



**The Inter-American Development Bank
Multi-lateral Investment Fund**

The Potential Impact of Remittances on the Regional Economy

April 13, 2006



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INVESTMENT PRODUCTS OFFERED TO LATIN AMERICAN AND CARIBBEAN REMITTERS IN THE UNITED STATES:

FACTORS CONTRIBUTING TO THEIR SUCCESS OR FAILURE



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Introduction & Methodology

A total of 6 focus groups of immigrant adults were conducted between January 17th and January 20th, 2006 by Bendixen & Associates (B&A) on behalf of the Inter-American Development Bank (IDB). The main purpose of these focus groups was to discuss current remittance practices and test 7 investment products being considered by the IDB. All of the participants were screened to ensure that the immigrants addressed were those who regularly sent remittances (more than 6 times per year) to their families in their country of origin and who had a preference for their native language over English (with the exception of Group I). Group I, which was made-up of Caribbean immigrants, was the only group that was conducted in English, Group II was conducted in Haitian-Creole and Groups III through VI were conducted in Spanish. Simultaneous English translation was provided for Groups II through IV. For all groups, the recruiting of participants was done by the staff of the focus group facility where the group was conducted and was overseen by the staff of B&A (except for the Haitian group in which the National Opinion Research Service and B&A directly participated in the recruiting process along with the focus group facility staff).

The first group took place in Miami at the Ask Miami focus group facility on January 17, 2006 at 6:00 p.m. and was comprised of immigrants from the Caribbean (including: Jamaica, Grenada, Turks and Caicos, Bahamas and St. Kitts. There were a total of 7 participants in this group – 5 women and 2 men. Two of the participants had annual incomes of less than \$25,000, 1 had an income of \$25,000 to \$35,000 per year, and the remaining 4 participants reported annual household incomes between \$35,000 and \$45,000. All of the participants in this group had been living in the United States for a long period of time (5 had been in the U.S. for more than 20 years and the other 2 did not specify how long they had been here). Just 1 of the participants was under the age of 30, another was between 30 and 40, 1 was between 40 and 50 and the remaining 3 were between 50 and 60 (1 participant did not report his age).

Group 2 was also held at Ask Miami on January 17th at 8 p.m. and was made up of Haitian immigrants. There were a total of 10 participants in this group and it was evenly split with 5 men and 5 women. The majority of participants (7) in this group had annual incomes below \$25,000; while just 2 participants had incomes over \$25,000 per year (1 participant did not specify her annual income). Four of the participants were 20 to 30 years old, 2 were between 30 and 40, 1 was 40 to 50 and 2 were between 50 and 60 (1 participant did not specify her age).

The next group, consisting of South American immigrants was conducted in New York City at the MBC Research Center on January 19th at 6:00 p.m. Participants in this group immigrated to the U.S. from all over South America, including: Argentina (1), Chile (1), Colombia (2), Ecuador (2), Peru (2), Uruguay (1) and Venezuela (1). There were a total of 10 participants in this group – 5 women and 5 men. Just 1 participant in this group had an income of less than \$25,000 per year, while most (6) had an annual income of \$25,000 to \$35,000. Only 2 participants reported an annual income of \$35,000 to \$45,000 and the remaining participant made more than \$45,000 per year. Five of the participants in this group were in their 30s, 4 were in their 40s and 1 was in her 50s.

The second group that was conducted in New York City consisted of immigrants from the Dominican Republic and was held on January 19th at 8:00 p.m. at the MBC Research Center. Five men and 5 women made up this group of 10 total participants. Two of the participants reported having annual household incomes of less than \$25,000, 3 had incomes of \$25,000 to \$35,000 per

year, and the remaining 5 participants made more than \$45,000 per year. This group was, by far, the wealthiest of the 6 groups we conducted. Four of the participants were in their 20s, 1 was in his 30s, 2 were in their 40s and 3 were in their 50s.

Group 4 was the first of 2 groups conducted at Meczka Marketing/Research/Consulting (MMRC) in Los Angeles on January 20th. This group was comprised of Mexican immigrants and was held at 6:00 in the evening. This group again reflected an even distribution of men and women among its 10 total participants. In terms of annual household income, 1 participant made less than \$25,000, 2 made between \$25,000 and \$35,000, 5 made between \$35,000 and \$45,000 and the remaining 2 made over \$45,000. This was the youngest overall of the 6 groups – half of the participants were in their 20s, another 3 were in their 30s, 1 was in her 40s and 1 was in her 50s.

The final group was conducted at 8:00 p.m. on January 20th in Los Angeles at MMRC and was made up of Central American immigrants from El Salvador, Guatemala, and Nicaragua. The group of 10 participants was made up of 5 men and 5 women. Only 1 participant reported an annual household income of less than \$25,000 per year, while half (5) made between \$25,000 and \$35,000 annually. Three had incomes of \$35,000 to \$45,000 per year and 1 had an annual income of more than \$45,000. Again, this group was fairly young overall with 3 participants in their 20s, 4 in their 30s, and the remaining 3 in their 40s. This was the only group in which all of the participants were under the age of 50.

Overview of Findings

This series of focus groups with immigrants from Latin America and the Caribbean who are regular remittance senders provided very useful information regarding the different products being proposed by the IDB. Clearly, there is an interest in these products, however the degree to which they will be accepted and therefore successful in the target markets depends on a variety of factors.

One of the main factors that will determine the success or failure of these products was made overwhelmingly clear in all six focus groups and it was the degree to which people understood the products and how they worked based on the description that was given to them. While some products were more easily understood than others, it is clear that a very concise and simple explanation was required to ensure that the products were properly understood. The IDB cannot assume that the remittance senders in the United States or the receivers in Latin American and the Caribbean will understand the products completely and accurately no matter how seemingly simplistic the explanation. When the IDB unveils these products, it must plan to devote much of their energy to ensuring that the products are understood by the market.

Another point that was illuminated in the focus groups is the importance of the source of information about these new products. Participants made it clear that in order for their relatives back home to give these products a chance they must know and trust the source that makes them aware of the products. Several of the participants relayed stories of bad investments and shady schemes that they themselves or their relatives back home had fallen victim to; these experiences had left many with a great deal of skepticism and distrust toward investment and finance institutions in general. Furthermore, a number of the participants said that these products sounded wonderful, but they were wondering what the catch would be. There is a widespread feeling of “if it seems too good to be true, then it probably is too good to be true.”

The third major factor that will have an impact of the success of these products is the differing needs of the different countries or regions. Indeed, each of the groups has different needs and interests. Whereas the Dominican, Haitian and Central American groups all included the Direct Payment product in their top three, the other groups had that product near the bottom of their list. Some of the products, such as the savings accounts, did score well in all groups and others, such as the agricultural credits, scored poorly in all groups. However, marketing these products to all of the regions studied in these focus groups in the same way and at the same time would likely prove to be a mistake. Understanding the different needs of each ethnic group and marketing the products in a way that reflects this will help the IDB to make the products successful.

While these three factors – understanding of the products, trusting in the source and identifying the specific needs of the region for the products – will most certainly have an impact on the success of the IDB investment products, there is one overarching theme that emerged that may have an even bigger impact on the success of these products. Throughout the 6 groups it became clear that participants had trouble accepting the idea that the remittances they already sent to their families back home could become a form of investment. At this point, the investments that participants have and the remittances they send are seen as two very distinct items and many had trouble linking the two. Investments are seen as personal money whereas remittances are seen as a small left-over amount that is in a sense “gifted” to their relatives back home. Helping remittance senders to link

the concepts of remittances and investments will both facilitate the comprehension of the products and increase the consumption of the products.

Perhaps one of the reasons that participants have trouble linking investments and remittances is that investments are viewed as something that will aid one's personal financial situation, not necessarily something that can be more collaborative and result in an improvement for a whole country. It is not surprising that most participants see the financial situation in their home country as dismal. Many do have hopes that the economic and political situations will improve in the future, but do not necessarily see the personal role that they can play in this improvement. Certainly, by the end of the groups, a few of the participants seemed to gain an understanding of the unique power that remittance senders, as a group, have to improve the economic situation in their home country. The more that this concept is understood, the more likely people are to use the IDB products. One finding was universal for all participants – everyone wanted to see their home country get better. Whether they plan to stay in the U.S. forever or plan to return to their home country someday, all immigrants want a better economic situation for their relatives and friends that remain in their country of origin. Helping immigrants living in the United States to truly understand the power they have through the remittances they send can have a major impact on how those remittances are used by those who receive them and how they can affect the overall economy of the receiving country.

1. Personal Financial Situation in the United States

Each of the groups began with a general discussion of how participants felt about their personal financial situation here in the United States. Overall, most participants said they were doing okay financially and even had some money left over after all of their bills were paid. However, the majority said that they wanted their situation to improve and were taking steps – such as working extra jobs or saving money – to reach their financial goals.

In the Caribbean group, where participants had annual incomes ranging from less than \$25,000 per year to \$45,000 per year, most participants said that there was room for improvement in their finances. Four of the participants said that they were “doing okay” financially, but had goals for the future that included a better financial situation. Two of the participants said that things were a bit rough for them financially at the present time. One of them said that she simply did not make that much money, which made it tough, while the other said that family illnesses had put a strain on her finances. For one participant who was a single mother and worked at a pre-school, things were a bit rougher financially. She explained that she was “barely making it” and that as soon as she neared a financial goal she had set for herself, something happened with her family (either here or in Jamaica) that set her back.

In the Haitian group, participants were a bit more vague about their financial status. Most of the participants in this group had fairly low incomes – less than \$25,000 per year. However, most said that all in all they were doing okay, but that things could certainly be better.

There was a wide range of experiences among the participants in the South American group. While the annual incomes of the participants in this group ranged from less than \$25,000 per year to more than \$45,000 per year, most reported incomes between \$25,000 and \$35,000. Several had jobs in the service and industrial fields, such as restaurant worker, bartender, air conditioning worker, and factory worker. One participant said that his life changed drastically for the better when he came to the U.S., while others said that they had not yet realized the “American Dream.” Others said that, although things could improve, things were better for them here financially than they would be in their home country.

It is not surprising that the wealthiest of the 6 groups, the one from the Dominican Republic, was also the most optimistic overall about their personal financial situation. In this group, 5 of the participants reported annual incomes of over \$45,000, while the remaining 5 had incomes ranging from less than \$25,000 to \$35,000 per year. All of the Dominican participants said that overall they were “doing well” financially. One participant did say that it was tough when she first got to the U.S. from the Dominican Republic because she was a single parent, but now she had a good job and her kids worked to help support the family, which made things easier – she was planning to buy a house here in the near future.

The Mexican group, which was very young overall, was not quite as optimistic as the Dominican group. Most of the participants in this group explained their situation simply by saying “más o menos.” Again, the annual incomes in this group ranged from less than \$25,000 to over \$45,000, but the bulk of the group made between \$35,000 and \$45,000. Several of the Mexican participants said that they did not have any money left over after the bills were paid, but that they were doing

okay. Others said that their situation was not necessarily good or bad – it was just somewhere in the middle.

In the Central American group, most participants were fairly positive when it came to their personal finances. Most of the participants, again with incomes ranging from less than \$25,000 to over \$45,000 per year, said that they had enough money to pay their bills and save a little. A couple of participants did point out that it was tougher for them when they first arrived in the U.S., but that now things were better.

There were varied responses throughout the groups when it came to whether or not they had investments and/or savings. Many of the participants in all groups had savings accounts in the U.S. and of those who did not have savings accounts, the vast majority knew what they were and wanted to have in the future. When it came to investments, just a small group of the participants overall had ventured into the stock market or had 401(k)s or other forms of retirement accounts. By far, homes were the most common form of investments that the participants had. Many had purchased homes here in the U.S. and some others had family homes in their home country. A universal finding across all groups was that for those who had not yet been able to purchase a home, purchasing one was their number one financial goal. Some other participants who had not currently had any formal investments mentioned that they were paying for their child's education and saw that as a form of investment. A few of the participants did have their own businesses in the U.S., but in most cases, this was in addition to another job and was something they were working on for "extra money."

There is no doubt that most of the participants across all of the groups hoped to invest in their home country in some way. In fact, several already had investments there – a few owned a share of a family business, some owned part of a family home, others owned one or more homes of their own that they rented out for additional income. Most still felt a deep connection with their country of origin even if they considered themselves to be firmly planted in the United States. Everyone wanted things to improve in their country and wanted to do what they could to help. However, for many of the participants, this investment in their home country would have to wait until they could better solidify their finances here in the U.S. Especially for those who did not yet own a home, the investments in their home country were secondary to getting a home in the U.S. and securing their future here. Some of the participants had managed to make investments in both the U.S. and their country of origin simultaneously, but this was more the exception than the rule. Since the vast majority of participants across the board did not view the remittances they sent as investments, most did not feel that they were currently investing in their home country unless they had something like a physical property or business there.

