



REMITTANCES TO CUBA AND THE MARKETPLACE IN 2024

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Introduction

Remittances to Cuba has been a key issue for the country's economy as well as of interest to the money transfer industry. However, several factors have shaped the sending of money: (a) the number of senders has historically been lower than other nationalities; (b) US legislation and policies have historically affected sending through formal mechanisms.

As migration increased after 2020, remittance sending demand has increased but supply continues to be scattered in part due to weak payment networks and a fragmented origination industry mixed with licensed and unlicensed operations. The opportunity to enter the market is likely to happen were prevailing money transfer operators to join forces to offer the services.

Remittances to Cuba 2000-2023

Remittances to Cuba have been an important source of income to the country, in smaller proportions and scope than other Latin American and Caribbean countries. The volume of remittances stands at less than US\$4 billion in 2023. These volumes sharply fell in 2020 and 2021 largely due to the impact of the pandemic on money transfers relying on informal senders through *mulas*, and sanctions on remittances and financial payment entities in Cuba. Increases have emerged since 2022, with migrants sending over US\$300 per transaction at least eight times a year.¹

These flows coincide with continued migration to the United States particularly after the pandemic. The number of Cuban migrants leaving the island since 2020 amounts to nearly 600,000 people, many of which are escaping from political repression from the protests since 2021 and the economic mismanagement of Díaz-Canel during and after the pandemic.

FIGURE 1 REMITTING TO CUBA, 2000-2003

Source: Author estimates.

