



**MULTILATERAL INVESTMENT FUND
INTER-AMERICAN DEVELOPMENT BANK**



SENDING MONEY HOME

REMITTANCE RECIPIENTS IN THE DOMINICAN REPUBLIC AND REMITTANCE SENDERS FROM THE US

**Columbia University
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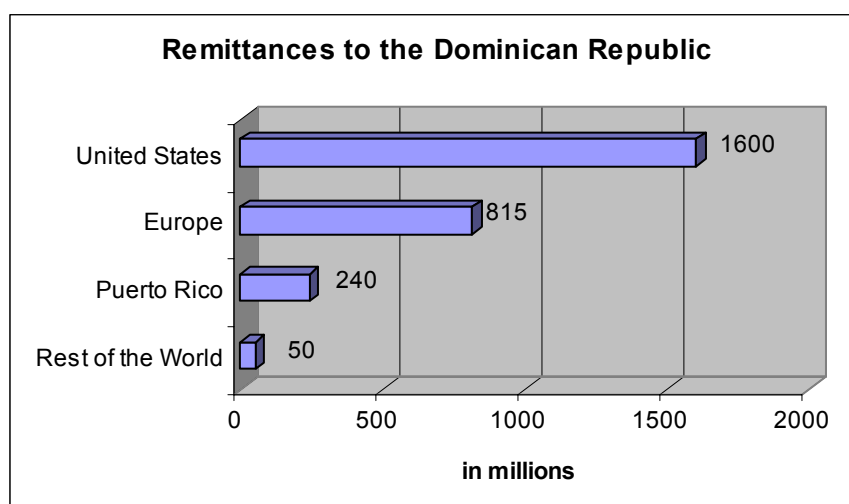
The dramatic growth of international remittances is testimony to the hard work and commitment of migrant workers seeking better lives for themselves and their families. It also reflects the increasing integration of labor markets across national borders, as the economies of developed countries require the skills and dedication of workers from other countries.

Nowhere are these trends better illustrated than in Latin America and the Caribbean, which constitutes the highest volume remittance market in the world. It is for this reason that the Inter-American Development Bank recently commissioned an extensive survey¹ to better understand various aspects of remittance flows to the Dominican Republic—who sends and who receives the money; how it is transferred; and how it is spent. This survey was conducted in two parts, one survey focuses on remittance recipients in the Dominican Republic, and the second profiles remittance senders from the United States. The results outlined in the following Report draw extensively from the new information provided in these surveys as well as other recent studies of the Dominican Diaspora.

There are an estimated 2 million adults born in the Dominican Republic who are currently living and working outside of their country of origin. More than 70% of these workers send money to their relatives on a regular basis, typically \$135/\$150/\$165 at a time.

It is estimated that 38% (1.9 million) of all adults currently living in the Dominican Republic receive remittances on a regular basis, typically 12-15 times a year.

During 2004, over **\$2.7 billion** in worker remittances are expected to be received by families in the Dominican Republic from their relatives living abroad: \$1.6 billion (59%) from the United States, \$815 million (30%) from Europe, \$240 million (9%) from Puerto Rico, and the rest from Canada and other countries in Latin America.



¹ These surveys involved a sample of 3000 door-to-door interviews throughout the Dominican Republic and 800 telephone interviews of Dominican households in the United States and were conducted in October 2004 by Bendixen & Associates, a public opinion survey firm. The margin of error is 2% for the Dominican Republic and 4% for the US.

This makes the Dominican Republic, with a population of 8.4 million people, the fourth largest remittance market in Latin America and the Caribbean, after Mexico, Brazil, and Colombia²; and the third largest per capita recipient, after Jamaica and El Salvador.

Although the average remittance to the Dominican Republic is lower than the average remittance to the region, the frequency of sending to the Dominican Republic is higher. Additionally, Dominicans are more likely to send remittances to more than one family member than is the norm for other countries. The typical family remittance ranges from US\$1,500 to US\$2,000 a year for about 1.2 million households. An additional 700,000 adults receive lesser amounts on a regular basis.

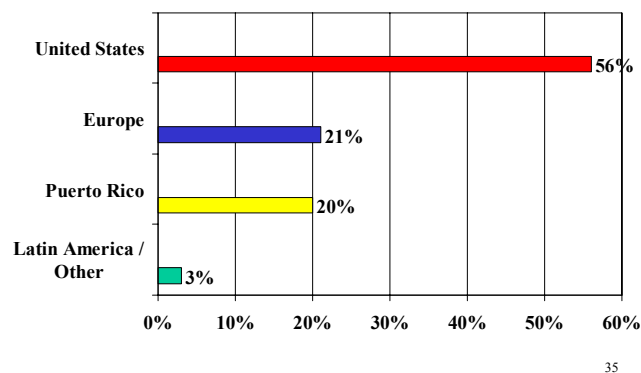
Remittance Senders

There are an estimated 1.4 million Dominicans sending remittances home from other countries of the world: 710,000 from the United States, 440,000 from Europe, and 180,000 from Puerto Rico.

This Dominican trans-national family network is perhaps the strongest in the world: 75% of remittance senders speak with their family members at least once a week, 50% of Dominicans living in the United States travel home to visit at least once each year. Additionally, income levels of Dominicans sending money home are lower than for other Latin American migrant populations (usually less than \$20,000 a year) indicating the strength and commitment of these family bonds.