I'm doing o.k. right now, but there is room to improve; I want to buy a house in the future. (St. Kitts) – Group I

I am doing fine right now; I do have savings. (Jamaica) – Group I

It's not that bad because I don't have any kids, but it could be better so I am still in school. – Group II

I'm doing very well, especially compared to what it would be in Ecuador. I have investments in Ecuador, but not in the U.S. – Group III

I had a good job in my country, here I am a bartender – I want a better job and more money and education. (Uruguay) – Group III

It is better here than in Argentina; my dream is to own a house. – Group III

Things are going well – I have 4 small investments in the Dominican Republic and am opening a small business next month. – Group IV

It was tough at the beginning, but it's better now, my kids work too and we have plans to buy a house. – Group IV

Things are not too good, but not too bad (más o menos) I have a few investments. – Group V

I'm okay, but don't have anything left over after paying all the bills – I bought a house in Mexico and work on my own business in the evenings and with my free time. – Group V

I bought a house here in the U.S. and would like to buy another one. – Group V

I have enough and send what is left to my parents (in Nicaragua) I have a savings here, but no investments. – Group VI

Now I make enough, but a few years ago it was worse – I didn't make enough then; I save a little now. (El Salvador) – Group VI

I have enough; I have a house here but no other savings. (El Salvador) – Group VI

2. Economic Situation and Investment Climate in Home Countries

Nearly all participants viewed the financial situation in their home country as bleak. However, many had hoped that it would improve and felt some level of personal responsibility to help the situation at home. There were only a few participants who said that they would not consider investing in their home country in some way. Several participants hoped to retire in their home country. Others who wanted to stay in the U.S. still had hopes of buying a home or investing in a business in their home country.

The participants in the Caribbean group had somewhat varied responses about the economic situation of their home country, depending on which country they were from. Participants from the Bahamas and St. Kitts said that overall things were going pretty well in their countries. Jamaican participants said that the high cost of living in their country made things difficult for many and that the rich were getting richer and the poor were getting poorer. The participants from Grenada and Turks and Caicos both said that things were not perfect, but that they were getting better. Several of the participants in this group mentioned the impact that the past two hurricane seasons had had on their countries and said that many were still recovering from the damage to crops and property.

The Haitian participants had very few positive things to say about the economic situation of their country. A few said that the economy was “at zero,” while others said that the high cost of goods and lack of commerce made the situation there tough. Several of the participants in this group said that it was up to the Haitians living in the U.S. to help their country advance and without their help, the country would never get better.

In the South American group, of course, the feelings about the economic situation at home depended on which country each participant called home. A participant from Argentina said that there was no stability there and a lot of unemployment; there was a feeling that good jobs were only available for the younger people. Both Peruvian participants said that the situation was difficult in their country. One blamed it mostly on the high unemployment rate and two decades of corrupt politicians. The other was more optimistic about Peru’s future and said that with investments from people in the U.S., it could get better there (he was planning to open his 3rd restaurant in Peru soon). Participants from Uruguay and Ecuador said that the situation in their countries was not perfect, but was improving. Colombian participants said the difficult situation in their country was to be blamed mostly on the violence and drug trafficking. There was an apprehension about investing there because of the corruption and instability. One participant said he hoped to return there someday, but would not do so unless the violence and drug situation was resolved.

For Dominican participants, most agreed that the economic situation was not great and some said that the cost of living there was too high. However, not all participants felt the same way about investing in the Dominican Republic. A few of the participants said that they already had investments there – 1 had a store, 1 had a house and 2 had land. Those who were not currently invested in the Dominican Republic were mixed as to whether or not they thought investing there was a good idea or not. A few said that they hoped to invest there when they had a bit more money; one person even said that it was “the best country to invest in.” Others however, did not feel the same; one felt he would lose money if he invested there while others felt that their life was here now and they would only invest in the Dominican if they lived there.

The participants in the Mexican groups were neither overly positive nor overly negative about the economic situation in their home country. Many complained that things were too expensive there, which made things difficult for those who live there. Others pointed to job opportunities, saying that there were not as many jobs there and that it was difficult to get a job that would pay enough for one to be able pay their bills. A few participants said that in the U.S. it was possible to get by on a minimum wage salary, whereas it was impossible to do so in Mexico. Many of the participants said they did not see any point in investing in Mexico since they now lived here. Others said they would consider investing there – either by purchasing a home to retire to or to rent out to others.

Despite coming from different countries, most of the Central American participants felt similarly about the economic situation and investment climate in their home countries. Overall, participants said that things in their countries were a bit better now than when they had left, but that poverty would always exist in their countries. Most of the participants in this group said they would consider investing in their home country, and some said that they already had invested there (1 had a house in Guatemala, 1 was part owner of a farm in Guatemala, and 1 owned land in Nicaragua). Just 1 or 2 participants said that they wouldn't invest in their home country because they had no plans to return there to live.

It's horrible; there is a high cost of living (Jamaica). – Group I

People say things are good there; people come there for work from other islands (St. Kitts). – Group I

There is a high cost of living, but it is developing and getting better (Turks and Cacaos). – Group I

They are rebuilding from the hurricane; it is getting better and will grow in the future (Grenada). – Group I

It is very tough (in Haiti) and if there is no help from the people living in the U.S. it can't work in Haiti – Group II

(The economy) is at zero in Haiti it is very terrible it can be better but as of now I can't see it – everything is imported from the U.S. – Group II

It is not good at all, everything is expensive and the insecurity makes it really bad. – Group II

There is no stability and a lot of unemployment – there is only work for young people (Argentina). – Group III

It is very difficult, but I am optimistic. You must invest, if you don't take a risk it will never get better there. (Peru) – Group III

The situation is improving (Uruguay). – Group III

I would not invest in Colombia now, there is too much violence and drug trafficking so I would be apprehensive. – Group III

It's not good over there, but I would invest there because it's my country and I would like to live in my country eventually (Dominican Republic). – Group IV

It looks bad there, the high cost of living makes it too expensive there. I would invest into a good business there if I had a lot of money (Dominican Republic). – Group IV

The economy is doing poorly there, I have a house (in the Dominican Republic) but don't plan to invest in anything else. – Group IV

As a woman things are better here than in Mexico – there are not a lot of opportunities for women there. – Group V

Everything is more expensive there; I don't know how (the people living there) do it, but I would go there when I retire (Mexico). – Group V

Here you can pay bills on your minimum salary, there you can't; it is less equitable (Mexico). – Group V

I just came back from vacation in Mexico and everything is more expensive there so I don't want to invest there. – Group V

Things are not good there, but they are getting better. I would invest there – I already have a house (Guatemala) – Group VI

My parents say there is a lot of vandalism. I wouldn't invest in Guatemala because I'm not going back there; it is dangerous, they rob you. – Group VI

Poverty will always be there – in Central American counties (Nicaragua). – Group VI

3. Remittance Issues

Not surprisingly, most of the participants said that the remittances they sent to their family members in Latin America and the Caribbean were mostly used for basic needs such as food, housing, education and medicine. Most did not see the remittances they sent as an investment, but rather as a little bit of money that helped out. Although some participants did say that the remittances they sent were used for payments on a home they (at least partially) owned in their country or for business investments in their country. However, for the vast majority of participants in these groups, investments and remittances were seen as two distinct entities. Aside from a few unique cases, participants said that once they sent the remittances off to their relative, they no longer thought about that money. The remittance practice was widely viewed as a process of putting together the money that they could spare and sending it to relatives back home so that they could cover their basic needs. The concept of this money being able to do more than cover the basics was foreign to most remittance senders. Even once the products were explained in the groups, there was a sort of resistance because many thought that it meant either more money out of their pockets or less money to their relative for the basic needs.

While a few participants did use banks to send their remittances home, most continued to still rely on traditional money transfer companies such as Western Union. Some also sent their remittances with people traveling back to their home country. The majority of participants across all groups said that they had a tendency to use the company that was closest to their home or work place out of convenience. Although a few had changed transfer companies because of cost, did not complain about the cost of sending remittances. The Central American group had the highest number (5) of people that sent remittances through a bank.

Group I – Remittances are used for: food, medicine, farming needs, basic needs/household bills/to maintain the home, school, business.

Group II – Remittances are used for: food, medicine & hospital bills, school, housing/household needs.

Group III – Remittances are used for: food, household items, insurance, school, house payments, basic needs, farming investment.

Group IV – Remittances are used for: food, basic needs, household expenses/upkeep, house payments, medicine & health needs, and clothing.

Group V – Remittances are used for: basic needs, household needs, construction fees for building a house, medicine.

Group VI – Remittances are used for: food, basic needs, buying land, medicine, to support the family's small business.

4. The Inter-American Development Bank

Overall, most participants in the 6 focus groups were not familiar with the IDB. However, in a few of the groups 1 or 2 participants did have accurate knowledge of the IDB and its work in Latin America. In the Caribbean group, 2 of the participants said that they had heard of the IDB, but neither gave a description of it. No one in the Haitian group had heard of the IDB, while 1 person in the South American group did. In the group from the Dominican Republic, 2 participants claimed to know about the IDB, however, 1 of these gave an incorrect description of the bank. In the Mexican group again, no one had heard of the IDB and although no one in the Central American group claimed to know about it either, 1 participant did say it sounded familiar and gave an accurate explanation. So clearly, there is not enough recognition of the IDB by immigrants for their “seal of approval” on these investment products to hold any meaning.

They give loans for investments in Latin America – Participant from Ecuador in Group III

It has to do with the World Bank – they do loans and other things through the governments. – Participant from the Dominican Republic in Group IV

It sounds familiar – I think it is a financial company that has helped to build roads, etc. and lends money to poor countries – I think it’s an NGO. – Participant from Guatemala in Group VI

5. Investment Products Linked to Remittances

Introduction

While overall participants in all 6 focus groups understood the products fairly well, it was clear that much explanation was required. In fact, few participants were able to get a complete and accurate understanding of the products simply by reading the slides we prepared for the focus groups. However, after the moderator explained each product in further detail and took any questions that the participants had, they were able to better understand the products and to see their value. The product that seemed to be the most difficult for participants to grasp was the Microfinance Institution Loans, whereas the Direct Payments was the easiest for them to understand.

Generally, the products tested were well received by all 6 groups. Many saw the need for such products in their home countries and made the connection that the remittance they already sent could help their families at home establish credit and improve their financial lives. There were definitely some differences between the different groups as to which products would be the most useful to them and to their families at home. While the Caribbean, Haitian, Dominican and South American groups all viewed the Housing Investments product as extremely important, it was a bit less important for the Mexican and Central American groups. Additionally, whereas the Agricultural Credits product were viewed as the least useful for 5 of the 6 groups, the Mexican group ranked it as the 3rd most important of the 7 products tested. The Educational Investments and Savings Accounts programs were widely accepted among all groups.

In order to gain an accurate understanding of how participants felt about each of the products, a specific structure for explaining, discussing, and gauging reaction to each of the products was put into place. First, a PowerPoint slide which provided a concise description of the product was displayed and read to participants. The moderator then offered a bit more detail about the product and took any general questions from participants regarding their understanding of the product (the pros and cons, likes and dislikes about the products were not discussed at this point). Next, the participants were asked to rate their level of understanding of the product on a scale from 1 to 10 with 1 meaning that they did not understand the product at all and 10 meaning that they understood it completely and could explain it to someone else. Respondents recorded their rating on a form supplied by the moderator. A discussion of the product then followed – participants talked about whether or not they liked the product and whether or not it would be of use to them and their families. They were also asked about the importance of each product, both to them personally and to their people in their country as a whole. After the discussion, the moderator again instructed participants to rank on the same 1 to 10 scale, the importance of the product. First they were asked to rank how important they thought the product was overall and then they were asked to rank their personal interest in the product. This process was repeated for each of the 7 products.

After all 7 products were discussed and individually ranked by each of the participants, one final rating took place. Respondents were provided a second form and were asked to give an overall ranking of the 7 products discussed. They ranked the products from 1 to 7 with 1 being the product they liked the best and 7 being the product they liked the least (each product had a different number from 1 to 7). What followed at the end was the overall ranking that each of the participants gave the 7 products tested at the conclusion of the focus groups. A mean score for each product was then calculated and the products were given an overall ranking for each group as a whole.

While both rankings proved to be useful exercises in the groups by helping the participants gain a more clear understanding of each of the products, for the purposes of determining the overall favorite products for each group the second ranking was the one relied upon. After analyzing all of the data and reviewing the taped focus group sessions, it became clear that the second ranking, for which the participants had to rate the products against each other, gave us the most accurate indication of which products were liked the best by each group. A complete detailing of both sets of rankings can be found in the appendices to this report.

Product 1: Housing Investments

The first product that was discussed in each of the groups was housing investments. It was explained that with this product, the remittance receivers would be able to use their remittance history (in the form of receipts from past transactions) to serve as a credit history for collateral for a mortgage or construction/remodeling loan. In this case the sender would have no responsibility for the mortgage or loan payment; it would be the sole responsibility of the recipient.

The housing product was relatively easily understood and very well liked by most participants. Some participants were skeptical about the mortgage payments not being their responsibility. Throughout the groups, several said that if their relative did not make the payments, it would become their responsibility to do so or their relative would end up losing the house. In spite of this, many liked this product the best out of all 7 that were tested. Clearly, as we saw in the first section of the groups, homeownership is valued by all participants and those who do not currently own a home say that purchasing one in the future was their main financial goal. It was not surprising then that they wanted the same for their relatives back home and if the remittance receipts could provide a path to homeownership, it would be viewed as a great idea. The Caribbean, Haitian and South American groups ranked this product number 1 overall. The Dominican group also liked this product a lot, ranking it number 2 overall. The Mexican and Central American groups were not as interested in the housing product and both groups ranked it 5th out of the 7 products that were tested.

A potential drawback that may be encountered with this product is actually how easy it sounds. Several of the participants across the different groups expressed a degree of doubt they, or their relatives back home felt when things sound too good to be true. Because many of them had had bad experiences with financial scams in the past, they were skeptical of anything that sounded too easy. The legitimacy of the product and the stability of the financial institutions offering the home loans would have to be at the forefront of the campaign to market this product. If marketed correctly though, it has the potential to be the most successful of all of the products. Owning a home is something that everyone can relate to and nearly everyone has as a goal.