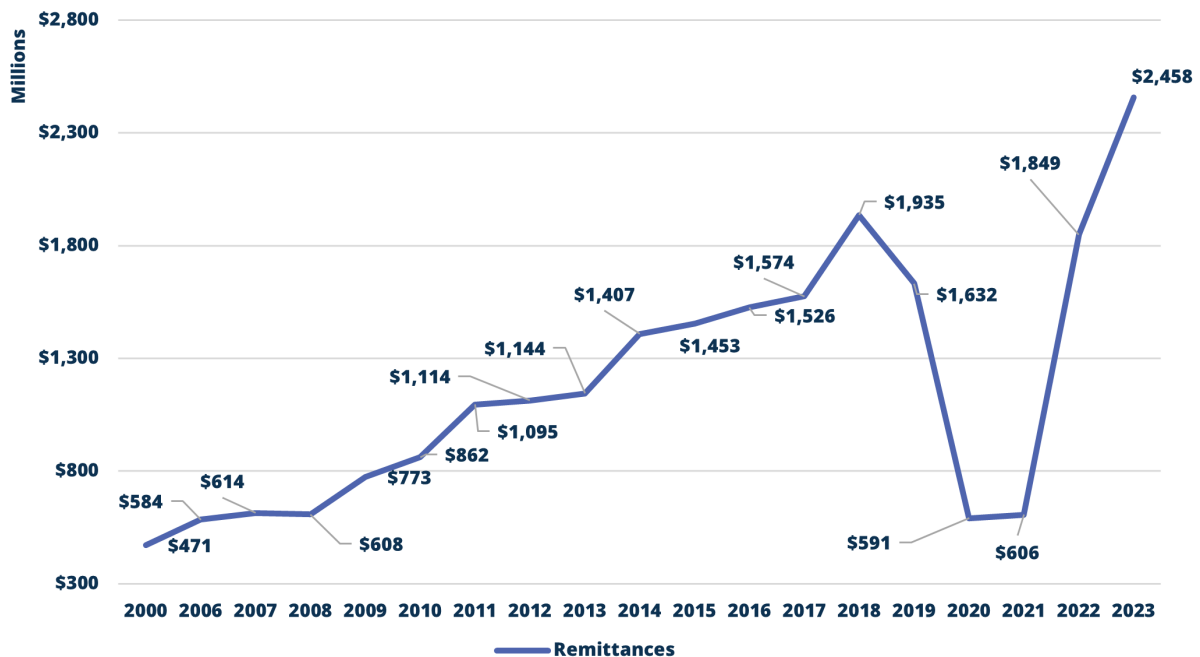
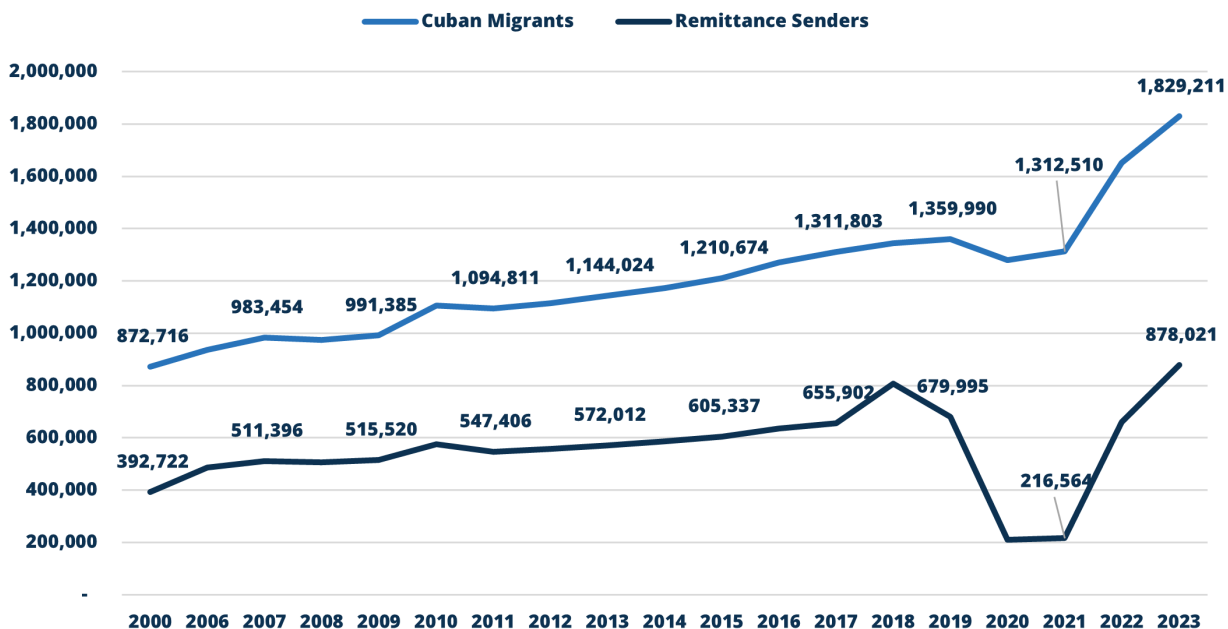


FIGURE 2: CUBAN MIGRANTS IN THE US

Source: U.S. Census Bureau’s 2006 to 2022 American Community Survey (ACS) and 2000 Decennial Census; author estimates of senders.



Trends in Sending Remittances 2000-2019

Three very important realities shape the Cuban landscape of money transfers .

First, the percent of adults sending money from the United States has historically been lower than among other nationalities. Second, most migrants have used informal services, known as *mulas* to remit. Third, the principal remitted is typically under US\$2,400 a year.

Surveys of Cubans have consistently shown that below 50% send money. In an Inter-American Development Bank (IADB) study in 2003, the percent sending was 48%², other studies have shown similar percentages. For example, a 2018 study on Cubans remitting said that 48% sent money.³ By 2022, the percent of Cubans sending remains near that number, however, the number of senders has increased due to growing migration.⁴ Surveys have also pointed out that the share of migrants using informal fund networks has been relatively large – over 50%.⁵ Surveys, as well as company experiences, suggest that the amount remitted is between US\$1,200 and US\$2,400 between 2000 and 2019.⁶

In turn, the annual volume of remittances has been under US\$1 billion until the mid-2010s when migration also increased. In fact, the number of Cuban senders in 2000 increased from 400,000 to 800,000 in 2019.

