

## **Sending Money Home: Remittances to Latin America from the US, 2004**

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 the relationship between Latin America and the United States which constitutes the highest volume remittance market in the world. It is for this reason that the Inter-American Development Bank recently commissioned a survey to better understand various aspects of these financial flows.

The information contained in this survey presents the first detailed state-by-state analysis of remittances from the United States to Latin America, and provides particular insight into new migration patterns reaching geographic locations well beyond the traditional remittance sending states.

The totals indicate that over \$30 billion in remittances are expected to be sent from the United States to Latin America during 2004, with significant amounts (over 50 million) coming from 37 states and the District of Columbia.

In addition to volume, the survey also provides relevant information about the remittance-sending patterns of Latin American households.

More than 60% of the 16.5 million Latin American born adults currently living in the United<sup>1</sup> States send money home on a regular basis<sup>2</sup>. These 10 million immigrants remit on average 12.6 times a year, typically \$150/200/250 each time.

These remittances result in over 100 million separate transactions sent every year from the United States to Latin America, almost all outside of the formal financial system.

Recent immigrants send remittances more often than those who have been living for longer periods of time in the United States. However, a significant percentage of all groups of Latin American immigrants send money home on a regular basis -- over 50% of all remittance senders have lived in the United States for more than ten years.

For the ten million Latin American immigrants who send regularly, remittances constitute approximately 10% of their household income. Total income of Latin American immigrants living in the United States is estimated at \$450 billion. However, for recipients in Latin America, remittances range from 50% to 80% of household income, depending on the country.

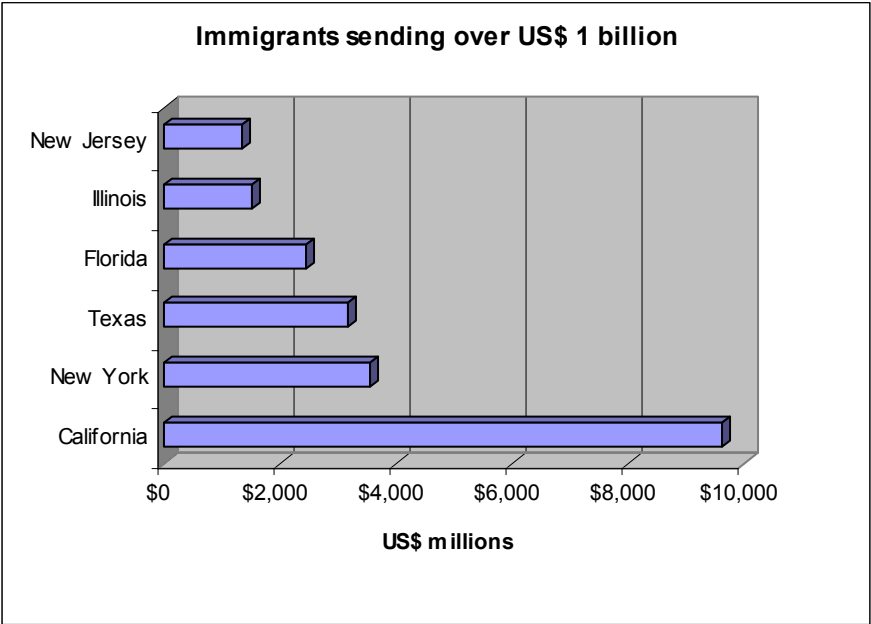
Following are some additional highlights of the survey:

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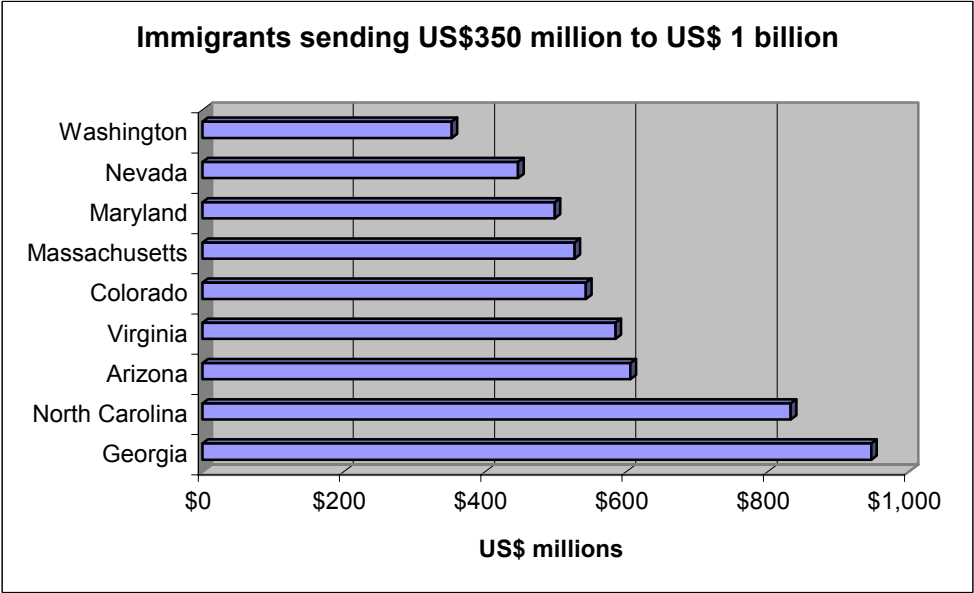
<sup>1</sup> The survey was conducted with 3,802 households during January/April 2004. States not included represent less than a combined 1 % of all Latin American adults living in the United States. The survey does not include remittances to Haiti and the English speaking Caribbean.

<sup>2</sup> At least four times a year

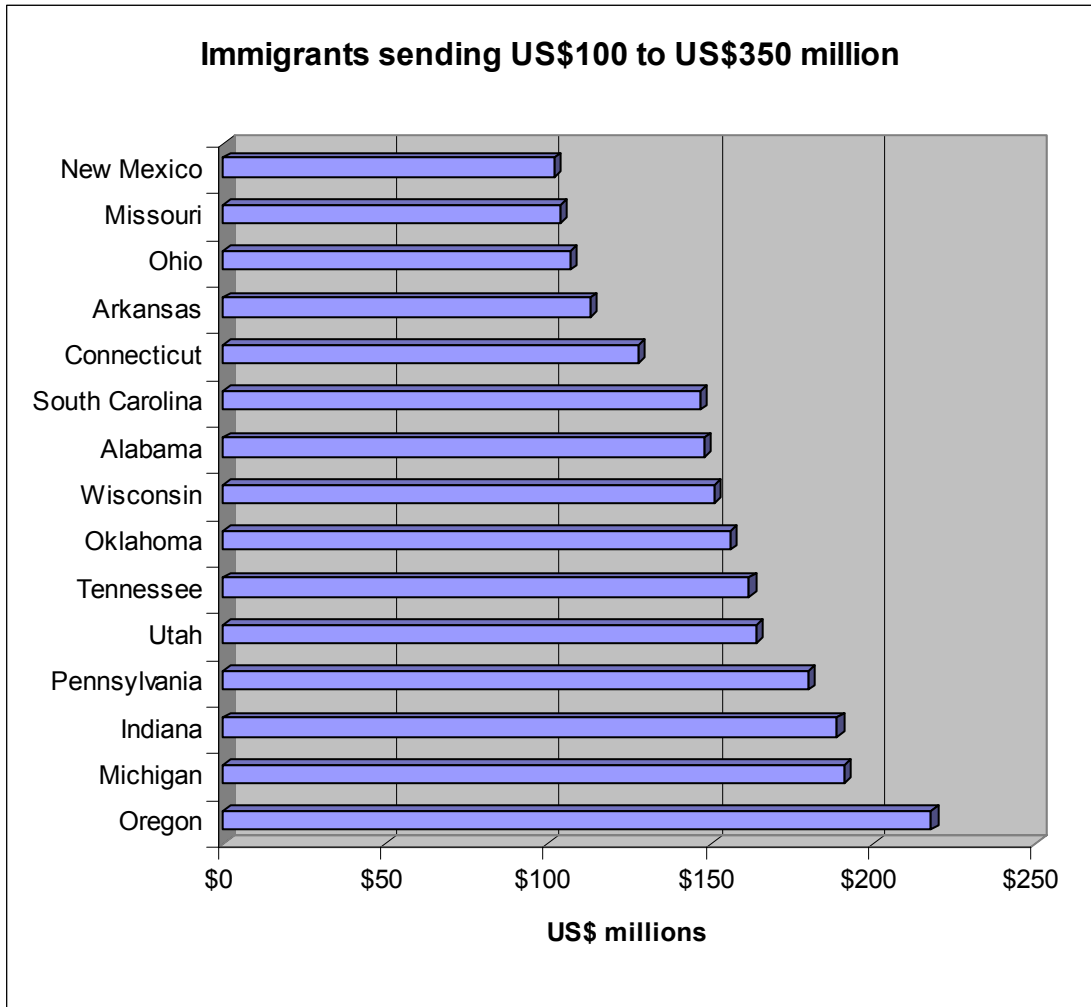
- Immigrants from each of the 6 major “traditional sending” States (CA, NY, TX, FL, IL, and NJ) currently remit more than US\$1 billion annually. Of this group, New York with 81% has by far the highest percentage of immigrants sending money home regularly.