The need is there. If it is a legitimate investment I wouldn't do anything but jump on it; housing is hard to come by. (Bahamas) – Group I

It is not an inviting proposal to get a loan for a house in Haiti, it is another expense and many would default after the first month. – Group II

To give someone an opportunity that they wouldn't have (otherwise) – this would help out and help family over there to forge ahead. (Ecuador) – Group III

It could be dangerous if it is too easy. If people think it's too easy then they won't pay for it (like running up credit card debt). (Uruguay) – Group III

I think its brilliant – they can obtain credit there – it's very doable. (Peru) – Group III

It may be too simple (and therefore) they may have doubts, it makes sense though. – Group IV

It's very good. It is important to tell them to keep the receipts and you wouldn't be able to send money with a person traveling – very interesting. – Group IV

It depends on who explains it to them and if they have trust in that person. – Group IV

I would be interested, it's very hard to get credit over there and this would make it easier for them. I don't see any problems with it as it is explained here, but who knows how it will actually come out. – Group V

It's good for people who want to invest (in Mexico), but if your family doesn't want to invest then there is no need. – Group V

This would get us into more problems. What if people start to pay on the loan and then can't pay anymore (when work is scarce) – then they will lose everything. (El Salvador) – Group VI

It's good for people who are working over there, but not for those who don't always have work – they depend completely on remittances and if I can't send them they wouldn't be able to make payments. (Nicaragua) – Group VI

It can be effective. If we invest it would be good and would help the people there. (Guatemala) – Group IV

Product 2: Educational Investments

The second investment product that was tested dealt with education for the family members in the home country (remittance receivers). Participants were told that with this product there would be 2 options – option 1 would involve the remittance sender in the United States serving as a guarantor for a university, private school or technical school loan. The family member in Latin America or the Caribbean would be the party responsible for making payments on the loan, but if for any reason they did not make the payments, the responsibility for payment would then lie with the immigrant living in the U.S. The second option for this product would be for the immigrant living in the United States to make direct payments on a monthly, quarterly or yearly basis to a university, private school or technical school attended by their family member in their country of origin. In this case, the remittance receiver in the home country would not have any direct responsibility for payment and the responsibility for payment would instead lie with the U.S. immigrant.

In the majority of cases, the second option – or direct payments to the school or university – was better liked than the other. Many respondents throughout the groups felt that if they were going to guarantee a loan, they might as well just take direct responsibility for the payments from the beginning. Like the housing investment product, the educational investment product was well received by most participants. Nearly all participants across the 6 groups viewed education as very important to one's future and thought that paying the school directly for a relative would be a good way to ensure that the money they sent was going toward education. Although it was seen as important to the countries overall, several of the participants did say that they did not have a personal need for such a product. Either they did not have any young relatives in their home country or they would rather bring the relatives to the U.S. for their education. Still, many thought this product could be very useful to those who did have children or other younger relatives back home. The Caribbean and Haitian groups ranked this product 2nd overall, while the South American group ranked it 3rd. The remaining groups – Central American, Mexican and Dominican all ranked educational investments 4th out of the 7 products tested.

It sounds like a good thing, but I'm not there to see if the family member will actually go to school. (Jamaica) – Group I

(The direct payments to the school) are good because if the person is not going to school then you can stop the payments so there is protection (for the sender) built in. (Bahamas) – Group I

Sending payments directly to the school would be great because if you send to your relative sometimes they may use the money for something else, this makes sure the money goes to where you intent it to go – I love this one. – Group II

I like the direct payment idea – with the way the economic situation is in Haiti now people barely have money for food and there is no money for anything else (like school). – Group II

I remember when I was in Haiti – my mom sent me money for school and I spent it on other things. – Group II

I like the second part – I would be directly responsible and I can manage my money accordingly. (Peru) – Group III

The first one could lead to big debt and conflict. (Uruguay) – Group III

It's a good idea but it doesn't apply to me because I have no one in Colombia that it applies to. For someone with a (school age) person in Colombia it could be good. (Colombia) – Group III

I would like to pay the school directly and avoid problems for my relatives. – Group IV

I would like to guarantee, but if (my relative) couldn't pay for it, I would pay directly. – Group IV

It gives you more control to pay directly to the school – it depends on the person you are dealing with. – Group IV

It's good if you are there (in Mexico), but my kids are here and I'd rather bring my sister's kids here to study. – Group V

The both sound very good, but I personally am not interested. – Group V

Both are fine – it's a benefit someone would have – I would do it. – Group V

It's interesting, then they are making a future for themselves like we are in the U.S. I like the second part better instead of taking on his responsibility. (Guatemala) – Group VI

The second one is good, you would have control and I'd ask for a record of their grades. Our countries do need this. (El Salvador) – Group VI

I do this for my daughter – every year I pay the whole year for her and then look at her grades and I also give her some money for books. I trust her to make sure the money goes to the right place. I don't know why others don't do this. (Nicaragua) – Group VI

Product 3: Microfinance Institution Loans

The third product we tested in these focus groups involved sending the remittances through a microfinance institution and then using the record of the transfers to qualify for small business loans through the same microfinance institution. The main uses for these loans, it was told to the focus group participants, would be for starting or improving on small businesses such as a beauty salon, a laundromat, a landscaping business, a restaurant, purchasing a taxi or minibus, etc. Again, the remittance sender in the United States would have no direct responsibility for any sort of payment. It was simply that the remittances they sent would help to establish a form of credit through the microfinance institution for their relatives in their home country.

Many of the participants throughout the focus groups had trouble fully grasping this product. There was a great deal of skepticism about the microfinance institutions in general as many associated these institutions with ones that were fly-by-night. Several people had personal experiences or had heard of other's experiences with depositing money into a similar sort of entity and then within a few days or weeks the place shut down, they left town and they lost their money. For this product to work and to be trusted, the microfinance institutions that participated would have to be thoroughly screened to be sure that they were solid companies, and then the people would have to be convinced of this in some way. There seemed to be more trust in banks so perhaps if the microfinance institutions were somehow linked with a well-known and trusted bank, they may have a better chance to succeed.

In addition to the skepticism around this product, it also seemed to be the most difficult for participants to understand completely. Perhaps the skepticism and lack of understanding went hand in hand, but regardless, this product received the lowest overall scores for understanding of the product. Due to one or both of the aforementioned problems, this was one of the less popular products. All 6 of the groups ranked this product among their 3 least favorite. One group, the Caribbean, ranked it 5th overall, while 4 of the groups (Haitian, South American, Dominican, and Central American) ranked it 6th out of the 7 products that were tested. The Mexican group ranked the microfinance institution loans at their least favorite of all of the products.

(It's a good idea – my daughter has a small cosmetics business and this could help her. (St. Kitts) – Group I

I have concerns about it – it's okay, but I wouldn't use it. (Bahamas) – Group I

I would need a lot more details about it. – Group II

It would be good for me; my wife would be able to start a little business. – Group II

People may take advantage of how easily this system would work. (Peru) – Group III

I like it – it would make it easier for someone to open a business there, but I'm concerned about the stability of the (microfinance institutions). (Ecuador) – Group III

I like it – it would be very good for my brother in the Dominican. But I wouldn't trust the institution; I would rather invest in something big – like the banks. – Group IV

It would be good to help them establish a credit history. – Group IV

It would be good and quick for small business – as long as they actually receive the money. – Group IV

I don't trust the (microfinance institutions) because they can move – they haven't been there for a long time like a bank. – Group V

It's good for them to establish credit for people over there (in Mexico). – Group V

Just as quickly as they (microfinance institutions) appear, they disappear as quickly and people can be left in debt. – Group V

These microfinance companies can disappear from one day to the next. (El Salvador & Guatemala) – Group VI

In general it's fine, but for me – no, it doesn't really grab my attention. (Nicaragua) – Group VI

Product 4: Agricultural Credits

The participants were told that the fourth product – agricultural credits – was quite similar to the microfinance institution loans. This product would basically function in the same way except that the small loans would be used for agricultural products (such as seed, fertilizer, agricultural equipment, etc.) rather than other small business products. A second aspect of this product was that it could be used to provide bridge loans – money that could hold over farmers and their families from the time of planting to the harvest when they could sell their goods.

Because this product was so similar to product 3, it was not surprising that some of the same problems were encountered in the discussion of the agricultural credits. Again, the mistrust of the microfinance institutions was mentioned and seen as a barrier by some to this product's success. This product was somewhat better understood by most participants due to it being the second time it was explained to them. However, this higher level of understanding did not lead to higher scores for the product. It is important to point out that many of the participants simply did not have a use for this product. Their families back home were not engaged in agriculture so they didn't connect with the product.

Overall, 5 of the 6 groups ranked this product last out of the 7 products tested. Only the Mexican group, which ranked the agricultural credits product 3rd overall, expressed any personal interest in this product. Although this product received such a low ranking, as can be seen in the quotes below, many did think this was a viable product. There was a lot of apprehension about the agriculture product among these groups of people since so many of their countries saw their agriculture base take such a negative hit from the hurricanes in recent years. However, many did understand that agriculture was vital to the economic base of their countries and wanted to see the agricultural situation improve. For that reason, this product received positive feedback in the initial discussion, but just wasn't seen as important as the other products that were tested overall.

My family (in Jamaica) would probably be interested in this, but there is a lot of risk with hurricanes – agriculture hasn't been doing well – maybe this could help. (Jamaica) – Group I

I'm not interested in this – not for my family. (Jamaica) – Group I

We can't abandon the agriculture because then there would be no food – something like this may give them a boost. (Bahamas) – Group I

(I am concerned about what would happen) if the person loses their crop and can't re-pay the money. – Group II

The bridge loan is a good idea to support them in between the planting and the harvest. – Group II

I'm not interested – that's why I left my country because of the agricultural situation there – the guerillas demand money from the farmers – maybe something like this would be good for others, but not for me. (Colombia) – Group III

My family has bananas over there so I think it's a good option to use this type of credit to improve whatever you have over there. (Ecuador) – Group III

I think this would be important – especially for the farmers. – Group IV

I don't understand this at all – the agriculture part. – Group IV

I would like to pay directly (for the agricultural goods) – like with the education program – I have more control that way, when I can pay directly – then I know what is being purchased. – Group IV

We don't do a lot of planting in Mexico City (so this doesn't interest me personally). – Group V

It would be good for those who (are involved in farming) and would need it. – Group V

The majority of farmers suffer in between the seed and harvest times – the host places won't lend any money to them – we are from farming countries and this can help out a lot of people. (Guatemala) – Group VI

It's fine for establishing the credit history, but my family had an experience like this – they were given credit to plant a crop and it took 3 or 4 years to come in and the price for the crop when down in the meantime, but he still had to pay the money back and hasn't been able to get out of that debt since. (El Salvador) – Group VI

Product 5: Insurance Investments

Virtually none of the participants had trouble understanding the idea behind the fifth product presented in the focus groups as it was fairly straight-forward. Basically the immigrant family member living in the United States would purchase a life or health insurance policy for their relative(s) in their home country. It was explained that the life insurance policies would be available in a range of values from just enough to cover the funeral expenses of the deceased relative to a larger amount that would cover the living expenses of those dependents of the deceased. The cost of funerals was a frequent burden for the immigrants living in the United States. High costs associated with a proper burial and service put a strain on immigrants who had already spread their money as thinly as possible.

The other piece of this product – health insurance policies for relatives in the home countries – was very well received by the focus group participants. Since many of them said that medicine and other medical expenses comprised a large portion of the remittance money they sent, this product seemed practical.

Overall, both insurance products were easily understood and viewed as valuable by most participants. The Central American group liked this product the best and ranked it 1st out of all the products. The South American and Mexican group felt nearly as strongly about this product and both groups ranked it 2nd overall. The Caribbean group ranked it 4th overall, while the Haitian and Dominican groups ranked it 5th. This product would likely be successful in all of the countries that were represented in the focus groups. This product made a lot of sense to everyone because all of the participants had dealt with funeral expenses or medical expenses for a relative in their home country. As long as people were assured that their insurance would be accepted by the medical facilities and the funeral homes, they were likely not have much hesitation to purchase a life and/or medical insurance policy.