Although Cuban migrants for decades have been among one of the largest Latino communities in the US and with a higher economic status than the average migrant and with more access to formal financial institutions, they were sending less money and using unlicensed services.⁷

The reasons are varied, and one may have been political in that many Cubans migrated with their families and others and chose not to send money because it indirectly supports the Castro regime. Finally, the restrictions put in place over decades have made it difficult for people to send money.

US Policies on Remittances to Cuba and Their Effects on Sending Patterns

US policies to Cuba have also affected sending behavior. For many years Cubans were not allowed to send money as part of restrictions imposed by the US government. The restrictions have been considered part of a foreign policy response to the totalitarian regime and have fallen under the purview of the Cuban Assets Control Regulations (CACR).

Up until 1998, the restrictions included limiting remitters to sending no more than US\$1,200 a year, or US\$300 per quarter. Money could only be sent to a close relative (“close relatives include spouse, child, grandchild, parent,

grandparent, great grandparent, uncle, aunt, brother, sister, nephew, niece, first cousin, mother-in-law, father-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law, spouse, widow, or widower of any of the foregoing.”)⁸

Between 2001 and 2004, incentives encouraged licensed remitters to apply for waivers to send money to Cuba. However, apart from Western Union and MoneyGram, there were few remittance operations relying on licensed transfer companies.

In 2004, President George W. Bush continued to tighten rules. First, his administration enforced the 1998 guidance that capped remittances at US\$300 per household per consecutive three-month period. The policy restricted sending to only the remitter’s immediate family (spouse, child, grandchild, parent, grandparent, or sibling).⁹ Only US\$300 could be sent to a given household, regardless of the number of family members living there. President Bush’s 2004 changes introduced a stricter licensing system for service providers, eliminating a *general* license and requiring banks and money transfer operators to obtain a *specific* license to send remittances to Cuba. Whenever sending money to Cuba, remitters must use an OFAC-licensed bank or money transfer operator (called “remittance-forwarding service providers” by OFAC).¹⁰

Remitters were required to fill out and sign an affidavit certifying that they understand and comply with CACR regulations. The restrictions also limited the amount of money travelers could carry to Cuba and placed tighter

limits on gift parcels. In 2003, the amount travelers could carry was raised to US\$3,000, but in 2004 it was capped at US\$300. The retail value of gift parcels was capped at US\$200 and to one parcel per month, which could only be sent to a religious, charitable, or educational organization in Cuba, or to the sender’s immediate family.

Although the law was passed in June 2004, the effects began to take place in 2005 and the bulk of the impact has accumulated over time. Comparing 2005 and 2009 survey data, we see a significant decline in remittance-related activity.¹¹

Because the legislation restricted the type of beneficiaries, the number of recipients dropped. In 2005, the percent of Cubans receiving money from relatives in their extended family was 34%, and by 2009, that number had dropped significantly to 15%. This means that, five years later, 20% of people with extended family in the US were no longer receiving.

Another effect of the legislation was a decline in the volume of money transfers from Cubans in the US. Remittances to Cuba continued to slightly increase after 2004, but that growth is mostly attributed to transfers from people outside of the US. According to the Inter-American Development Bank remittances were 1.1 billion in 2005 and 1.2 billion in 2008. Moreover, survey data in 2008 showed that only 53% of Cubans were receiving remittances from the US. In 2008, The decline was significant as less money was being sent from the US.

TABLE 1: REMITTANCES RECEIVED BY BENEFICIARY
Source: Orozco, 2005 and 2008/2009 survey. [Remittances, market and the law](#)

Origin of Remittances	2005	2009
Receiving from Parents	18%	14%
Receiving from Children	26%	36%
Receiving from Siblings	22%	34%
Receiving from Others	34%	15%

TABLE 2: CHARACTERISTICS OF TRANSFERS TO CUBASource: Surveys carried out by the author in 2005 and 2008. IADB for total remittances received. Source: [Remittances, market and the law](#).