The majority of Dominicans living abroad reside in the United States, with a geographic concentration of about 700,000 in the greater New York metropolitan area. This means that approximately 500,000 New York-based Dominicans send close to \$1 billion to relatives in the Dominican Republic each year. For Dominicans who have recently migrated to Europe, Spain represents the destination of choice for the majority, followed by Italy and France. The second largest concentration of Dominicans living abroad is in Madrid, with close to 160,000 in the metropolitan area. Of this amount, approximately 130,000 Madrid-based Dominicans send about \$250 million home each year.

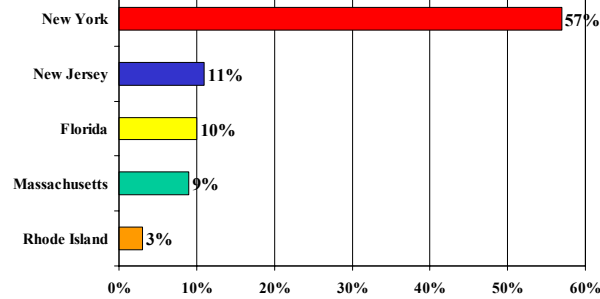
Where does your relative live?



² This amount is similar to projected amounts for El Salvador and Guatemala for 2004.

States where interviews were conducted

Interviews were conducted in the 5 states where **90%** of the Dominican adult immigrant population resides in the United States



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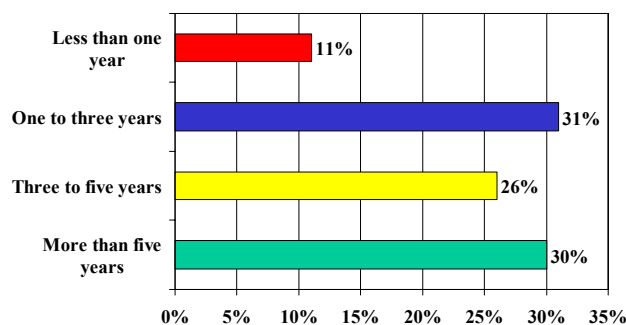
The US survey also indicates that the rate of Dominican migration to the United States has slowed in recent years, particularly in comparison to Europe. These trends reflect a clear shift in the pattern of destination for recent Dominican migrants.

Remittance Recipients

More than one third of the remittances sent to the Dominican Republic are received in the Santo Domingo area. The North and South regions account for half of the remittances flow, followed by the Eastern tourist region, which receives only one tenth.

A significant majority (68%) of recipients have been receiving remittances from abroad for less than five years, indicating the dramatic increase in new migration patterns to Europe. In comparison, the average length of receiving remittances from relatives living in the United States is significantly longer, typically for more than 10 years.

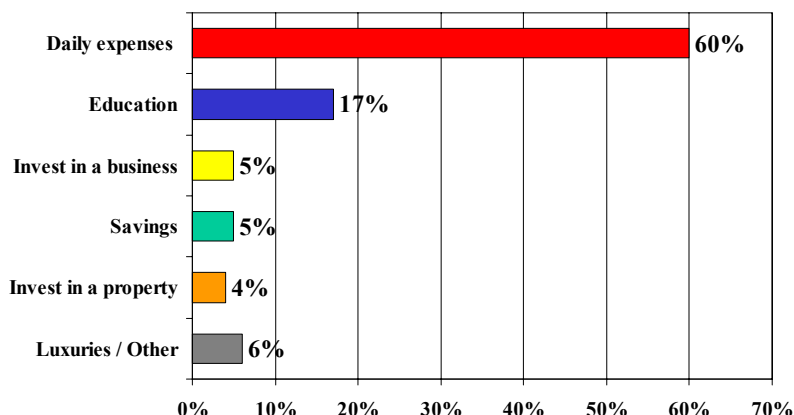
How long have you been receiving money from this relative?



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Approximately 70% of Dominican families who receive remittances have household incomes of less than \$3,500 a year, indicating that for more than a million families, remittances are an economic necessity. For these families, remittances constitute approximately half of their total income.

How is the money used?



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Transaction Costs

The flow of remittances from the United States to the Dominican Republic travels overwhelmingly by way of wire transfer services from companies such as Western Union/Vimenca, La Nacional/Caribe Express, and Money Gram. These companies hold more than 80% of the market and they provide highly personalized services for a premium fee. As a result, the transaction costs for sending remittances to the Dominican Republic are higher (8%) than for other countries in the Region (about 6%).

Because Dominican remittances are in the domain of home-delivery money transfer companies, there are fewer opportunities for financial sector intermediation in the country. Historically, financial institutions have not seen remittances as a market opportunity, even though 66% of Dominicans who receive remittances have bank accounts. There are some indications that this attitude is changing, however, as remittance companies are beginning to link with microfinance institutions and rural banks. For example, a recently established program between Quisqueyana (money transfer company) and Adopem (microfinance institution) is showing great promise, and Banco Hipotecario Dominicano (BHD) is making a major effort to become more involved in the remittance market.

How do you collect your remittance?