It is an excellent idea – it costs a lot to bury someone. (Jamaica) – Group I

This is good because it's expensive to bury someone in the U.S., but it is outrageous on the island. (Bahamas) – Group I

I always like to be on the preventive side – I think it's a great idea. – Group II

The way I see the exchange rate now between the U.S. and Haiti, I personally would not invest in that – it's a good idea, but I wouldn't – in the past, yes, but the way the situation is now – if I bought a policy for my relatives in Haiti, people down there would probably go after them. – Group II

I think it is a great idea...if I could get my grandmother health insurance so she can go to the hospital when she isn't feeling well that would be great. – Group II
This is an excellent idea. (Argentina) – Group III

If I would be paying for the medical insurance for my relative I would need to know what it covers and what it doesn't cover and be sure that they would accept the insurance in whatever clinic so my

family member doesn't go there and then they say they don't take that insurance there. (Ecuador) – Group III

A direct transaction with the insurance company would be good – now it is difficult and complicated to communicate with the people there. (Peru) – Group III

Both (life and health insurance) are very good – my grandmother has to go to the doctor and get medicine a lot – this would help her out. – Group IV

This would have helped out a lot (when my father died) it would have saved us a lot of money. – Group IV

My mother (in the Dominican Republic) is sick a lot and this would give me security and I wouldn't mind paying for it because I do already pay for the medicine and doctors visits. – Group IV

Something like this is available through the Mexican Consulate for medical insurance but the person has to be in really good health and have tests done before the insurance is granted through the state. – Group V

Both sound good – the life insurance is good because it can cover the (funeral) expenses if you don't have the money. – Group V

Health insurance is very difficult (in Mexico) and many people don't go to the doctor when they need to. – Group V

This is good – you pay for the burial anyway, so it's good that it would already be paid for. (Nicaragua) – Group VI

It (medical insurance) would be important for the people there because they lack a lot of the services there that we have here. (El Salvador) – Group VI

The hospitals there are a disaster there is no equipment, etc., but the private clinics are so expensive – this (medical insurance) would help. (Guatemala) – Group VI

It is stupendous but who is going to guarantee it for me? (El Salvador) – Group VI

Product 6: Direct Payments

The most readily understood product overall was the 6th one we addressed – direct payments. Participants were told that with this product the remittance sender in the U.S. would be able to make payments directly to companies for various basic household expenses (telephone, utilities, groceries, etc.). Since most remittance senders said that the money went to pay for basic household needs – food, utilities, etc. – this product made sense to many, especially those who had elderly relatives that they supported in their home country. Some others, however, felt that this product would just make it easier for their relatives who received remittances to take advantage of the situation. While some people thought that this product would alleviate the hassle of paying bills for their relatives, others felt that it would just make them irresponsible if they did not have to be concerned with their household bills. Clearly the full logistics of how this program would work was a concern to some, but the basic concept appealed to many.

The Mexican group, perhaps partially due to proximity to the U.S., was the least impressed by this product. One participant (from the Mexican group) put it simply when he said that if he was going to go through the hassle of paying all of the bills – in effect managing the household – then he would just as soon bring those relatives to come and live in the United States. The group from the Dominican Republic, however, felt quite differently. In fact, that group ranked the direct payment product as number 1 overall out of all 7 products. This product was also well received by the Central American group, which ranked it 2nd overall and by the Haitian group, which ranked it 3rd overall. The South American group ranked it 5th and both the Caribbean and Mexican groups ranked it 6th.

I don't like this one at all; people will take advantage of it. (St. Kitts) – Group I

This is good – especially for the elderly. (Bahamas) – Group I

I think it is great because the money would not be used for other things. – Group II

This would definitely be helpful, even for the country overall, it would stop people from stealing electricity if you are paying directly to the company. – Group II

It's good – I had paid someone to bring the (remittance) money to my father (in Haiti) and that person just took all of the money. – Group II

This would be good for my family – for me it is excellent and would make things easier for my family – they can be a little irresponsible and spend money on other things (rather than the bills) this would make it easier for me. (Peru) – Group III

It would be good for me because my parents are so old – it would be a relief for them. (Argentina) – Group III

It could be good, but you would have to trust those companies (electric, etc.) – it's a very good idea. (Venezuela) – Group III

This would be great and would give me more security – I don't care if they get mad (because I am taking some of their responsibility away) it is my money. – Group IV

It would be good for me – they would probably get mad in the beginning, but then it would be fine. – Group IV

I don't need it, but it would be good for (those with elderly relatives). – Group IV

I'm not interested in this; I might as well just bring them here if I'm going to maintain their household. – Group V

It's a bit difficult; I don't want them to think I'm controlling their expenses. – Group V

It would be really good for an older or handicap person. – Group V

It would be good for certain expenses that you would know the amount, but not for the market – they go to different ones to get what they need. I don't think it would bother them though – it would be one less thing for them to worry about. – Group V

It would be good – one less bother for them. (El Salvador) – Group VI

It would be good for older people, but not for younger ones. (Nicaragua) – Group VI

I do something like this on the Internet for my grandmother – it's a grocery delivery service. (Guatemala) – Group VI

It is good because it would help a lot of people – the older ones – it is not for the young. (El Salvador) – Group VI

Product 7: Savings Accounts

The seventh and final product that was presented in the focus groups was fairly straight-forward. It involved setting up savings accounts in the name of the remittance recipient. This product was described to the participants as one where an agreed upon portion of the remittance sent to the relative in the native country would be deposited into a savings account in the bank or microfinance institution where the remittances were received. This savings account could help the remittance recipient establish a credit history and serve as a financial cushion in case of an emergency.

Generally the participants did not have a difficult time grasping the concept of the savings account product. Many have their own savings accounts in the United States and were in favor of the idea of their family members back home saving money. Several of the participants across the different groups expressed concern that their family member, and not themselves, would have control over the savings account. Some even said that they would like the product better if they could personally have control over the savings account. Still, overall the product was well received and fairly easily understood.

All of the groups ranked this product at least among their top 4 favorite products of the 7 that were tested. The Mexican group actually ranked it number 1 overall, while the Caribbean, Dominican and Central American groups ranked it 3rd. The Haitian and South American groups both ranked savings accounts 4th out of the 7 products.

It's a good idea, but the amount (for savings) would have to be set with the bank. (Jamaica) – Group I

It is good because it's beneficial to people who are less wealthy – it is a vehicle to establishing credit. (St. Kitts) – Group I

If they (the remittance receivers) have access to it (the savings account), they'll just go and take all the money. – Group II

I think it's great – if a portion is left in the savings account then they will have it for the next little thing that comes up and won't have to call you to send money again. – Group II

For me it is very important. I learned the savings culture over here and from here we can motivate them to start a savings account...It has to be doable in the situation our countries are going through. (Peru) – Group III

I think its good – the money you send can be more controlled and secure and not just be immediately paid to someone else (the remittance money goes fast, and this may help them put away some of it). (Uruguay) – Group III

I think it is a very good idea – I did this with my son (who is in Venezuela) so he would have a savings account there and it worked out well. (Venezuela) – Group III

It is very important (to save). If there is an emergency I won't have to go there or send money – (my relative) can just take the money out of the savings account there. – Group IV

The person in the Dominican Republic needs to know to have some money in the account. I would want some control over that percentage – that would be the disadvantage; the person in the Dominican has all the control. – Group IV

It would be good if they leave it in the savings and have it for an emergency. – Group V

It is interesting – an emergency fund would be good in case I can't send the money (when there is an emergency). – Group V

It would be hard to convince them to keep some money in the savings – we can educate them. (Guatemala) – Group VI

It would be good for an emergency fund to help them get out of a jam – I can convince my relatives there to do this. (Nicaragua) – Group VI

There are pros and cons...it would be good to educate them on savings issues and having an emergency fund. (El Salvador) – Group VI

Conclusions of Financial Products

Although there were some variations as to the favorite products among the 6 focus groups, some clear favorites did emerge. The housing investment product was the overall favorite for 3 of the groups – Caribbean, Haitian and South Americans – and was the 2nd favorite for the Dominican group. The Mexican and Central American groups did not like the housing investment product as much as the other groups, but still participants in all 6 groups saw how the product could be beneficial to many of the people in their home country.

The insurance, educational investment and savings account products were all well received by the 6 groups. As mentioned earlier, the Central American group ranked insurance investments number 1 overall and the Mexican group chose savings accounts as their number 1. These three products all ranked fairly high in each of the 6 groups.

The response to the direct payment product was a bit more varied. Whereas it was the favorite of the Dominican group, it ranked as low as 6th overall in some of the other groups.

With the exception of the Mexican group, there was consistency as to the least favorite product – agricultural credits. It was not completely clear from the groups though if there was a true lack of interest in this product or if it was more a case of the product not being completely understood. Additionally, many of the participants across the different groups who did come from rural areas in their home countries and were familiar with farming seemed to be more concerned with the potential loss of crops from natural causes (such as excessive rains and hurricanes) than they were with the product itself. The major concern was that their family could lose their crop and if they had borrowed money then they would be left in debt and with no viable crop. Many of the countries that the participants were from had just had a particularly difficult year with hurricanes, so the low rankings could have reflected more of a concern about the security of the agricultural industry than concerns about this particular product. It will be important to address this issue in the national poll to determine where the low ranking truly comes from.

When these 7 products were ranked against each other, clearly some were favored over others. Overall however, participants were able to see some value in all of the products. All of these remittance senders were people who wanted to see the situation in their country of origin improve. The participants, for the most part, did seem to understand that each of these products in their own way could help improve the situation for their relatives back home and for the country overall. The ranking that they gave to the products was more a reflection of which of the products would be of the most benefit to themselves and their families than it was a reflection of which products were liked and which were disliked.

Conclusion

These focus groups provided very useful and instructive initial results. We can clearly tell that there was an interest in several of these products and that many immigrants were able to see the positive impact that such products could have on their countries of origin. Overall, the products were received positively and there was a willingness among the majority of the participants to try the products out. In most cases, the participants in the groups had a strong connection to their home country and wanted to see the circumstances improve there, even if they had no intention of returning there to live. While they recognized that the economies in most of their countries were struggling, many had hoped that they would improve over time. Certainly, a few of the participants did seem to recognize by the end of their group that if these products were introduced, it could help them personally play a role in improving the economic state of their home country.

There are some obstacles that will be faced, however, in operationalizing these products. There are differences across the different ethnic groups. Depending on the country of origin, the people in the focus groups expressed some different concerns and different needs based on the particular circumstances that existed in their home country. For example, the Haitians were most concerned about the safety issues in their country and the insecurity of the economy there. There was a genuine fear for the safety of their relatives that was expressed when different products were discussed – such as thinking that their family member may become a target of violence if it became known that they had an insurance policy. Similarly, a Colombian participant was against the agricultural credits because of the bad experience he had had with guerillas on his farm that ultimately drove him to leave his country to pursue a better life in the U.S.

Another obstacle may be the disconnection that many of the participants had between remittances and investments. While some were able to see the investment uses for the remittances they already sent, many had a tough time with this and clearly saw investments and remittances as two very distinct things. Helping the remittance senders in the United States to see that the money they sent to their relatives back home could be used in various ways as an investment will be a critical step to making these products successful.

The next step in this research project, the national opinion poll, will be quite telling. The groups have helped us to identify several of the strengths and weaknesses of each of these products that can be tested more thoroughly in the survey. In addition, fleshing out which products are truly the most well liked and what differences there may be across the different nationalities will be a key aspect of the poll. The biggest challenge for the poll will be creating the most simple, yet informative explanations of the products that is possible. The explanations were a source of difficulty in the focus groups in that they were too complicated for many of the participants. These explanations must be simple and informative so that they give the respondent a clear idea of what the product entails. If this is achieved in the poll, it will most certainly pave the way for a more successful introduction of the products both in the U.S. and in Latin America and the Caribbean.

Appendix A: Initial Rating – Understanding, Importance and Interest of Each Product

Product I: Housing Investments

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	9.43	10.0	9.43	10.0	8.86	9.00
Group II: Haitian	8.70	9.00	10.0	10.0	8.90	10.0
Group III: South American	10.0	10.0	8.70	9.50	7.90	10.0
Group IV: Dominican	10.0	10.0	9.20	9.50	8.50	10.0
Group V: Mexican	9.40	10.0	7.50	7.50	5.60	5.50
Group VI: Central American	9.40	10.0	7.00	7.50	8.20	9.00
Overall	9.49	10.0	8.64	9.50	7.99	9.50

Product II: Educational Investments

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	6.50	10.0	6.10	9.00	4.70	7.00
Group II: Haitian	8.90	10.0	9.90	10.0	9.50	10.0
Group III: South American	9.80	10.0	8.70	9.00	7.70	8.50
Group IV: Dominican	9.20	10.0	9.70	10.0	8.40	9.50
Group V: Mexican	8.90	10.0	9.00	10.0	3.90	2.50
Group VI: Central American	9.90	10.0	8.70	9.50	9.60	10.0
Overall	8.67	10.0	8.68	9.75	7.30	9.00

Product III: Microfinance Institution Loans

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	7.14	8.00	7.29	8.00	6.29	7.00
Group II: Haitian	9.60	10.0	9.10	10.0	7.90	9.00
Group III: South American	9.50	10.0	6.50	6.50	4.40	4.00
Group IV: Dominican	7.70	10.0	9.50	10.0	8.30	9.50
Group V: Mexican	8.50	9.50	6.20	6.50	4.20	2.50
Group VI: Central American	8.89	10.0	6.33	7.00	4.67	5.00
Overall	8.56	10.0	7.49	7.50	5.96	6.00

Product IV: Agricultural Credits

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	8.57	10.0	7.14	8.00	3.57	4.00
Group II: Haitian	9.60	10.0	9.00	9.00	7.20	8.50
Group III: South American	9.80	10.0	7.30	6.50	3.50	3.00
Group IV: Dominican	8.60	10.0	9.40	10.0	5.10	5.00
Group V: Mexican	9.60	10.0	6.60	7.50	2.70	1.50
Group VI: Central American	9.56	10.0	4.60	3.50	4.40	3.50
Overall	9.29	10.0	7.34	7.75	4.41	3.75

Product V: Insurance Investments

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	9.71	10.0	9.43	10.0	9.57	10.0
Group II: Haitian	9.70	10.0	9.30	10.0	8.67	10.0
Group III: South American	10.0	10.0	9.80	10.0	9.10	10.0
Group IV: Dominican	9.70	10.0	10.0	10.0	8.30	10.0
Group V: Mexican	9.50	10.0	9.70	10.0	8.90	10.0
Group VI: Central American	10.0	10.0	10.0	10.0	10.0	10.0
Overall	9.77	10.0	9.71	10.0	9.09	10.0

