, Ecuador, Chile)

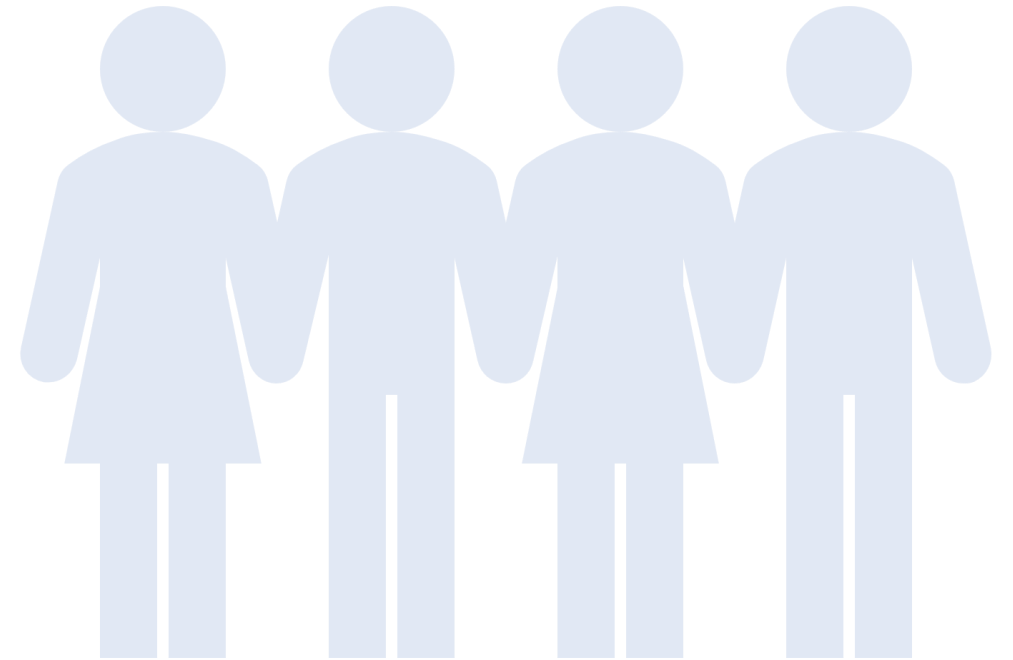
Migration management issues

- Border control across the Americas is becoming a major issue
- Foreign assistance being conditioned on reducing migration
- Little State response to Nicaraguan and Venezuelan migrations
- U.S. will not likely address foreign labor integration through special programs



Family Remittances

To Latin America and the Caribbean



7% growth in family remittances projected for 2020-2025

Foresee continued growth in family remittances, but at a slower pace than previous periods

- 7%, 2020-2025 Versus 9%, 2015-2019



This sustained growth is primarily attributed to increases in migration. Changes in the frequency of transfers also contribute.

- Decreasing expectations among migrants of returning home
- “Trump fear factor” (Northern Triangle)

Countries	2019 est. Remittances (,000,000 USD)	Remittance Growth				GDP 2018	Growth 2019	Remittances / GDP 2018
		2016	2017	2018	2019 est.			
Bolivia	1,296	2%	7%	-1.6%	-5.4%	4.5%		3%
Brazil	2,747	9%	-3%	11.5%	7.2%	1.2%		0%
Colombia	6,999	5%	13%	15.3%	10.6%	2.7%		2%
Costa Rica	519	0%	3%	-6.0%	4.0%	2.7%	2.9%	1%
Dominican Republic	6,833	6%	12%	10.0%	5.1%	5.8%		8%
Ecuador	3,179	9%	9%	6.7%	4.9%	1.0%		3%
El Salvador	5,523	7%	10%	8.5%	3.0%	2.8%	2.4%	21%
Guatemala	10,614	14%	14%	13.4%	14.3%	2.7%	3.0%	12%
Haiti	3,378	7%	20%	15.7%	2.9%	1.6%		39%
Honduras	5,271	5%	12%	10.6%	10.7%	3.6%	3.6%	20%
Jamaica	2,366	3%	1%	2.4%	0.2%	1.7%		16%
Mexico	35,137	9%	12%	10.5%	5.0%	2.1%		3%
Nicaragua	1,660	6%	10%	7.9%	6.5%	-3.8%	-2.0%	11%
Panama	469	-10%	4%	2.9%	2.6%	4.0%		1%
Paraguay	548	19%	7%	-3.0%	-3.7%	4.0%		1%
Peru	3,354	6%	6%	5.7%	4.0%	3.9%		1%
Total selected countries	89,893	7.9%	8.2%	7.3%	6.2%	1.9%		2%
Venezuela**	3,400	-	-	-	-	-18%		1%

Source: Central Bank Data and INEC data for Panama; ** 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. <https://www.eluniverso.com/noticias/2018/12/26/nota/7113699/paises-america-latina-que-mas-creceran-2019>

