

November 2022

Venezuela: Remittances as a source of foreign exchange and economic survival

Data Release 31

Remittances as a source of foreign exchange and economic survival in Venezuela

- Venezuela will receive over US\$4.2 billion in remittances in 2022.
- That amount is now at least 5 percent of the country's GDP.
- About 2.5 million households, or 29 percent of all households in Venezuela are now receiving money from Venezuelans living abroad.
- The volume is largely the result of increased migration and migrant support to families in responses to dire conditions caused by the dictatorship.
- The United States remits 38 percent of all flows, though it hosts 12 percent of all Venezuelan migrants—but the numbers are growing.
- Most of this flow, however, is still transferred outside the formal licensed mechanism. People use unregistered exchanged houses to send and receive money. Less than 5 percent of the flow goes through formal channels.
- In less than four years Venezuela became among the major remittance depending countries in the Americas.

The determinants of sending remittances

- The amount of money remitted depends on a mix of factors, but predominantly changes in the amount sent and its total volume result largely from:
 - Number of migrants sending
 - Amount remitted (frequency and principal)
- Other factors that may lead to shifts in sending money:
 - Incentives in the market (online/digital, special occasions or offers, newcomers)
 - Emergencies (natural disasters)
 - Contingencies (transfers for special payments)

Venezuelan migration: a significant shift to over 6 million

Host country	1990	1995	2000	2005	2010	2015	2020	2022
Brazil	1220	1694	2167	2524	2845	3354	248105	261,441
Chile	2349	3197	4044	6070	8095	54787	523553	508,935
Colombia	33123	35162	37200	37353	45692	55893	1780486	1,842,390
Costa Rica	1030	834	1054	691	1362	1381	28214	29,906
D Republic	14235	15811	17386	11282	5155	3561	121,072	115,283
Ecuador	2549	3120	3691	4415	7032	8901	388861	448,138
Mexico	1460	2194	3024	6528	10788	16491	70377	82,976
Panama	487	715	989	4276	8441	9883	119553	121,598
Peru	2019	2021	2362	2794	3504	4129	941889	1,286,464
United States	42119	75572	109748	142706	180905	236264	505647	640,000
Other countries	84901	101544	136088	218448	286709	314496	687580	721959
WORLD	185492	241864	317753	437087	560528	709140	5415337	6,059,090

Source: UNDESA, 2020, and <https://www.r4v.info/es/refugiadosymigrantes>. for US 2021 and 2022, includes DHS,

Venezuelan remitters: annual principal and number of senders

	Senders		Principal	
	2019	2021	2019	2021
Costa Rica	16,965	16,286	800	900
Panama	46,794	61,887	1,300	1,400
Brazil	29,250	133,060	1,200	1,250
Chile	168,616	298,872	1,200	1,200
Colombia	508,950	937,684	445	550
Ecuador	117,000	228,080	445	445
United States	263,250	269,744	5,000	5,500
Peru	409,500	654,746	900	900
Rest of countries	175,500	152,685	3,500	3,500
World	1,735,825	2,753,045	1,600	1,500

Source: survey data and money transfer company and payer information: Orozco, Manuel.
[Money transfers to Venezuela](#); [Venezuelan migration trends...](#); [Changing face of migration...](#)

Sending Methods

	Agent	Online/ Bank	Other (unlicensed)	Crypto
Costa Rica	5%	1%	94%	
Panama	15%	4%	77%	1%
Chile	23%	10%	66%	1%
Colombia	10%	13%	77%	2%
United States		3%	95%	1%

Source: survey data and money transfer company and payer information: Orozco, Manuel. [Money transfers to Venezuela](#); [Venezuelan migration trends...](#); [Changing face of migration...](#)

Most common examples of informal transfers:

- Transfer originating from an exchange house (CAMBIOS MANRIQUE, Colombia) or a private bank account (Bancolombia) or a mobile wallet (Efecty, Valiu),
- Transfer is paid in Bolivares by a local bank, or an exchange house without following regulatory money transfer compliance

ificadas de la siguiente manera:

N°	NOMBRE
1	BANEXCOIN
2	REMESA ESPAÑA BOLETOS AÉREOS
3	TSG SERVICIOS
4	GLOBAL EXCHANGE VZLA SPA
5	AIRTMING
6	BINANCE
7	CAMBIOS R & A REMESA
8	AKB FINTECH
9	MKAMBIO
10	LOCAL BITCOINS
11	BANCUMBRE

- In 2022 the government passed the Ley de Impuestos sobre las Grandes Transferencias Financieras (IGTF), which imposes a 2 percent tax for third party transactions and stiff penalties to those that don't comply.