Product VI: Direct Payments

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	9.00	10.0	8.00	8.00	6.71	7.00
Group II: Haitian	10.0	10.0	10.0	10.0	10.0	10.0
Group III: South American	10.0	10.0	6.90	7.50	6.30	8.00
Group IV: Dominican	10.0	10.0	9.80	10.0	9.78	10.0
Group V: Mexican	10.0	10.0	5.50	5.50	4.20	3.50
Group VI: Central American	9.90	10.0	9.10	10.0	9.00	10.0
Overall	9.82	10.0	8.23	9.00	7.67	9.00

Product VII: Savings Accounts

(Mean and median scores for each group are based on a 1 to 10 scale)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	Median	Mean	Median	Mean	Median
Group I: Caribbean	9.43	10.0	8.57	9.00	8.14	9.00
Group II: Haitian	9.78	10.0	9.20	9.00	8.90	10.0
Group III: South American	9.80	10.0	9.50	10.0	8.90	9.50
Group IV: Dominican	10.0	10.0	9.40	10.0	8.00	8.50
Group V: Mexican	9.60	10.0	8.50	9.00	6.80	8.00
Group VI: Central American	9.80	10.0	9.40	10.0	9.00	10.0
Overall	9.74	10.0	9.10	9.50	8.29	9.25

Understanding	Overall Importance	Personal Interest
Direct Payments	Insurance Investments	Insurance Investments
Insurance Investments	Savings Accounts	Savings Accounts
Savings Accounts	Educational Investments	Housing Investments
Housing Investments	Housing Investments	Direct Payments
Agricultural Credits	Direct Payments	Educational Investments
Educational Investments	Microfinance Institution Loans	Microfinance Institution Loans
Microfinance Institution Loans	Agricultural Credits	Agricultural Credits

Appendix B: Overall Ranking

Group I: Caribbean

<i>Product:</i>									Mean Score	Overall Ranking
Housing Investments	1	3	1	1	2	3	3		2.00	1
Educational Investments	5	1	2	4	1	6	2		3.00	2
Microfinance Institution Loans	6	6	3	5	5	4	1		4.29	5
Agricultural Credits	7	7	7	7	7	7	7		7.00	7
Insurance Investments	3	5	5	2	3	1	6		3.57	4
Direct Payments	4	4	6	6	6	5	5		5.14	6
Savings Accounts	2	2	4	3	4	2	4		3.00	3

Group II: Haiti

<i>Product:</i>	DQ										Mean Score	Overall Ranking
Housing Investments	5	4	4	1	1	1	1	5	1	6	2.67	1
Educational Investments	1	5	1	5	2	2	3	1	4	1	2.67	2
Microfinance Institution Loans	7	3	6	3	4	5	7	6	2	5	4.56	6
Agricultural Credits	7	7	7	7	7	4	5	7	6	7	6.33	7
Insurance Investments	1	2	2	6	6	3	6	2	7	3	4.11	5
Direct Payments	1	6	3	2	5	6	4	3	3	2	3.78	3
Savings Accounts	3	1	5	5	3	7	2	4	5	4	4.00	4

DQ = Participant filled out form incorrectly; therefore responses were not taken into account for calculations of mean scores and overall rankings.

Group III: South America

<i>Product:</i>	DQ	DQ	DQ								Mean Score	Overall Ranking
Housing Investments	1	1	1	1	1	1	2	1	4	1	1.57	1
Educational Investments	4	1	1	2	5	2	1	5	5	3	3.29	3
Microfinance Institution Loans	7	1	3	4	4	7	6	4	6	7	5.43	6
Agricultural Credits	7	2	3	6	7	4	7	7	7	6	6.29	7
Insurance Investments	2	1	1	5	2	3	4	3	3	2	3.14	2
Direct Payments	2	1	1	7	6	5	5	6	2	4	5.00	5
Savings Accounts	1	1	1	3	3	6	3	2	1	5	3.29	4

DQ = Participant filled out form incorrectly; therefore responses were not taken into account for calculations of mean scores and overall rankings.

Group IV: Dominican Republic

<i>Product:</i>	DQ										Mean Score	Overall Ranking
Housing Investments	1	4	4	5	5	4	1	1	6	2	3.56	2
Educational Investments	5	3	5	1	4	7	2	3	7	4	4.00	4
Microfinance Institution Loans	4	5	3	6	6	6	3	2	2	6	4.33	5
Agricultural Credits	7	6	1	7	7	5	4	4	3	7	4.89	7
Insurance Investments	2	7	6	4	3	1	5	5	5	3	4.33	6
Direct Payments	2	2	7	3	1	2	6	6	1	1	3.22	1
Savings Accounts	3	1	2	2	2	3	7	7	4	5	3.67	3

DQ = Participant filled out form incorrectly; therefore responses were not taken into account for calculations of mean scores and overall rankings.

Group V: Mexico

<i>Product:</i>	DQ	DQ									Mean Score	Overall Ranking
Housing Investments	1	2	5	4	5	3	1	7	3	5	4.13	5
Educational Investments	9	3	2	6	4	7	2	2	2	7	4.00	4
Microfinance Institution Loans	3	1	4	7	6	6	4	6	5	6	5.50	7
Agricultural Credits	1	7	7	1	1	5	5	5	4	4	4.00	3
Insurance Investments	6	2	2	5	2	2	6	4	1	1	2.88	2
Direct Payments	4	2	1	3	7	4	7	3	7	3	4.38	6
Savings Accounts	1	1	3	2	3	1	3	1	6	2	2.63	1

DQ = Participant filled out form incorrectly; therefore responses were not taken into account for calculations of mean scores and overall rankings.

Group VI: Central America

<i>Product:</i>	DQ										Mean Score	Overall Ranking
Housing Investments	2	4	1	4	3	7	7	4	4	6	4.44	5
Educational Investments	1	3	5	3	1	6	5	6	6	3	4.22	4
Microfinance Institution Loans	4	6	4	7	5	4	6	5	5	4	5.11	6
Agricultural Credits	2	7	3	5	4	5	4	7	7	7	5.44	7
Insurance Investments	3	2	7	1	2	1	1	1	1	2	2.00	1
Direct Payments	7	5	2	2	7	3	2	2	2	1	2.89	2
Savings Accounts	2	1	4	6	6	2	3	3	3	5	3.67	3

DQ = Participant filled out form incorrectly; therefore responses were not taken into account for calculations of mean scores and overall rankings.

REMITTANCES:

**THE ROLE THEY PLAY IN THE DEVELOPMENT
OF LATIN AMERICANS, THEIR FAMILIES AND
THEIR COUNTRIES**



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Introduction & Methodology:

In a three week period of time – from Feb. 24 to March 12 – Bendixen and Associates conducted 14 focus group sessions among adults who received remittances in Colombia, México, El Salvador, Guatemala, Dominican Republic, Haiti and Jamaica. These sessions were part of the study commissioned by the Inter-American Development Bank (IDB). The main objective of this phase of the study was to analyze the possibility that remittances might provide additional value to the development of Latin Americans, their families, and their countries, in addition to the net benefit that the monies sent already provide. In order to understand the process, the IDB created seven products that might represent additional value to the people receiving the remittances throughout the continent. We conducted these sessions differently from previous ones. We did not hold them in a waiting room, but met with the interviewees in conference rooms set up in hotels. The trust of those interviewed was greater and the exchange of ideas more fluid. It is not easy for Latins to talk of their dreams and possibilities and thus it was crucial to create the proper ambiance. We taped all sessions.

All those who participated in these sessions were citizens of the seven countries where they received the remittances, of legal age, and received money from abroad regularly from a family member or friend.

We conducted the sessions in an orderly manner starting with Colombians and continuing with Mexicans, Salvadorans, Guatemalans, Dominicans, Haitians and Jamaicans. Bendixen and Associates recruited directly and traveled to those countries before the sessions took place, interviewing a considerable number of candidates before deciding who would participate in each of the sessions.

COLOMBIA: We conducted our first two sessions at the Hotel Tequendama in Bogotá with 21 participants. The first group met between 6 and 8 p.m. and the second between 8 and 10 p.m.

Group One: Eleven people participated. Eight received remittances from the United States, two from Europe, and one from another Latin American country. The average family yearly income was \$7,000. One family of one earned \$18,000 a year and there were three families that earned between \$5,000 and \$7,000 a year. The rest of the families lived with less than \$5,000 a year. Two of the participants had been receiving remittances from abroad for less than one year, seven had been receiving them between one and three years, one between three and five years, and one for more than five years. One of the participants was over 65 years old, another was between 50 and 64, three were between 36 and 49, three between 25 and 35 and two were older than 18 but not yet 24 years old.

Group Two: Ten people participated. Nine received remittances from the United States and one from Europe. The average family yearly income was \$5,300. Two earned less than \$5,000 and one refused to answer the question. Four of the participants had been receiving remittances between one and three years; three had been receiving money between three and five years, and three had been receiving funds from abroad for more than five years. The breakdown of this group by age was as follows: five were between 25 and 35 years old; three were between 36 and 49 years old, and two were between 50 and 64 years of age.

MEXICO: Twenty Mexicans participated in two groups at the Hotel Fiesta Americana in Guadalajara. The first group met at 6 p.m. and the second at 8 p.m.

Group One: Eight people attended the first session. All had received money from the United States. Their annual family income was \$5,500, and of this group, three reported that the remittances made up the totality of the family income. The family of two earned more than \$10,000. Another two families earned between \$5,000 and \$10,000 and the other's family income was below \$5,000 a year. One of the participants had been getting remittances for a year; four had been receiving them between one and three years; and three between three and five years. Two of those attendees were between 36 and 49 years old, three between 25 and 35 and three were between 18 and 24.

Group Two. Twelve people attended – six men and six women. All had received money from the United States. The average household income was \$11,000. One reported the family's income was \$48,000 a year, two reported their families earned about \$18,000, two earned between \$5,000 and \$10,000. The remaining seven families earned less than \$5,000 a year. Three had been receiving funds for less than a year, two between one and three years and four of the participants had been receiving funds from abroad for three to five years. Three of the participants had been receiving funds for more than five years from relatives abroad. The breakdown of the ages of the people attending was: three between 18 and 24, four between 25 and 35, three between 36 and 49, one between 50 and 64 and one was over 65.

EL SALVADOR: Twenty Salvadorans attended the two sessions held at the Novo Hotel in San Salvador. The first group met at 2 p.m. and the second at 6 p.m.

Group One. Ten people attended the first session. Nine received remittances from the United States and one from Australia. The average household income was \$4,300. Two lived in households with a yearly income of more than \$10,000 and one between \$5,000 and \$10,000. The remaining attendees had household yearly incomes of less than \$5,000 a year. One had been receiving Money from abroad for less than a year, five between one and three years, one between three and five years and three for more than five years. Three attendees were between 36 and 49 years old, two between 25 and 35, two between 18 and 24, two between 50 and 64 and one was over 65 years old.

Group Two. Ten people attended, five men and five women. All received money from the United Status. The average household income of these participants was \$5,700. One reported a household income of \$36,000 a year. The rest said their annual incomes were below \$5,000 a year. One had received money from abroad for less than one year, seven between one and three years, one between three and five years, and one for over five years. Five of those in the group were between 18 and 24 years old, tow between 25 and 35, one between 36 and 49, one between 50 and 64 and one was over 65 years old.

GUATEMALA: Nineteen people attended the session in Guatemala held at the Hotel Princesa in Guatemala City. Both sessions took place on March 4, the first beginning at 4 p.m. and the second at 6 p.m.

Group One. Eight people attended. All those present received money from the United States. The average household income ranged between \$4,000 and \$5,000. Two would not divulge an amount and another stated his only source of income was the money he received in remittances. Two had been receiving funds between one and three years, two between three and five years, and four for

more than five years. Of those present, three people were between 36 and 49 years old, two between 25 and 35 and three were between 18 and 24 years old.

Group Two. Six men and five women attended the session. All received money from the United States. The average household income was \$9,300. Two stated their families earned more than \$10,000 a year. One reported that his household's income was less than \$5,000 a year. The other nine attendees reported between \$5,000 and \$10,000. Three had been receiving funds for more than five years and three others between one and three years; only one had been receiving funds for less than one year and four received remittances between one and three years. Of those attending, nine were between 18 and 24 years old and two were between 25 and 35 years old.

DOMINICAN REPUBLIC: In the Dominican Republic, 20 people attended the sessions held at the Milton Hotel in Santo Domingo. Both groups were held on March 7 with the first group meeting at 5 p.m. and the second at 7 p.m.

Group One: Ten people participated. Eight of them received remittances from the United States, the other two from Europe. The average household income of this group was \$8,000. Three stated their households made a combined \$5,000 to \$10,000 a year, and one reported he did not know how much his household income was. Of those gathered, three stated they had been receiving funds from overseas for more than one year and for less than three years, four stated they had been receiving funds for three to five years, and three for more than five years. Six of those present were between 36 and 49 years old, two between 25 and 35, one between 50 and 64 and one was between 18 and 24 years old.

Group Two: Ten people attended – five men and five women. All received remittances from the United States. The average household income of this group was \$29,000. Two stated their annual household income was higher than \$10,000 a year, four stated that their household income was less than \$5,000 a year, three were between \$5,000 and \$10,000 a year and one stated that in his household the only source of income was the remittances received. Of those attending, five were between 18 and 24 years old, three between 25 and 35 and two were over 36 but under 49 years old.