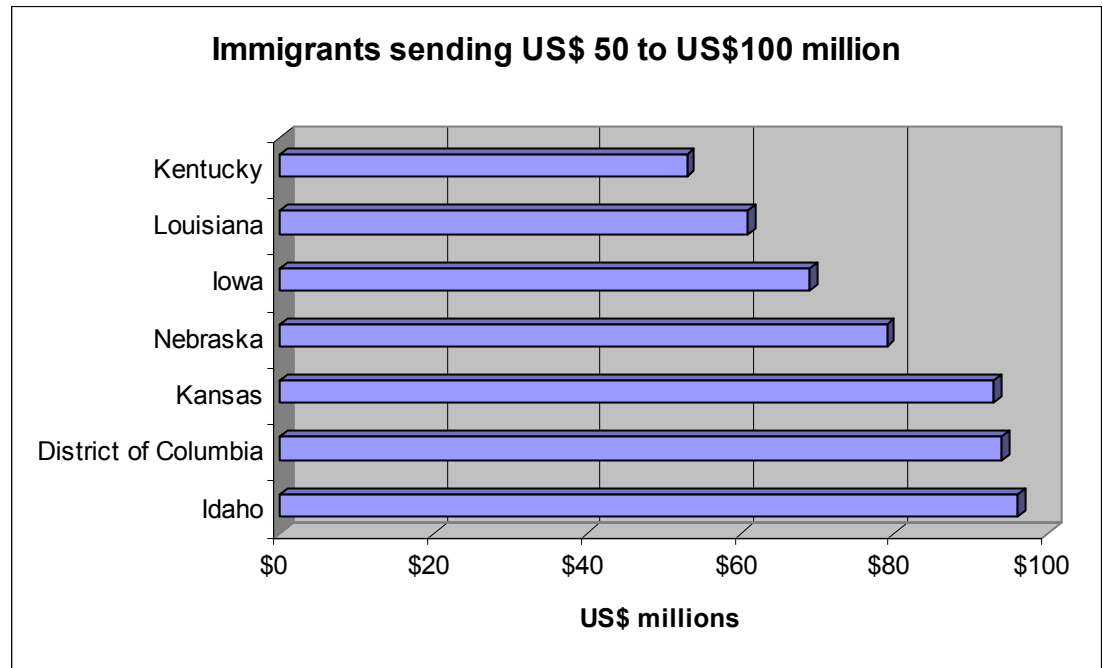
- Immigrants from each of the next 9 states, generally the more recent destinations for Latin American workers (GA, NC, AZ, VA, CO, MA, MD, NV, WA), send more than \$350 million home annually.
- With the exception of Arizona, all states within this group send significantly more often than the national average, led by North Carolina (84%); Virginia (84%); Georgia (81%); Maryland (80%), and Massachusetts (80%)



- Immigrants from each of the next 16 states send home between \$100 and \$350 million annually.
- The percentage of workers sending remittances regularly from this group of states is higher than the national average at 68%.