Sending	2005	2008
Receiving from the US	81%	53%
Volume Sent from the US	\$770,000,000	\$636,000,000
Receiving from Spain	12%	23%
Receiving from Rest of the World	7%	24%
Total Amount Received	\$1,100,000,000	\$1,200,000,000
Amount Sent	\$150	\$200
Frequency Sending per Year	7	6

TABLE 3: SENDING FROM THE UNITED STATESSource: [Remittances, market and the law](#)

Sending	2005	2009
Sent Less than the Previous Year	21%	36%
Sent More than the Previous Year	9%	11%
Sent the Same as the Previous Year	69%	53%

TABLE 4: NUMBER OF LICENSED COMPANIES OPERATING IN CUBASource: Orozco, Manuel. [Remittances Scorecard 2006](#).

	2001	2002	2003	2004	2004	2005
Licensed Companies Operating	2	12	10	9	7	5

In addition to these numbers, we see a change in the number of people saying they were remitting less. As Table 3 shows, the percentage of people remitting the same quantity dropped, while those remitting less increased.

Regulations also had an effect on the use of informal mechanisms. Use of unlicensed methods, such as *mulas*, has been historically high due to restrictions in amounts remitted. However, as Table 4 shows, some companies had entered the market between 2001 and 2004 seeking to increase their presence but then declined by 2005 and later dropped further. The increase in informal funds transfers reacted to the legislation.

Under the Obama administration, policy changes on restrictions resulted in an easing of rules.

Early in 2009, President Obama said he would “remove restrictions on remittances to a person’s family member in Cuba,”¹² effectively reversing many of Bush’s 2004

restrictions, but keeping in place many CACR restrictions. The president’s April 13, 2009 policy announcement called for the removal of limits on the *amount* of money and *frequency* of sending, as well as expansion of the circle of family members who can receive remittances.

The policy entered into effect right after the economic recession of 2009 but ten years later was suspended under the Trump administration. In 2020, the Trump administration capped family remittances for any one Cuban national to US\$1,000 per quarter, restricting sending only from family-to-family member.

More damaging for remitters was the effect of sanctioning Financiera Cimex S.A. (FINCIMEX), the entity in charge of paying formal remittance transactions. The administration prohibited paying remittances through entities on the “Cuba restricted list,” which affected Western Union, which was performing 240,000 transactions every month.¹³ By 2019, Western Union had a strong presence in the licensed

business, with more than 70% market share and 35% market share relative to all transactions. By that time, other companies like MoneyGram and Ria were not operating in the US outbound corridor.

These restrictions took place at a very difficult time in Cuba because they hit at the same time as the pandemic and flights were halted for more than a year. Because the money transfer business has been mostly informal, relying on travelers using airlines to deliver money, the closing of airports and flights to Cuba affected the sending of money through informal networks, leading to an almost complete halt of money transfers by 2020.

The number of Cubans living in the US traveling to Cuba dropped from 552,895 in 2019, to 129,865 in 2020 and

Cuba’s economic model is fragile when it comes to addressing the needs of those at the bottom of the pyramid.

29,451 in 2021. With the closing of Western Union and other licensed entities for sending money to Cuba and no access to travelers, sending money fell dramatically to less than 400,000 senders. The drop took place at the same time the country was struggling to address the pandemic as well as its own economic recovery.

By May 2022, the Biden administration sought to remove some of the restrictions. It removed the family cap and allowed other companies to work with entities not on the “Cuba restricted list.” Western Union resumed its operations in June 2023, however it had to suspend them in January 2024 due to technical problems on the payout by FINCIMEX.

Money Transfer Companies Operating in the US-Cuba Outbound Market

Sending remittances post-pandemic has gained relevance for two main reasons. First, remittance dependence became strongest due to the weak Cuban economic model that Díaz-Canel has not modernized. Second, increases of

migrants coming to the United States have also brought the need to send money back home.

About the Cuban Economy

The Díaz-Canel election in April 2018 was a sign that the regime was not looking to steer away from any competitive process, as he was the only candidate. Díaz-Canel was confirmed by a vote of the National Assembly ([Figueredo, Doimeadiós, Concepción & Pérez, 2018](#)) to succeed Raúl Castro. Castro had initiated a reform process in 2010 called “Economic and Social Policy Guidelines for the Party and the Revolution” ([PCC, 2011](#)). The Guidelines were supposed to promote a structural change in economic and social structures in the following five years – mostly a mixed economy with microenterprise, self-ownership, and a reduced number of state employees. However, it did not include political reforms.