HAITI: Twenty people attended the two groups held at the Hotel El Rancho in Port-au Prince. Both groups were held on March 9 with the first group meeting at 3 p.m. and the second at 5 p.m.

Group One: Ten people attended. Seven received remittances from the United States, one from Europe, one from another country and one stated not knowing where the money came from. They did not state what their average household incomes were. This was a very difficult issue because many reported that their household incomes were made up by money earned by people living in other, far-away places. Of this group two stated they had been receiving funds for more than one year and less than three, one between three and five years and four for more than five years. Two stated they had been receiving funds for less than a year and one refused to answer. In this group, one person was between 36 and 49 years old, five were between 25 and 35, and two were between 18 and 24. Five of those present were men and five were women.

Group Two: Ten people attended. All received remittances from the United States. Household incomes were \$3,500 with one person reporting his family's household income surpassed \$10,000 a year. Seven stated their household incomes were under \$5,000 a year, and two reported it to be between \$5,000 and \$10,000. Five of those present had been receiving money from relatives abroad

for more than five years, two had been receiving money between three and five years and three between one and three years. Of those present, one was between 18 and 24 years old, six were between 25 and 35, two were over 36 but less than 49 and one was over 50 but less than 64 years old.

JAMAICA: Eighteen people came to the two sessions. Both were held on Friday, March 10.

Group One: Ten people came to the first session. Seven of them received remittances from the United States, while three received funds from other countries. The average household income was \$12,068. Three lived in households with more than \$10,000 a year, four between \$5,000 and \$10,000 a year and one did not divulge how much his/her family's household was. One of the participants claimed to have been receiving remittances between three and five years. The other nine reported they had been receiving funds for more than nine years. Of those present, four were between 36 and 49 years old, four between 25 and 35 and two were between 18 and 24 years of age. Five of them were men and five were women.

Group Two: Eight people attended. Seven received money from relatives or friends in the United States. One received remittances from Europe. The average household income of these participants was \$3,600. One stated his household income was in excess of \$10,000 a year, four stated it was under \$5,000 a year and one stated it was between \$5,000 and \$10,000. The other two did not respond. Of those present, one was between 18 and 24 years old and seven were between 25 and 35 years old.

Overview of Findings

Those who attended the sessions reacted favorably to the idea that the IDB wants to provide an additional value to remittances. Few of those present knew neither of the bank's existence nor what the bank's function was. Nevertheless, once the issue was explained to them they participated in the study with great enthusiasm. The product preferences are closely linked to the different countries and to the needs of the people in those areas. In some countries such as Colombia, people do not view insurance as necessary. In other countries, like in El Salvador, the product called "Life Insurance" sparks an interest in people to participate, whereas they did not participate as enthusiastically in the discussion of the other products. There is a close link between the political and economic reality of the country where one conducts the survey and the products that people understand, analyze in depth and support or reject.

We must point out that understanding the products the IDB proposes is a complex issue and some of the topics discussed are beyond the comprehension of the less educated in the study groups or those who are not familiar with banking and investment options. Even for the younger and better-prepared participants as was the case of the second group in Guatemala, the products required a detailed explanation and a thorough discussion. It is essential that the products offered be accompanied by a clear explanation in order for them to be accepted. It is even possible that an advertising campaign in itself will not be able to explain the products well enough and that the bank might need workshops in the different countries to explain the different products that will be available.

In contrast with the groups interviewed in the United States, those in Latin America are more willing to accept credit plans to pay for education and housing and reject vehemently direct payments and agricultural credits.

In Latin America, remittances are an essential resource. It is an avenue that fills financial needs and pays for basic needs. Only in few cases, do remittances provide resources used for saving money or investing. Even then, the savings or investment goes to the person sending the money, and not to the one receiving it.

1. Personal Financial Situation in Latin America and the Caribbean

Except for those in the Dominican Republic and Colombia, people in the other countries reported they are worse off today than they were last year. In some places like El Salvador and Haiti, the conditions available in the country and its' people are very poor. In Guatemala, the perception is confusing. Many say they are better off now but conditions in general are not good. In Mexico, people say that their personal situation is better, although the country's situation is worse.

In very few cases, people who participated in these sessions say they were willing or able to save or invest. Remittances continue to be the way people balance their budget and enables them to meet essential needs such as household expenses or funds to further their studies.

I am worse off (than I was before). I can't make ends meet because costs continue to go up. (Mexico: Group I)

I live day to day. With what we make now, we can't make it. (Mexico: Group II)

My job covers expenses. What my brother sends me helps me a lot. (Colombia: Group I)

Money does not go as far as it used to. My Basic needs and services, everything has gone up. (El Salvador: Group I)

At home, we are all unemployed. I work every occasionally. I used to work more frequently. (El Salvador: Group II)

My retiree pension is not enough. When my children send me \$100, I was happy because it was 800 Colones. But now, the dollar is devalued. (El Salvador: Group II)

My situation varies. One month it is better and then another one it is worse. But I have less expenses than last year. (Guatemala: Group I)

I am OK. I have been retired for 10 years. With what they send me from Venezuela, I am better off now because at this time I am working. (Colombia: Group II)

I had the opportunity to work and I am taking advantage of it. (Colombia: Group II)

If my family does not send it to me, I have no money. (Haiti: Group I)

I do not make enough money because of conditions in the country. If more jobs were available, it is possible that more people would earn enough. (Jamaica: Group I)

It is worthwhile mentioning that some of the participants expressed concern because some people live exclusively with what their relatives send them and make no effort to do anything else to earn money. They are "pariahs" or "parasites" that live off remittances.

2. Economic Situation and Investment Climate in Latin America and the Caribbean

In general, people do not believe that economic conditions are good, except for those from Colombia, Guatemala and the Dominican Republic. Most of the participants say that the cost of living has increased and that politicians and economic policies have hurt their respective countries. In many cases, they talk about unemployment or underemployment. They mention jobs that pay poorly and a cost of living that is constantly on the rise. This information is derived from people with many different lifestyles. Among them, there was a taxi driver, a student and a homemaker. The household monthly income was low; the middle class continues to show it is declining, and poor people now face outright misery.

Globalization and programs that seek regional economic integration are not viewed as popular. Many believe that competition from other countries will affect them adversely and that business will continue to decline hurting everyone.

Things have improved. There is more work. But what you make does not go as far as it did. (Colombia: Group I)

My father owns a business and he says that sales have gone down, and the same thing is happening to other people. (Mexico: Group I)

There used to be more unemployment. (Colombia: Group I)

The dollar is not (as strong) as it was in years gone by. (Dominican Republic: Group I)

It is repugnant to see how low salaries are today in Mexico. (Mexico: Group II)

I believe things are worse off than last year. Economic conditions are worse, ...there is always something I can't cover. (El Salvador: Group I)

The economy is in bad shape. Money does not go as far. Everybody complains. (Guatemala: Group I)

The cost of living is higher. Everything costs more. (Guatemala: Group II)

There is much competition in the labor market and they hire the one who works for less. (Colombia: Group II)

People are stealing from one another because the economy is in such bad shape. (Haiti: Group I)

Things are bad. The cost of living is high and salaries are very low. (Jamaica: Group I)

Some also mentioned that remittances may be causing local currencies to strengthen and thus are making exports more expensive, causing competitive problems in international markets. One did not hear this type of comments in Latin America in the past.

3. Remittance Issues

Remittances remain the main source of support for many families in the countries studied. In some cases, they are the household's sole source of income. People use the money they receive mainly to pay for food and household services while, others use it to pay for their education. Many receive money from distant relatives, friends, people they know, or an unmarried spouse. Control over the money received lies completely in the hands of the person who receives the remittance. That is not the case however, when the money is sent as an investment. In this case, the recipient is no more than an administrator of the funds and in some cases, he gets to keep a small portion of what he receives.

There are cases in which remittances are the only source of income in a household. This is a frequent occurrence especially with retirees and students where the funds received are their only financial source.

People who receive remittances continue to use them to pay essential goods or services. Some merely invest the money received for the sender. Thus far, people do not understand that remittances can become a source of investment capital or the catalyst that helps job creation. Even though they do not understand the concept fully, recipients did state that they would be interested in participating in the new process.

Many of those who send money do so to compensate for being away from their relatives, but the splitting of the family continues to be a problem that cannot be solved solely by the sending money. Many of the people interviewed were close relatives of those sending money; the fathers, mothers and couples working overseas who provide for the raising and the education of the children back home. Although the money sent pays for important things, from a personal and emotional standpoint people continue to drift apart. This affects both those who migrate as well as those left behind. Remittances are an incentive to migrate, to follow in their previous relatives footsteps and/or to be reunited with them. Those who migrate do not waste any chance they get to pay for a clandestine journey so that a spouse or child may join them outside their native land.

Many still use companies to send funds. Although the use of banks to transfer funds is still not the most widely used method of sending money, it continues to grow. Mexicans are familiar with ATM machines but it is a completely unknown method in Haiti.

We are professionals, yet if we don't receive remittances we have to eat rice and beans all the time, because we don't make enough for meat. (Haiti: Group II)

Remittances help us even for legal things. (Dominican Republic: Group I)

I ask my parents to send me money to pay for my university and my personal needs. (Colombia: Group I)

My husband sends me money every week through my bank. They charge me \$20 for every remittance. We use it to pay household expenses. I cannot invest because I just do not have enough. (Mexico: Group I)

My brother sends me money to pay for my studies. (Mexico: Group II)

My brother sends \$150; \$70 is for my younger sister's education and \$80 for food. (El Salvador: Group I)

My sister in New York sends me money the last Friday of each month. (Colombia: Group II)

My brother in Los Angeles sends us money for food, rent, water, electricity. We do not invest because we don't have money left over. (El Salvador: Group II)

My uncles from Los Angeles send me money to pay for school, but I give it to my parents because the economy is bad. (Guatemala: Group I)

They send me money for household expenses, for my sister, my grandparents, and a little more for the holidays. What I get I spend at the university. (Guatemala: Group II)

Until now, I did not know that remittances were good for anything else. (Dominican Republic: Group II)

Most of the time my mother decides what I do with the money: school clothes. I totally respect her decision and have done so for seven years. (Colombia: Group II)

I pay bills with the remittances. I would really like to open a business, but money is never enough to make that plan come true. (Haiti: Group II)

We do not get enough money to invest. (Jamaica: Group I)

4. The Inter-American Development Bank: A vision from Latin America and the Caribbean

Few of the participants were familiar with the Inter-American Development Bank (IDB). The few who were did not know that the bank cooperated with private companies. They believed that it was a government institution and none were aware of the investigative work the IDB does. Even when they were aware of the results of IDB studies, none made the connection with what the bank did. Two people in Colombia, four people in Mexico, two people in the Dominican Republic, two people in Guatemala and three people in El Salvador were aware of the bank.

It is obvious that the publicity regarding the IDB investigations has been effective. People know that remittances are important. In Mexico as well as in other countries it is well known that remittances are the second source of income in Mexico.

Even then, the work the IDB does is not well known and the information available is limited and inaccurate in some cases. One participant who said he had worked for the IDB in the Dominican Republic did not know the bank also conducted studies similar to the one on remittances.

Nevertheless, when the information on what the IDB does, on what it is and how it is governed, is provided people see the institution as something positive and trustworthy.

I have heard about it, but I don't know exactly what it is. (Colombia: Group II)

I have heard the name. (Jamaica: Group I)

It helps create investment opportunities, construction, and other things. (Mexico. Group II)

It is a world bank for investments in countries that need it. (El Salvador: Group II)

It has something to do with investment, loans for land. Average people don't talk much about it. (Guatemala: Group I)

5. Investment Products Linked to Remittances

Introduction

The process we follow in analyzing the comprehension of the products studied includes a small explanation of those products before asking the participants if the proposals were understood. It was therefore concluded that those who participated in the study understood the products, albeit some better than others. For instance, at the start of the sessions people do not understand that the remittances can be used to establish a credit record. Nor do they understand the concept of depositing money in microfinance institutions to create a credit record and to obtain credits.

We analyzed each product separately and compared each to the others. We measured the participants' comprehension of each product in general using a scale of 1 to 10 with the value of 1 given to the least understood product and 10 to the best-understood product

Even though focus groups are not a quantitative measuring tool, the sum of the responses obtained provided us with an idea, a feel for the opinions of the people of these seven countries who participated and who derived from different age groups, different educational backgrounds and different economic conditions.

In order to interpret the results, we have come up with the mean and the standard deviation of each of the different programs and at the same time measured their general and personal interest. The mean is the arithmetic average; the sum divided by the number of cases. The standard deviation gives us the measure of dispersion around the mean.

The participants understood the insurance products best with the savings accounts following. The standard deviation in both cases was close to one, which means that there was a uniform understanding or comprehension of the products. That was not the case in housing or in direct payments where the standard deviation exceeded 2.

Direct payment by those sending the money had a lower score and was strongly rejected. The product of agricultural credits had a low acceptance but did not provoke a strong rejection when discussed. The lack of interest in agricultural products among those interviewed might have been directly related to the fact that those interviewed were not close to agricultural businesses. One can conclude that this was the reason for this products' rejection because its' score rose substantially when its' general importance was analyzed. That is probably the reason why they rejected the product because when one analyzes the general importance of it, its' score rose substantially. That was not the case, however, with the direct payment product. That product had the lowest scores.

Savings accounts and investing in insurance were the best received from a personal point of view.