- Immigrants from the remaining 6 states and the District of Columbia send between \$50 and \$100 million. The percentage of workers sending remittances regularly from this group of states is slightly higher than the national average at 66%.

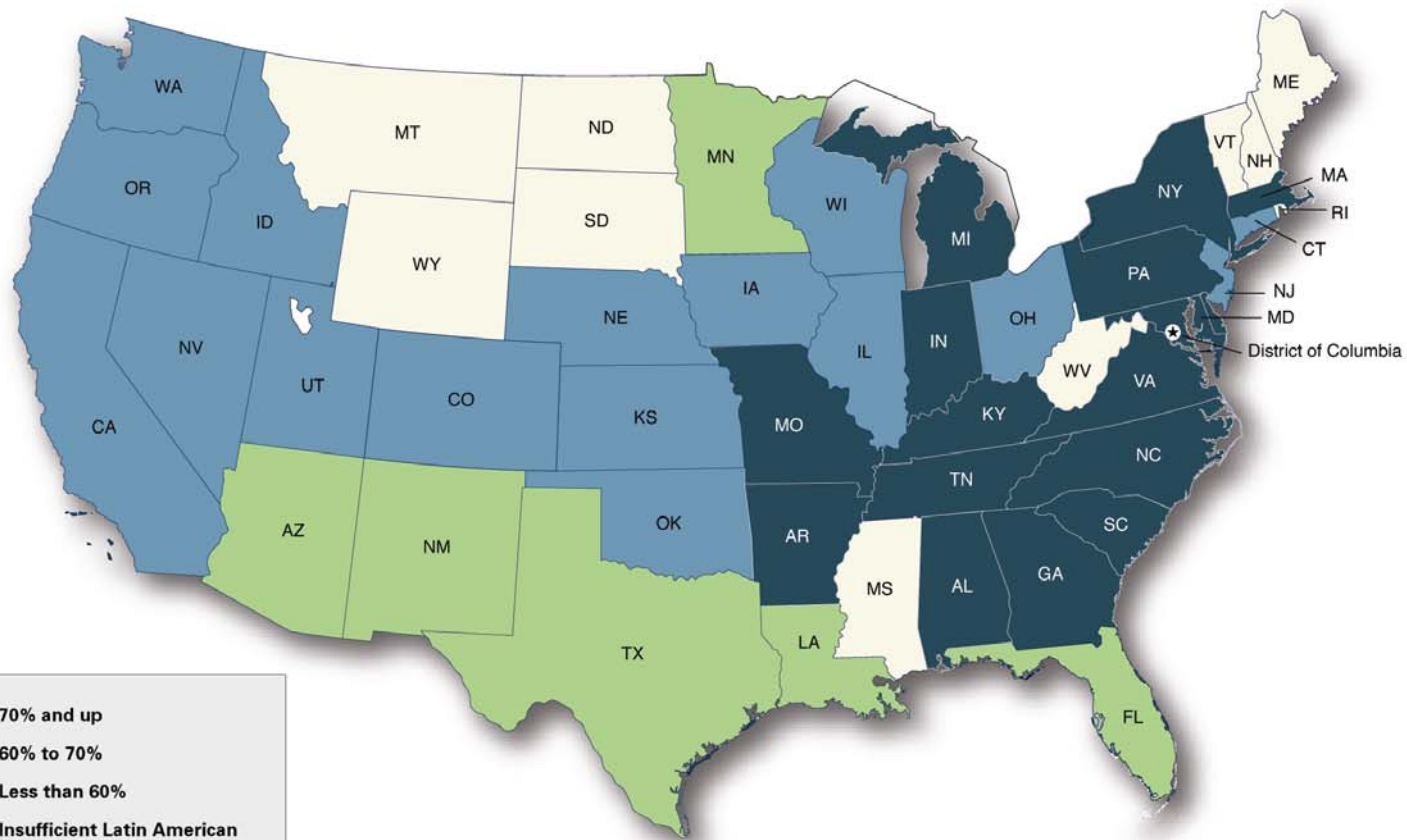


### General Trends

- The frequency of sending remittances has been increasing over the past few years as transaction costs have been declining. Although average transaction costs have been reduced by 50% over the past five years (to 7.5%), given the technology available in an era of electronic transfers, fees should continue to decline by another 50% in the coming years.
- The percentage of Latin American immigrants holding bank accounts in the US is approximately 50%. These immigrants are, therefore, five times more likely to be “unbanked” than the average adult living in the United States.
- The percentage of remittance recipients living in Latin America who have a bank account is estimated at less than 10%.



## Percentage of Immigrant Adults that send Remittances Regularly



## Hispanic Immigrant Population and Money Sent Home via Remittances

State	Remittances Sent to Latin America (US\$millions)	Number of Latin American Immigrant Adults	Percent that Send Remittances	Times Sent Per Year	Amount Sent with each Remittance
CA	\$9,610	5,378,555	64%	11.9	\$235
NY	\$3,562	1,428,614	81%	13.7	\$225