By the official end of Raúl Castro’s administration, the most salient initiative was the relaunch of *cuentalpropismo* (privately owned micro-enterprises). This opening to the private sector on the island was slow and insufficient.

As president, Miguel Díaz-Canel decided to advance some of the previous economic reforms employing the term “continuity.” “Continuity” entails a compromise with the revolution’s core principles, offering micro-entrepreneurship without altering the political order. This continuity also brought a slight change insofar as it transitioned power from the old guard to a leadership born after the Cuban Revolution.

Within the Cuban economic context, however, the scope and depth of these reforms were not and still are not at all sufficient to address the structural challenges that Cuba faces externally and internally.

In the first case, Cuba’s economy has been operating under false indicators, claiming to produce between US\$80-100 billion dollar a year in the past five years. However, Cuba’s external sector alone - the one that the economy depends on - is less than US\$20 billion (typically, exports alone in developing countries averages 27% of gross domestic product).¹⁴ Moreover, the decline of Cuba’s external sector over the past five years (declines in exports, tourism, and remittances) has constrained access to foreign currency which finances its food and agricultural imports.

Second, with a labor force of five million workers, typically earning less than US\$3,000 a year, Cuba cannot be generating more than US\$20 billion in its domestic

market or consumption would be 50% of GDP.¹⁵ Cuba's [cuentapropistas](#) are 1.5 million microentrepreneurs that yield less than US\$3,000 a year; government employees live on less than US\$50 a [month](#), and number less than 2 million; and then there are those in the informal sector who also live off of tourism whose earnings are also under US\$3,000.

Cuba's economic model is fragile when it comes to addressing the needs of those at the bottom of the pyramid. The Economic Commission for Latin America

and the Caribbean reported that [Cuba's GDP](#) in 2021 and 2022 was under US\$25 billion, revealing the true size of its economy. More importantly, the numbers point to the country's dependency on remittances. For a country with 4.5 million households, and at least 1.3 million senders globally, the effect of remittances is substantial on the local economy and families. This is particularly important given reports that stress that 80% of people currently live in poverty.¹⁶

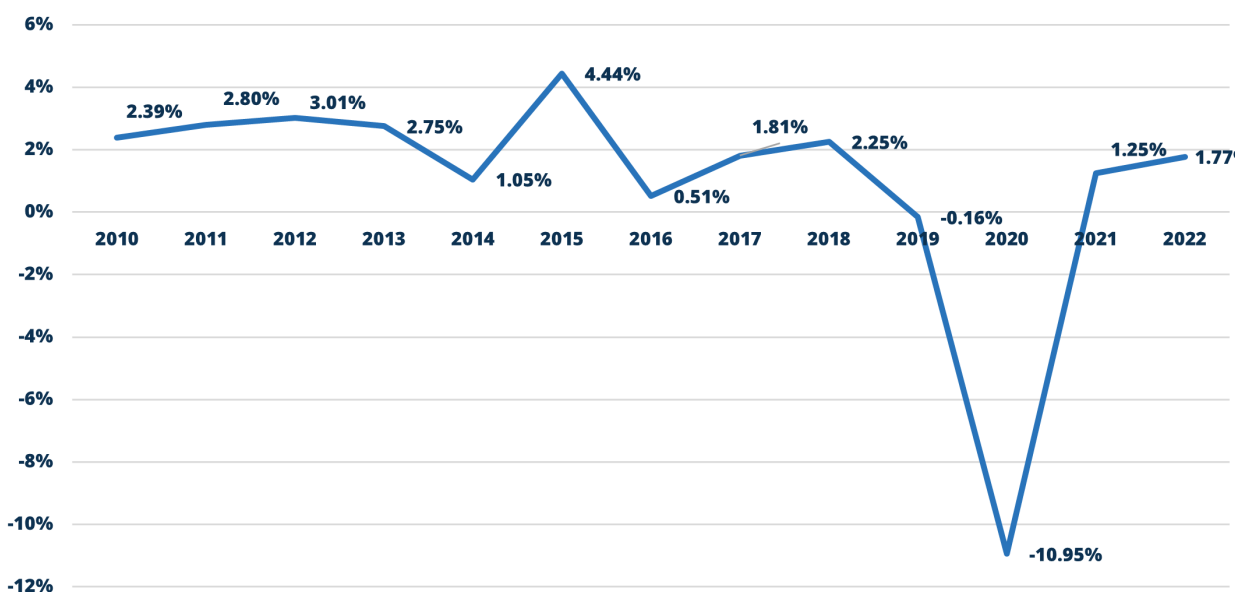
TABLE 5: EXTERNAL SECTOR INDICATORS, 2010-2019 (US\$000,000,000)