The process of describing and analyzing the products was consistent in all countries.

It began by reading them a description of the product, followed with a brief explanation and an in-depth discussion with active participation of those present. We followed the same process of evaluating the sessions in the seven countries and the 14 groups. The following table gives us the final tally of the seven products.

Product 1: Housing Investments

Giving additional value to the remittances, which is the essence of this study, is precisely the case in the first product studied. It would set up agreements with entities that specialize in financing housing allowing them to include receipt of remittances as part of the credit record needed to obtain a mortgage loan for the purpose of purchasing a house, or the loan needed to build or to improve an existing house. In this case, neither the person sending the money or the remittances is compromised. It merely provides additional value to the receipts verifying the person received the money. This is not a simple concept to understand, as the numbers well show. In Latin America and in the Caribbean, this is the second least understood product. Two issues affect the poor's understanding of this product. One is that the concept is new and the other is that this was the first product discussed. The newness of the concept made understanding it harder. Nevertheless, after it was discussed with the participants and understood by them, it became third in general importance and personal interest.

Group discussions led us to detect another problem. In order to comprehend fully the financial issues we discussed, people attending had to have at least a basic understanding of certain terms such as mortgage banking, loan guarantor, mortgages, and credit ratings. These words have a very specific meaning and are used in context on issues that not all people at this level understand.

In some cases people believed that those sending money would have to increase the amount of the funds sent in order to be a part of the program. They did not understand that the value of the remittances increased by merely being part of a verifiable record that might well be the receipts they had already received.

In some cases, credit institutions already ask for remittance receipts as collateral to buy a car on credit, or for other types of loans. This product was the hardest to explain and in some countries, they understood it better than in others.

In Mexico and Jamaica, they understood the concept better. In Haiti, they understood it the least. In Colombia and Jamaica, the interest in this product was greater than in other countries.

This is good. We will get more benefits, and increase our chances of getting a housing credit. (Mexico: Group I)

It is interesting because people don't loan money unless they believe you can repay it. (Mexico: Group II)

It is an advantage. Suddenly you qualify for a bigger loan. (Colombia: Group I)

It is very important. I have been getting remittances for 8 or 9 years and I always keep the receipts. (Guatemala: Group I)

Remittances help even on legal matters in this country. (Dominican Republic: Group I)

I like it, because to get a mortgage loan you have to have savings, a steady job, an employment history and a credit record. (Colombia: Group II)

Product 2: Educational Investments

The product that dealt with education had two parts. The first would allow the person sending the money from abroad to guarantee local financing for the person that is studying. The second would allow the migrant to pay for the studies directly from abroad.

This program was well received but faced several obstacles. First: contrary to what is the case in the United States, in these countries there is no tradition of private institutions financing the education of students in private schools or universities so that students may pay off the loan after they graduate. The only alternative locally are scholarships given by the government or by the educational institution itself. There are also school or bank credits that demand almost immediate repayment. In almost all the countries studied, education is free. People did believe however, that private education was better because it was not subjected to political strikes and stoppages. The price difference that exists makes private education a prohibitive option, even if it is more attractive. Nonetheless, attendees thought it was interesting to promote this type of program if financial institutions gave a reasonable length of time to repay the loan. In this case, guaranteeing the loan would become a value added to the migrant. Direct payment clashed with the prevailing concept that it must be paid monthly, thus giving the student more control of the process. During subsequent discussions, we determined that a majority of those who participated rejected anything that had to do with direct payment of bills by the person sending the money. This removed the maneuverability and control of the money from the person receiving it.

Despite these issues, education was what the people who participated in the studies believed would provide them with a better future. Anything giving them greater security in the ability to guarantee payment for their education was welcome. For some, direct payment may provide them with peace of mind, but they pointed out that a system must be created to allow the institutions where they study to bill and receive payment directly from the person sending the remittance from abroad. They also pointed out that at present, educational institutions do not have a process in place that would allow the migrant to serve as a guarantor of an educational credit. That also would have to be created.

This program had a higher degree of preference from those who attended the sessions in Jamaica and Colombia, and a much lower ranking in Mexico and Haiti. Many of those in the study did not appreciate educational projects. It ranked fifth in general importance and fourth in personal importance. However, it was the most important product for those interviewed who were between 18 and 35 years old.

I think it is fantastic. (Colombia: Group I)

Let my brother pay from there. That way I don't have to worry about it. (Mexico: Group I)

I think it is best if they pay directly, particularly in the case of minors here. (Mexico: Group II)

I think it is good. I like the direct payment option. Then you are sure. (Guatemala: Group II)

One would have to talk to the person sending the money and I believe if he pays directly, the university will trust the idea more. (Guatemala: Group II)

We do not have credit to study in Haiti. That is a very, very, very positive idea. Anything that has to do with education in Haiti is good. The majority of Haitians cannot go to school. (Haiti: Group I)

I would like to have it paid directly. If I could, I would go to a private school, because public schools here are not good. (Dominican Republic: Group I)

I like the credit better. This makes both sides responsible. (Colombia: Group II)

Guaranteeing the loan is best. You have to make an effort to graduate. (Dominican Republic: Group II)

Product 3: Microfinance Institution Loans

This product would establish a credit rating for those who obtain a remittance recipient from a microfinance institution. It would be accessible to people in the same neighborhood as cooperatives or private banks that would cater to women providing small loans for the starting of a business; such as for buying a sewing machine or for the purchase of a taxi. This product would strengthen these small institutions and deposit the remittances in accounts guaranteeing mortgage loans in much the same manner as keeping remittance receipts do in home lending institutions.

The product faced two obstacles. First: microfinance institutions are not well known in the region. Thus, it ranked sixth of the seven products presented. Second: these known types of financial institutions have a poor reputation. In fact, many participants in almost all the countries knew of these types of institutions that had gone bankrupt or had stolen funds from its clients. For these reasons, many said they would not deposit funds in these types of institutions unless a system that guarantees the product was created. In other words, these organizations would have to provide a system that guaranteed honesty and quality service.

This product must offer security to its users and it must also be promoted clearly and accordingly, otherwise it will be very difficult to convince the remittance recipients to deposit the funds received into the types of institutions who use it.

People did not understand how making a deposit would generate a credit rating, nor did they comprehend what a micro-credit was. The difficulty in grasping the concept is similar to the one that was encountered when the housing product was explained. It was difficult for the participants to understand how it was possible to get a financial benefit from a transaction in which they, or their migrant relative, did not have to pay more for. At the end of the discussion, people understood the concept, but still had serious doubts about the credibility of this type of microfinance institution.

Colombia, Dominican Republic and Jamaica showed the most interest in this project. El Salvador showed the least.

I think it is similar to the Bank for Women (Colombia: Group I)

It is like a cooperative. (Dominican Republic: Group I)

This is good. We are going to be living credit to people who have never had money to invest in micro enterprises. (Colombia: Group II)

I don't understand. (Dominican Republic: Group II)

I don't trust microfinance institutions because I have seen them go broke. (Haiti: Group I)

I want to start a business but I never have enough money to do it. (Haiti: Group II)

Cooperatives have a very good reputation. (Colombia: Group I)

Is this like a cooperative? (Haiti: Group II)

I think this is interesting . . . if it is a trustworthy institution. (Mexico: Group I)

I think it might be positive to create financial institutions, but there must be laws, and rules to control what they do and to know if this type of institution is a good idea. (Mexico: Group II)

What happens is that we have had many bad experiences with banks and businesses that have closed and taken the money with the. Micro-enterprises have a lot competition, the space is limited and many have failed. Greater competition is important because the person getting the credit may not be able to pay it. (El Salvador: Group I)

We have organizations that give loans to micro-enterprises. We already have businesses that require the record of remittances received. Those with a bad reputation are guilty of fraud. (El Salvador: Group II)

Some cooperatives open and close very quickly. They rob us and then one day they take the money we deposited. (Guatemala: Group II)

I don't trust microfinance banks because in the past they have not paid. (Haiti: Group I)

Product 4: Agricultural Credits

This was similar to the previous project, but in this case, it only entailed agriculture-related business. Those who participated in the study showed little enthusiasm. The product outlined worked in two ways. Firstly, it would allow the recipients receiving the remittances to establish credit in the agricultural micro-finance institutions therefore permitting the person to borrow money for planting, to buy seeds and to care for the crop until the harvest time. Participants quickly understood this product's similarity to the one previously explained but that it was limited to agriculture-related loans. They also expressed similar mixed feelings about this product although they had less knowledge about agriculture and less interest in it.

Secondly, this product would allow the remittance recipient to apply for a bridge loan that would allow him to pay for personal living expenses while awaiting the harvest. Once the harvest came in, the loan would be paid. This type of loan would allow the farmer to pay for his/her families' living expenses, such as food, services and education. Usually farmers were not able to obtain loans to pay for these services or products until their harvest came in.

It is worthwhile to point out that people who understood this project gave it importance but showed little personal interest in it. The exception was Haiti, a rural society, where this product came in first in the personal importance ranking. This was indicative of the products acceptance in other rural areas of Latin America.

Young students paid the least attention to this product. For years, people from rural areas in Latin America have been moving to urban areas. This relocation has created a barrier between the youth in these countries and agriculture. The young do not know what living on the farm is like and do not have any interest in it at all. During the discussion of the product, they were slow to participate. Eventually, some talked about a distant relative, a grandparent, or an uncle that they knew who lived in a rural area. It was as if they were talking about aliens from another planet. According to the information received in these sessions, financial agricultural credits are managed by the state in a high percentage of cases. Private banks need to be sensitized to the existence of these government projects. If the financial component is added, funds will increase and agricultural output will grow. This will benefit the small farmers who receive remittances and countries that will be able to increase their agricultural output.

What happens if the crop fails? (Jamaica: Group I)

I do not trust banks. We have had problems with them. (Mexico: Group I)

In agriculture, you can win or you can lose because of our constant drought. (El Salvador: Group I)

The use of technology is growing in agriculture and it guarantees a more even crop. I am particularly interested in something like this. (Mexico: Group II)

I like it. My brothers in law plant crops but last year they could not do it because they have too many problems. Now they have given up agriculture. (El Salvador: Group II)

This is good. Farmers don't have many people to lend them money and if they want somebody to lend them money and they lose their crop because of the weather, they may even lose their land. (Guatemala: Group I)

There is too much risk. Whether who would pay? (Guatemala: Group II)

It is great that it would cover living expenses while they wait for the crop. (Dominican Republic: Group I)

It would be good to have crop insurance, in case it fails. (Jamaica: Group I)

I like it. I like agriculture credits more than the others because my family has faros. (Colombia: Group II)

Product 5: Insurance Investments

Although other products were ranked higher, the project that deals with funeral insurance and life insurance was the best-understood product among all the participants in the study. In the Dominican Republic, they understood agricultural credits the best. Even in the Dominican Republic, people understood the product of funeral insurance and life insurance as well and gave it a high priority. They vehemently discussed this product and were well aware of personal situations in which they knew of someone who had lost a loved one and who had to go out and beg for money among relatives, friends, and neighbors for the burial of the deceased relative.

Of the two products considered, people were generally in favor of the migrants paying directly for the funeral, the coffin and the burial plot. This they understand and have strong feelings. The idea of having their relatives overseas pay for an insurance that would cover this type of expense was not received enthusiastically.

Medical insurance in countries where social security is not effective also made sense and those who attended the sessions voiced this. In some countries, some programs had already offered something similar to this and there were migrants that had already purchased health insurance for family members. Nevertheless, much remains to be done in this area.

People clearly understood that if the person outside the country paid for the health insurance directly it would bring an additional value to the process. Many of those in the focus groups said that in most cases good medical care was expensive and difficult to attain. They welcomed an insurance product that would cover these expenses and added that it would improve their healthcare.

In some places such as Colombia, health insurance made little sense and many suggested that migrants might be better off buying health insurance from Colombian companies. An insurance that pays funeral and burial expenses would fill an important void. In these countries when someone dies, people have to collect money from friends and relatives to pay for the coffin and the plot in the cemetery. An insurance that guaranteed payment of these expenses would make sense and meets their needs.

This product ranked second in general importance and second in personal interest in all countries.

When one calls, New York to tell them about death in the family what you are really doing is calling to ask them to send money to bury the dead. (Haiti: Group I)

I think it is interesting but health insurance is cheaper here than in the United States. (Colombia: Group I)

Helps the person abroad and alleviates the pressure when one is sick. (Haiti: Group II)

Very interested. (Jamaica. Group II)

I think it is excellent. One never knows what is going to happen. (Colombia: Group II)

I think it is good because I have been through it. I have health and life insurance (as does my husband) in the U.S. I have used my health insurance often and it allows me to go to good hospitals in Guadalajara and covers me in the United States. (Mexico: I)

It is interesting because it would help those who have few resources to get some coverage. (Mexico: Group II)

The two options are good. We have to get in touch with the person sending money. Maybe life insurance is best, because going around the neighborhood begging for money to buy a coffin is not good. (El Salvador: Group I)

I like health insurance better. I may have a baby that gets sick and not have any money at that time. On the other hand, if someone dies, you can get money from all the relatives. (El Salvador: Group II)

Guatemalans think of insurance last. We spend in other things we need more. I think it is good, particularly if the person outside the country pays it in dollars. That is cheaper. (Guatemala: Group I)

This is very good. I have seen cases in which people abroad kill themselves working and the people here spend it foolishly. The two products are good. (Guatemala: Group II)

The two are good. Private clinics charge too much and the hospitals provide poor care. We need to look at the fine print in life insurance policies with a magnifying glass in order to see what it says. (El Salvador: Group II)

Product 6: Direct Payments

Direct payments of water, telephone and electric bills by the person sending the funds was the most controversial and the worst rated product offered. It ranked last in general importance and in personal interest. In El Salvador, Guatemala, Haiti and Jamaica it was last in personal interest and last in general importance in all seven countries. A basic problem existed when the idea that the person sending the money pay for the services directly was suggested. Some people said that receiving the remittances was practically the only thing they did all month and that it would not be fair for those sending the money to have to do that also. They stated that from afar people would not know how much they had spent on water and how much they had spent on food every week. This gave them a starting point to criticize the program. Some stated that it would be offensive to force the person sending the money to have to take care of everything including paying the electric bills. Others admitted freely that they paid the amount that they asked their relatives to send in order to be able to set aside a little money to pay for other things.

