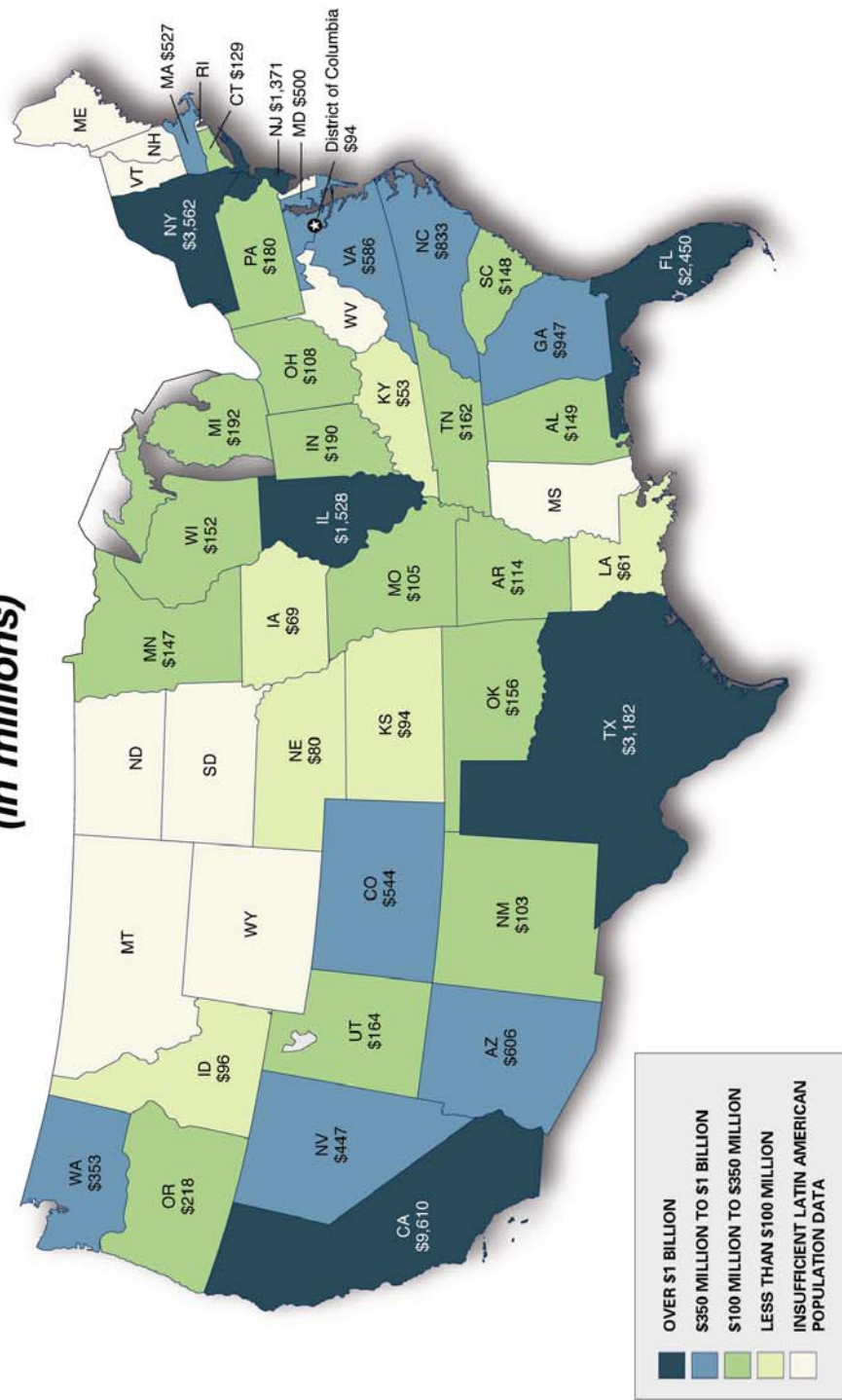


Remittances to Latin America from the US—2004 (in millions)



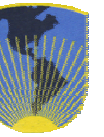
INTER-AMERICAN DEVELOPMENT BANK MULTILATERAL INVESTMENT FUND

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Inter-American Development Bank
Multilateral Investment Fund



SENDING MONEY HOME REMITTANCES TO LATIN AMERICA FROM THE UNITED STATES



WASHINGTON D.C.
MAY, 2004

Background

The dramatic acceleration of remittances to developing countries in recent years is being fueled by the forces of a global economy. But it is also testimony to the strength of families bonds across national borders.

Nowhere is this process better illustrated than in the relationship between Latin America and the United States which constitutes the highest volume remittance market in the world. Indeed, the Western Hemisphere is increasingly becoming an integrated labor market.

It is for this reason that the Inter-American Development Bank recently commissioned a survey to better understand various aspects of this relationship and the resulting remittance 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 16.7 million Latin American born adults currently living in the United States send money home on a regular basis. 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, mostly outside 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.

Highlights of the Survey

- 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 (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 banks accounts in the US is approximately 50%. These immigrants are, therefore, five time 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%.

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