Source: World Bank (trade); Remittances: author's estimates; ECLAC ([GDP](#)).

Year	Remittances	Exports	Imports	GDP
2021	5%	8%	1%	\$22,717,416,667
2022	20%	40%	12%	\$14,063,987,567
2023	26%	68%	27%	\$14,345,267,318

FIGURE 3: CUBA'S ANNUAL GDP GROWTH

Source: World Bank Development Indicators



Money Transfer Operations since Changes on Restrictions in 2022

The flows of remittances have been hampered or shaped by regulations in the US, and remitting behavior among Cubans. The past 25 years have seen varying degrees of informal money sending, as well as shifting amounts sent.

Table 5 below is a synthesis of money transfer methods and the average remitted based on surveys conducted to senders and recipients over the past two decades.

TABLE 6: SENDING METHODS AND AVERAGE REMITTED

Source: Author’s estimates based on surveys collected among sender and recipients.

Period	Sending Method		Average Remitted per Year
	Licensed Businesses	Mulas/Travelers	
2000-2009	20%-30%	80%-70%	\$1,200
2009-2019	50%	50%	\$2,400
2020-2022	0%	100%	\$2,800
2023-Present	60%	40%	\$2,800

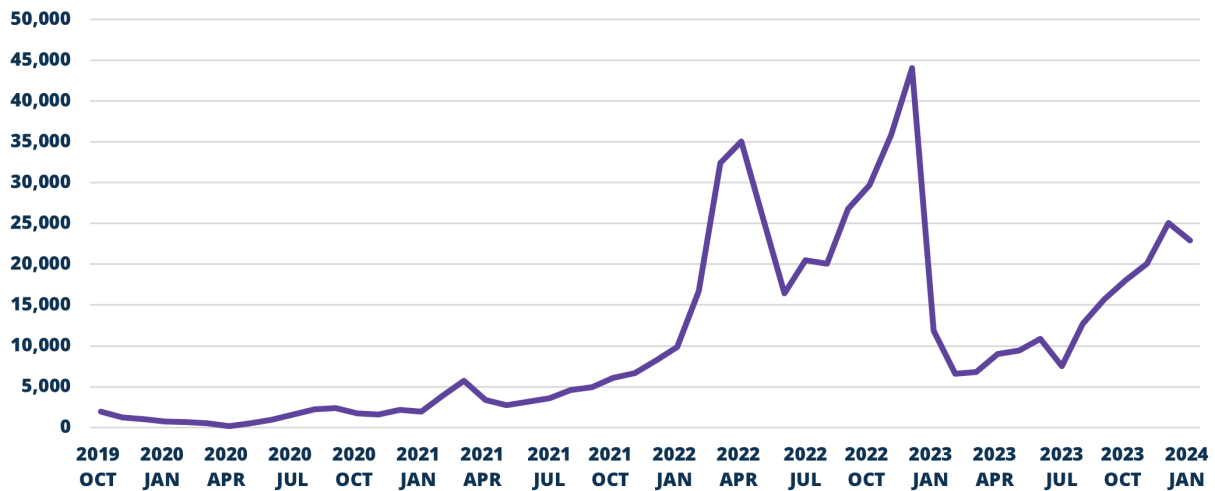
The remittance industry continues to stay outside of the market in the origination for transfers to Cuba, except for Western Union. Increased migration, however, as Figures 4 and 5 show below, may prove an incentive to some companies to introduce services.