TX	\$3,180	2,547,203	43%	12.9	\$225
FL	\$2,450	1,796,959	47%	12.6	\$230
IL	\$1,528	830,020	66%	12.4	\$225
NJ	\$1,371	606,479	68%	14.2	\$235
GA	\$947	345,253	81%	13.3	\$255
NC	\$833	290,877	84%	14.2	\$240
AZ	\$606	535,119	42%	11.2	\$240
VA	\$586	219,417	84%	13.2	\$240
CO	\$544	270,973	69%	12.7	\$230
MA	\$527	211,537	80%	13.9	\$225
MD	\$500	172,601	80%	14.8	\$245
NV	\$447	245,210	64%	11.6	\$245
WA	\$353	181,018	62%	12.8	\$245
OR	\$218	147,099	63%	10.0	\$235
MI	\$192	94,082	73%	10.9	\$255
IN	\$190	91,183	76%	11.0	\$250
PA	\$180	87,813	71%	11.6	\$250
UT	\$164	91,868	65%	11.5	\$240
TN	\$162	75,993	71%	13.1	\$230
OK	\$156	83,436	60%	13.6	\$230
WI	\$152	82,189	69%	10.5	\$255
AL	\$149	53,271	78%	13.8	\$260
SC	\$148	65,465	76%	12.9	\$230
MN	\$147	78,322	56%	14.0	\$240
CT	\$129	57,850	68%	12.8	\$255
AR	\$114	50,791	70%	13.6	\$235
OH	\$108	49,781	67%	12.7	\$255
MO	\$105	45,586	79%	12.4	\$235
NM	\$103	132,784	38%	8.9	\$230
ID	\$96	54,123	60%	12.1	\$245
DC	\$94	35,749	74%	14.6	\$245
KA	\$94	54,263	62%	11.9	\$235
NE	\$80	36,940	69%	13.1	\$240
IA	\$69	36,563	65%	12.1	\$240
LA	\$61	38,888	59%	11.3	\$235
KY	\$53	26,068	71%	12.1	\$240
<b>Total 37 States&amp;DC</b>	<b>\$30,008</b>	<b>16,629,938</b>	<b>61%</b>	<b>12.6</b>	<b>\$240</b>
<b>Rem. States</b>	<b>\$132</b>	<b>71,192</b>	<b>61%</b>	<b>12.6</b>	<b>\$240</b>
<b>Total US</b>	<b>\$30,140</b>	<b>16,701,130</b>	<b>61%</b>	<b>12.6</b>	<b>\$240</b>