Modernization of the payments industry

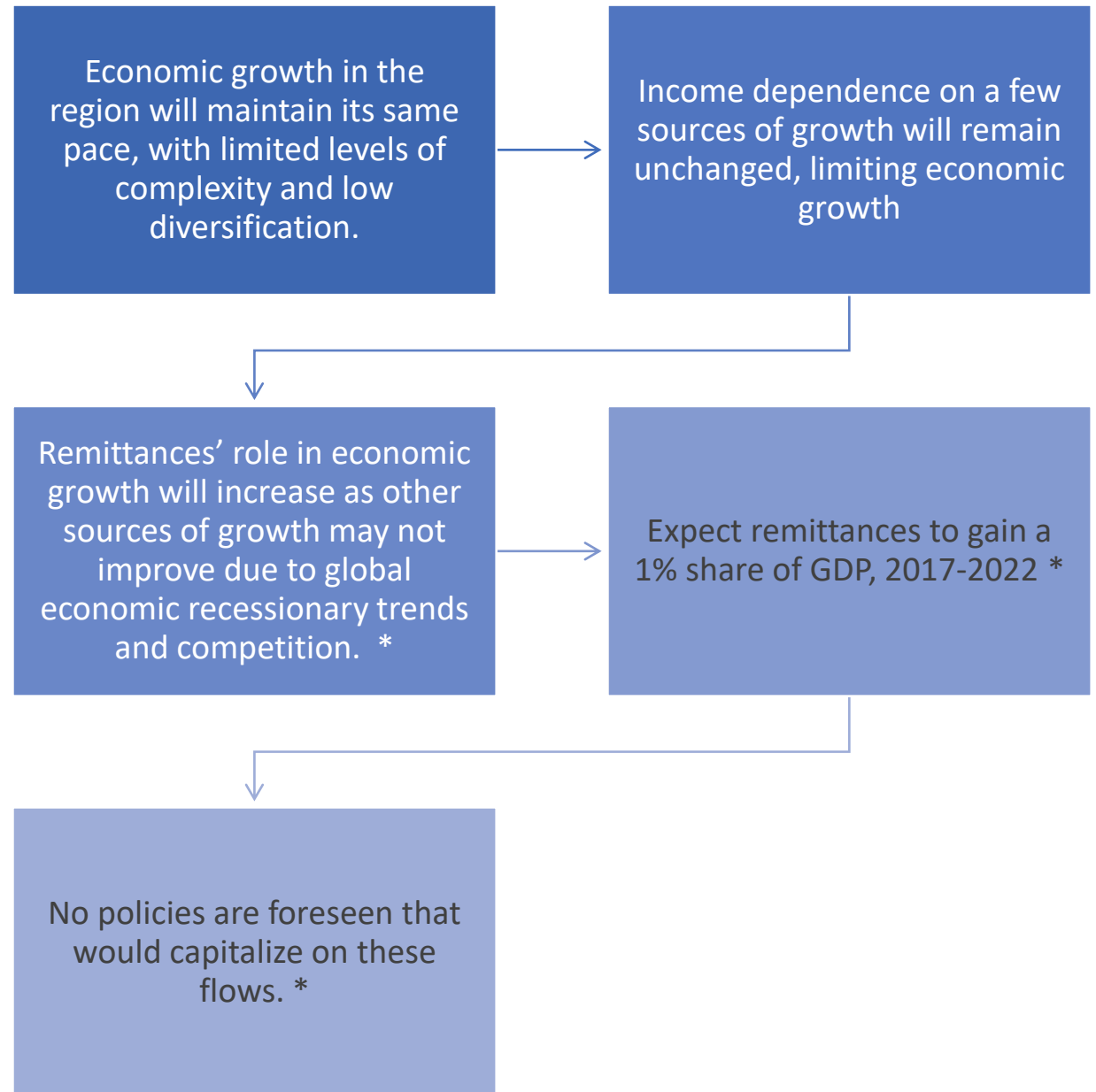
- Market share for **online payments** projected to increase to **at least 20%** of all money sent to the region by 2020.
- In 2009, less than 1% of all U.S. transfers to the LAC originated online. By 2022, this figure is projected to reach 30%.
- Remittance pick-up via digital wallets, mobile banking or account deposits will also grow to 10% of all transfers.

Market Share by Type of 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.

** Includes transaction amounts from Xoom, Remitly, WorldRemit, and WesternUnion.com

Economic impact of family remittances



* For the 17 countries that represent one-third of the LAC region's GDP.

Projected impact of remittances on GDP, 2017, 2022

COUNTRIES	REMITTANCES (2017)	REMITTANCES (2022)	ECONOMIC DEPENDENCE 2017	ECONOMIC DEPENDENCE 2022
BOLIVIA	4%	5%	29%	30%
COLOMBIA	2%	3%	20%	21%
COSTA RICA	1%	2%	28%	29%
DOMINICAN REPUBLIC	8%	9%	40%	41%
ECUADOR	3%	4%	28%	29%
EL SALVADOR	17%	18%	32%	33%
GUATEMALA	11%	12%	30%	31%
GUYANA	9%	10%	60%	61%
HAITI	28%	33%	34%	40%
HONDURAS	18%	20%	50%	52%
JAMAICA	17%	18%	43%	44%
NICARAGUA	10%	12%	62%	65%
PARAGUAY	2%	3%	35%	36%
PERU	2%	2%	24%	24%
SURINAME	1%	1%	17%	17%
TRINIDAD AND TOBAGO	1%	1%	38%	38%
GRAND TOTAL	3%	4%	22%	23%

Source: Central Banks and projections.