After the US sanctions in 2019, when FINCIMEX was sanctioned due to ties with the Cuban Army, the Cuban

government separated the entity from other entities, [Orbit](#) in particular. Orbit offers remittance payments as an independent government entity. This company is not on the OFAC list and is not rejected as a payer by the US government. Another alternative that has emerged is the use of account-to-account payments through banks or those enrolled in the payment network associated with the moneda libre convertible (MLC).

FIGURE 4: MONTHLY CUBAN MIGRATION THROUGH THE US BORDER WITH MEXICO

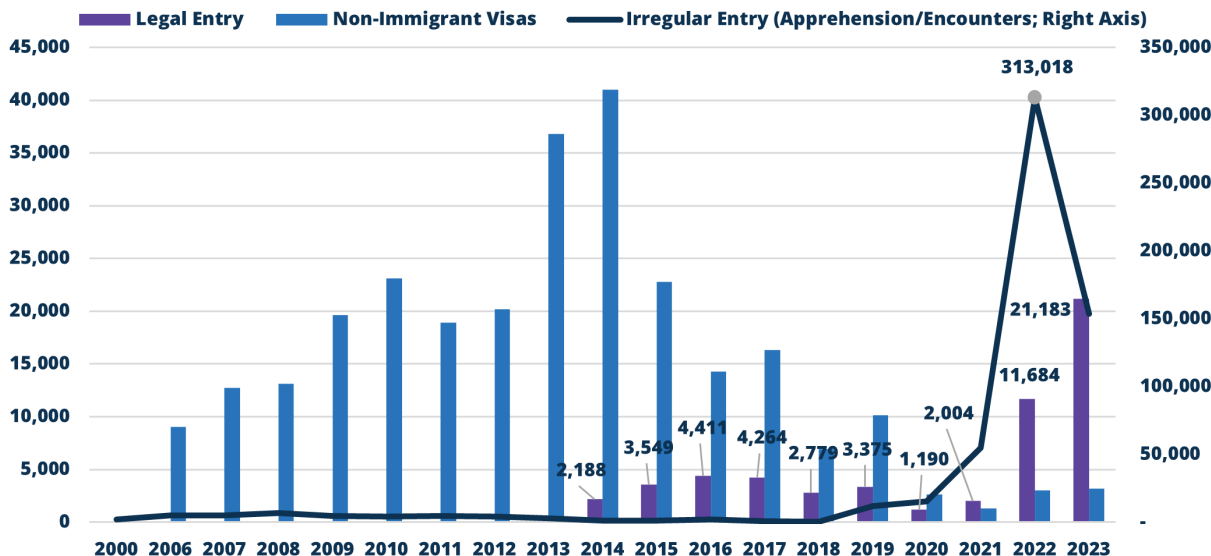
Source: DHS Nationwide Encounters.



* Operating at one fourth due to closing of airports and flights between May 2020 and May 2022. Licensed operations only restarted mid-2023. These figures, however, have helped to measure the number of senders and amount sent over the past 25 years. Historically, Cubans do not send more than eight times a year.

FIGURE 5: CUBAN MIGRANTS BY LEGAL STATUS

Source: DHS, US Visa Immigration Statistics



The main challenge when sending money to Cuba is pricing and a very scattered competition.

The cost of sending money to Cuba through formal channels faces a foreign exchange problem. The exchange rate offered is pegged to the official exchange rate placed by the Cuban government. The government offers two different rates, one paid in Cuban peso at 240 per US dollar, and another on MLC which is a form of digital currency that works only in the electronic financial ecosystem, which is still small but growing.