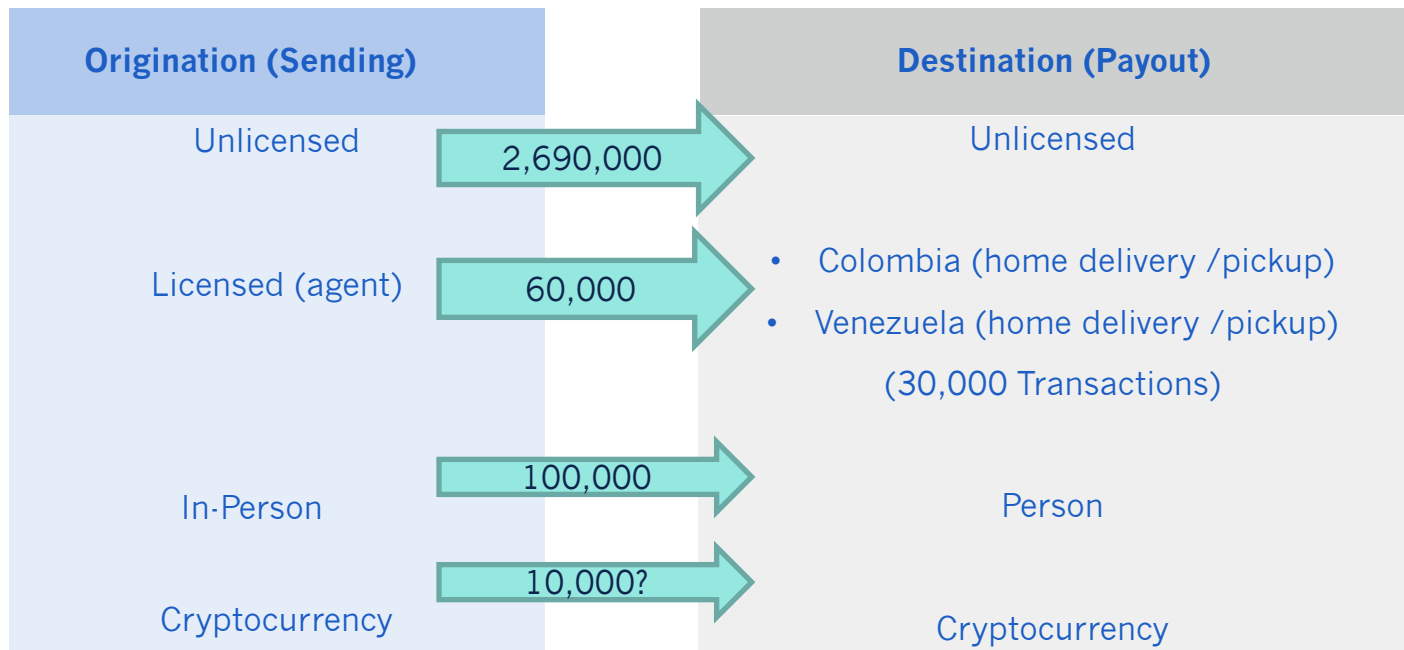
Source: interviews with remittance businesses and money exchange companies

The formal / licensed method: incipient with no more than 3 percent of the market

- Origination transaction using RIA, MoneyGram, Western Union mostly in Spain.
- Pay Transaction by regulated and compliant entities, like Casa de Cambio Angulo Lopez, or a Bank (except Banesco, Mercantil, Provincial), like BOD. Main formal payers are:
 - Italcambio: Moneygram (8,000 transactions; US\$20 million).
 - CC Zoom: Western Union (12,000 transactions; US\$30 million).
 - CC Insular.
 - CC Angulo Lopez. Ria, Titanes, Transfast, Globalenvios (5,000 transactions, US\$15 million)
 - Banks compliant with transfers: 40,000 transactions (\$60 million)
- Total formal payments US\$125 million in 2022.