The second challenge is that *mulas* continue to predominate the market with more than 55% presence paying flows. These mules may be at least 2,000 individuals (double of what [was estimated in 2003](#)) relying

on their own modernized payment network of agents upon arrival to Cuba. They are still costly, ranging from US\$18 to US\$30 per package carried, however the offer of shipping goods to Cuba continues to be more attractive. There is also the offer of payments originated by cryptocurrency as a way to increase services. However, this business is still scattered and in low usage for different reasons, including that Cuban-Americans' use of crypto is below 15%¹⁷ and the crypto ecosystem in Cuba is still precarious albeit attractive for a niche market.¹⁸

The system could work more efficiently were payments increased in the ecosystem through a collective entry of money transfer operators working together to offer remittance origination to Cuba.

TABLE 7: PREVAILING REMITTANCE SERVICES TO CUBA

Source: Sources hyperlinked for each variable.

Note: Remittance transfer costs include both the fee and foreign exchange rates.

Provider	Fee
Western Union	\$100 pay \$20
CubaMax	\$100 pay \$20
HavanaShip	
TocoPay	\$100 pay \$10.47
DimeCuba	\$100 pay \$15
Mula	\$100 pay \$18
CaribeExpress	
Bitremesas	Varies, not transparent



Foreign Exchange		
Currency	Market Rate (US\$)	Differential
Dollar	315	31.25%
MLC	270	12.5%
Official CUC	240	0
Bitcoin-Dollar	295	

Recommendations

Cuba’s dire conditions, increased migration, and a disorganized remittance marketplace offer an opportunity to explore money transfers to the island in a comprehensive and unified way that can help meet Cubans’ needs and the marketplace. The context in which the flows have occurred has been uneven and largely informal. However, current policies in both the United States and Cuba are presenting an opening to consider entering the market. One step forward is to assemble a taskforce on

remittances to Cuba to identify solutions to deal with the flows at the industry level. The taskforce would include industry representatives, United States government officials to clarify questions and pathways to offer transfers within the legal framework, as well as entities in Cuba that can facilitate ties with authorized payment entities, such as Orbit, Banco de Credito y Comercio, Banco Metropolitano SA, and Banco Popular de Ahorro.

Endnotes

1. [El bum de las remesas, un salvavidas económico para millones de familias en el mundo](#)
2. <https://cri.fiu.edu/cuban-america/remittance/remittance-asce-report.pdf>
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5. Cuban Integrated Financing Framework (CIFFRA), Policy note N° 15, Recommendations on Remittances. ECLAC, 2022.
6. Orozco, Manuel. "The Cuban Condition: Migration, Remittances, and its Diaspora" Washington, DC: March 2009; Orozco, Manuel. "Challenges and Opportunities of Marketing Remittances to Cuba." Inter-American Dialogue, Washington DC, January 2003, and Hansing, Katryn, and Manuel Orozco, [The Role and Impact of Remittances on Small Business Development during Cuba's Current Economic Reforms](#). 2013.
7. Average income among [Latino immigrants is US\\$36,000](#) whereas [Cubans is US\\$52,000](#).
8. https://1997-2001.state.gov/regions/wha/fs_980513_family.html
9. Sullivan, Mark P. "Cuba: U.S. Restrictions on Travel and Remittances," Congressional Research Service (January 21, 2009). [Update available](#) as of December 2022.
10. U.S. Department of Treasury, Office of Foreign Assets Control, page 4.
11. To analyze changes in the remittance market the author relies on various surveys of Cuban senders and recipients carried out in 2005 and 2009. See the list of references at the end.
12. http://www.whitehouse.gov/the_press_office/Fact-Sheet-Reaching-out-to-the-Cuban-people/
13. [Western Union Data For Transfers To Cuba](#)
14. The World Bank shows that in 2022, exports from Latin America and the Caribbean were 27% of GDP and imports 29%. Cuban exports and imports in 2022 were a combined US\$17 billion.
15. Cuba's Central Bank claims its GDP was 107 billion in 2022.
16. [El 88% de los cubanos vive en pobreza extrema, revela informe.](#)
17. [16% of Americans say they have ever invested in, traded or used cryptocurrency](#)
18. [The truth behind Cuba's Bitcoin revolution: An on-the-ground report](#)



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