Source: interviews with remittance businesses and money exchange companies; migrant interviews and surveys

Remittances to Venezuela: Sending Mechanisms



Total Volume of Remittances to Venezuela

- Anova a research think tank claimed US\$3.5 billion in remittances received in 2021 among 24 percent of households.
- Our data and research points to 2.5 million households receiving remittances or 29 percent of households

Country	2019	2021
Costa Rica	\$13,572,000	\$14,976,000
Panama	\$60,832,395	\$92,475,279
Brazil	\$35,100,000	\$183,531,582
Chile	\$202,339,566	\$357,272,370
Colombia	\$226,482,750	\$479,620,177
Ecuador	\$52,065,000	\$116,661,525
United States	\$1,316,250,000	\$1,550,250,000
Peru	\$368,550,000	\$677,323,296
Rest of countries	\$614,250,000	\$526,500,000
World	\$2,889,441,711	\$3,998,610,229

Source: author estimates based on transactions and principal remitted

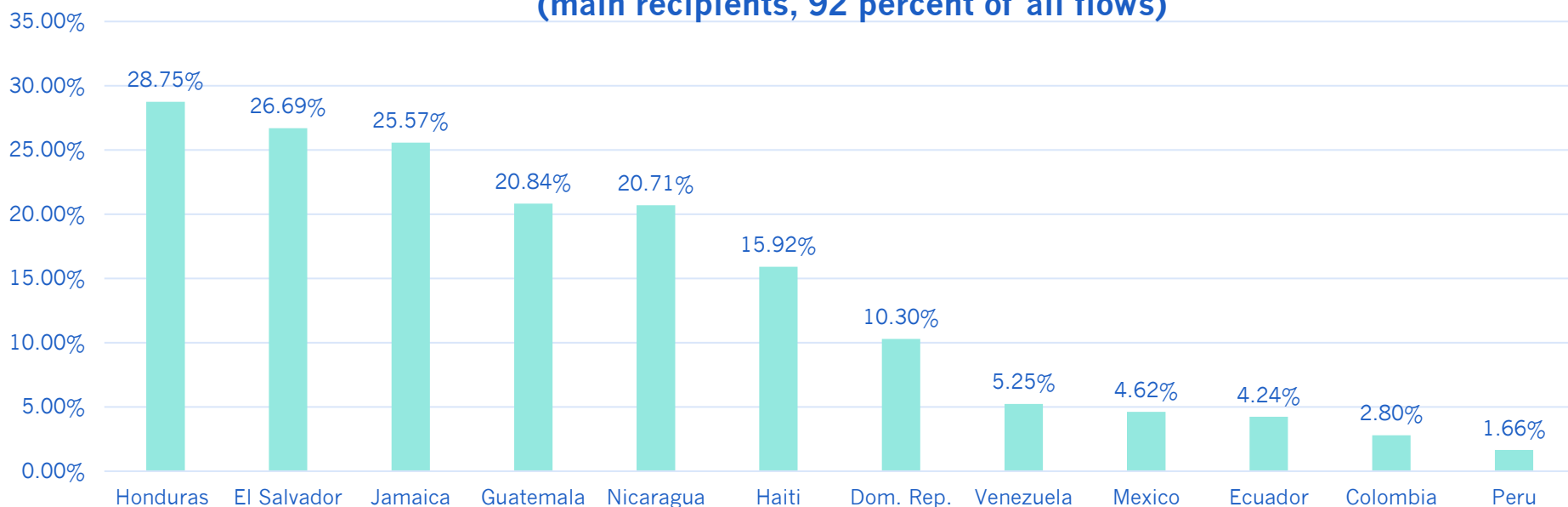
Although money is sent from various points, the main volume originates in the United States (it accounts for 12 percent of all senders but 38 percent of all flows)

Year	Migrants	Senders	Volume	Remittances Total	Share of GDP
2018	351,144	173,816	\$869,081,400	\$2,432,714,508	2%
2019	400,000	198,000	\$990,000,000	\$3,115,900,211	5%
2020	465,000	230,175	\$1,150,875,000	\$2,492,720,169	5%
2021	530,000	262,350	\$1,311,750,000	\$3,998,610,229	8%
2022	640,000	316,800	\$1,584,000,000	\$4,198,540,740	5%

Source: author estimates based on transactions and GDP numbers according to the IMF , which increased from 59 to 80 billion between 2021 and 2022

Remittances to main recipient countries (92 percent of all flows to LAC)

Share Remittances to GDP in 2022
(main recipients, 92 percent of all flows)





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