Some admitted that the money they received allowed them to make their payments and have a little extra for other things. For example, if they saved on the phone bill that meant they had a little money left over. If they made fewer calls, they would have more money for other things. Because of the vehemence of the arguments and because the criticism was almost unanimous, we believe that this would be a very controversial product and that it would create inconveniences for senders and recipients alike possibly creating a confrontation among them.

*Here people steal electricity and with the money they send me to pay for it, I pay other things.
(Haiti: Group II)*

If someone living abroad pays the phone, who will make my son stop talking? If I pay, I can force him to talk less. (Guatemala: Group I)

*Sometimes we have other expenses and then we would not be able to pay. For me that is important.
(Mexico: Group I)*

I think it is an excellent idea because sometimes they do not believe what we have spent. In this manner the bills go directly to him (my ex husband) and let him pay them. (Mexico: Group I)

We know how to manage ourselves. (Mexico: Group II)

If he pays directly and I need to obtain a credit locally, they ask me to show them receipts that show I have paid water, and electricity (and I would not have them). (El Salvador: Group I)

We are the consumers and we know how we administer ourselves to save our pennies. (El Salvador: Group II)

I do not agree with that. We all want the money sent to us directly. We are responsible to make these payments. (Guatemala: Group I)

In Guatemala, we have a strange culture. If they tell me they are going to pay my phone bill, I would be on the phone all day. (Guatemala: Group II)

I like it because if my mother cannot go buy the things she needs, they are aware. (Colombia: Group I)

I don't agree. It is easier for us to go to the market and buy products for less and the quality is better than what supermarkets sell. (Colombia: Group II)

I prefer to pay it myself and keep what I have left. (Jamaica: Group II)

People outside the country always send a little more. (Jamaica: Group I)

Product 7: Savings Accounts

The last topic discussed was savings accounts. The idea was to deposit a part of the remittances in a savings account in a bank or a financial institution. Even if the person receiving the money can take out all the money deposited in the account immediately, the idea of having deposited the money creates a credit record and if one leaves the money in the account, it allows the individual to have a contingency fund in case of an unexpected expense or contingency.

The reaction of people to this proposal was interesting. As a rule, those who attended the sessions said they did not save money on a regular basis. They explained that they did not do so because they were not accustomed to this or because what they received was not sufficient to meet their needs and to save. It was explained that part of the remittance received would be deposited into a savings account resulting in most of the participants stating that this would serve as an incentive to begin to save money. Many verbalized that this would probably be the only way that would be able to start saving for the future. It was almost incomprehensible that they viewed this proposal as “an obligation” when that was not the case at all.

This product was the one that garnered the most interest in terms of general importance and general interest. Many stated that they did not save but would do so if pushed even through a symbolic obligation. One could assume that remittances were only used to provide basic needs and not to provide a margin for savings, but that did not appear to be the case. People stated that they would save part of the little they received, and that this product was a necessary compromise that could motivate them.

Participants received this product with enthusiasm and it seems that it could be very successful.

It is very good because one does not have to be organized to open a savings account (Colombia: Group I)

People do not want to go to the bank to take money out of a savings account. (Jamaica: Group I)

Because one is poor, one cannot save anything. This would motivate and force one to save. (Colombia: Group II)

I am not a big saver, so this would be great for me. (Jamaica: Group II)

It is not savings. It is your life what you will be doing. (Haiti: Group II)

Sometimes when you call the United States and they don't have money to send you, having a little saved, might solve your problem, because you have a little money. (Haiti: Group II)

Extremely interesting and very important. (Dominican Republic: Group I)

I have to think of not spending everything. (Dominican Republic: Group II)

We are going to have control of the account, but control of the word SAVING we already have. (Guatemala: Group II)

It is good because we take all our money out and spend it all, as women do. We could be taking out our weekly expenses and the rest leave it in the account to start saving and to learn how to save. (Mexico: Group I)

I think it is good, since Mexicans do not make it a habit to save for the unpredicted. (Mexico: Group II)

It depends on the amount they send and the expenses one has. They send me \$60 and that is not enough. Just in paying for my studies, I run out of money. (El Salvador: Group I)

I do not know too many people who save here. They spend it quickly because they do not have to work to earn it. (Saving) would be for the good for the relative outside the country so that when they return they will have a savings account. (El Salvador: Group II)

I think this is very good because many times one spends money on too many things and forgets about when an emergency may come up. If it something well worth the effort. (Guatemala: Group I)

Conclusions of Financial Products in Latin America and the Caribbean

After discussing the seven products at length, we asked the participants to give us a final ranking of the products in the order in which they were of most interest to each of them, with the product that interested them the most as “1” and “7” as the one that interested them the least.

Once the participants became familiar with the products, or as familiar as they could be within the two-hours we allotted for each session, we asked the participants to do a final evaluation of the proposals presented to them. We then asked them to think carefully of what they had heard and what had been discussed so that they would be able to rate, in their opinion, the best and worst products. We pointed out to them that this was probably the most important thing they had done in the whole session.

According to these rankings, we reached the following conclusions.

Insurance and savings accounts ranked among the highest in comprehension, importance and interest. At the same time, agricultural credits and direct payments received the lowest rankings in comprehension, importance and personal interest. This showed how important it would be give explanations with the promotion of these products and how proficient these campaigns need to be in order for those who receive the remittances to fully understand the offerings. The explanation and promotion of the product must always keep in mind the level of understanding of those who receive the remittances, where they live and what their educational levels are.

Five of the seven countries gave the mortgage or construction loan product the highest rankings, followed closely by those products that gave credit to pay for schools, directly or indirectly, including high school, college, or technical and vocational schools. It included both those wanting the migrant to pay for education directly from outside the country or by sending the funds to their friend or relative. Participants from Jamaica, Dominican Republic, Guatemala, El Salvador and Mexico ranked the housing product the highest. Haiti and Colombia gave Education the highest ranking.

On the other hand, in Jamaica, Haiti, Dominican Republic and El Salvador direct payments by those outside the country came in last. In Guatemala, Mexico and Colombia, last place went to agricultural credits. The low scores for the agricultural credits may be the result of the lack of knowledge or lack of connection of urban populations from those whose agricultural populations. As more and more people migrate from rural areas into the cities, as has been the case throughout the hemisphere, future generations distance themselves from agricultural realities. This is a widespread occurrence, which has become more prevalent as land ownership is concentrated amongst fewer people and large agricultural machinery leaves little room for small agricultural properties to survive, thus resulting in the migration to the cities.

Savings accounts, even if they did not receive the highest ranking, did well among the preferences expressed by those who participated in the sessions. The same was true for the insurance plans.

In the general ranking of this last evaluation, the most valued product was housing and the one least was the direct payments option. These rankings were consistent inasmuch as the standard deviation never surpassed two, meaning that there was a homogeneous distribution in the evaluation criteria.

Conclusion

Even if in the majority of the cases people said that their personal finances as well as those of the country they lived in were not good, remittances continued to provide important help and economic peace of mind to people in the region. They approved and appreciated anything that was done to give additional value to remittances.

The IDB lacked recognition in the region, but when informed of what it was and what it did, people reacted favorably. Because it is a government bank people gave it respect and trust which was the opposite of the public perception of local governments and politicians in general.

The value added principle applied to remittances, including in some cases the possibility that remittance receipts or deposits in some institutions could become a way of establishing a credit record was not easy to understand and required a detailed explanation of the concept. Its understanding also hinged on the age and level of education of the remittance recipient. Once they understood that this process could be very beneficial to them, the reply was immediate and positive.

For those sending the money, remittances already are becoming a savings or investment tool. However, this is still not the case in Latin America and in the Caribbean. For the majority of people receiving remittances, this allowed them to pay bills or to provide for food. In others, it became a tool for young men and women of the regions to fund their education. That is about as far as it went.

An interesting note of this study was how one could increase savings in the region by having the person sending the remittances request this service. People in the region agreed that they would be willing to keep some of the money received in savings accounts. This perceived obligation could serve, in and of itself, as an incentive to save. People who at this point had not saved any of the remittances they received could be conditioned in some way by the person sending the money or the institution handling the transaction to start saving. That is a clear finding of this study in all countries and at all levels of the people studied.

Direct payment in most cases would not work and could become a factor of tension or confrontation between the person sending the money and the one receiving it. People demanded that they be allowed to make these payments personally. Even though they accepted that the person sending them money could indicate what should be done with the funds for studying, investments, or health; they considered it an interference in cases where the money was sent to pay for services or food. It was shown that the funds received are possibly being used for payment of immediate needs as well as for other things.

An infrastructure needs to be created for the program that finances education. There are no credits for the payment of education. Whatever is available is in the form of a scholarship or as aide from the government.

Financial insurance products also received a high level of approval with the exception of Colombia where health insurance was also popular. It is possible that these studies could lead to the creation of an international health insurance plan that would cover people who receive remittances. The number of people involved could make costs acceptable and still provide good quality services. It is

also important to note that in Colombia people asked if they could use their local health insurance products instead of international companies, an idea that could bring additional investments to the region.

Companies giving small credits, whether they are for commercial or agricultural purposes, have a serious credibility issue they must face before one can propose this type of product in the region. Financial companies involved in this type of program must be screened to assure and guarantee their reliability. It would help if people could turn to something like certification of quality before buying into this type of product. Only when a majority of people trust the product offered, will it work. It is a magnificent idea to promote these types of institutions while at the same time adding to the value of the remittances. Before anything, people must trust the institutions.

The initial confusion arising from the belief that the person sending the money also makes the payment makes the product of housing credits hard to understand. Once the participants understand the concept, they believe it would give them the possibility of developing a personal credit history, something that had always been well beyond the reach of these remittance recipients. They tend to favor the plan whether it is as a way of obtaining a home loan, as a way of obtaining a construction loan or as a way of obtaining money for home improvements.

It would be worthwhile to proceed effectively with a project of this magnitude. It would benefit many and bring prosperity to the countries in question. It would turn remittances into a tangible instrument increasing savings and investments in Latin America and in the Caribbean.

Appendix A: Initial Rating – Understanding, Importance and Interest of Each Product

Product I: Housing Investment

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	7.86	2.39	8.76	1.55	9.05	0.92
Group II: Mexico	9.60	0.82	9.55	0.76	8.55	2.67
Group III: El Salvador	9.00	1.30	9.15	1.23	8.55	2.87
Group IV: Guatemala	8.37	1.46	9.32	1.00	8.74	1.91
Group V: Dominican Republic	8.65	2.54	8.95	2.16	8.60	2.54
Group VI: Haiti	6.90	2.67	7.70	1.78	6.95	2.31
Group VII: Jamaica	9.50	1.04	9.39	1.24	9.39	1.34
Average	8.55	1.75	8.97	1.39	8.55	2.08

Product II: Educational Investments

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	9.43	1.08	9.71	0.561	9.57	1.17
Group II: Mexico	9.25	0.97	7.65	1.95	6.85	3.62
Group III: El Salvador	8.45	2.46	8.55	2.09	8.20	2.22
Group IV: Guatemala	8.00	1.67	9.05	1.55	8.89	2.05
Group V: Dominican Republic	8.95	1.88	8.90	2.25	8.50	2.52
Group VI: Haiti	8.35	1.60	8.00	2.36	7.65	2.68
Group VII: Jamaica	9.44	1.25	9.11	1.80	9.33	1.61
Average	8.84	1.56	8.71	1.79	8.43	2.27

Product III: Microfinance Institution Loans

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	8.81	1.33	9.48	0.68	8.24	2.64
Group II: Mexico	9.15	1.14	8.90	1.41	7.70	2.87
Group III: El Salvador	7.70	2.45	7.00	2.70	6.20	3.02
Group IV: Guatemala	8.26	1.45	8.47	2.01	7.79	2.62
Group V: Dominican Republic	7.90	2.79	9.20	1.28	8.10	2.92
Group VI: Haiti	8.50	2.12	8.50	1.54	8.55	2.06
Group VII: Jamaica	9.83	0.71	9.67	0.69	9.50	1.34
Average	8.59	1.71	8.75	1.47	8.01	2.50

Product IV: Agricultural Credits

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	8.76	1.48	9.29	1.27	3.95	3.20
Group II: Mexico	8.80	1.15	8.25	2.00	4.25	3.45
Group III: El Salvador	8.30	2.58	7.50	2.93	5.70	3.20
Group IV: Guatemala	8.21	1.23	8.00	2.47	5.26	3.18
Group V: Dominican Republic	9.15	2.11	9.45	1.67	7.85	2.78
Group VI: Haiti	8.50	1.79	8.65	1.42	9.35	0.88
Group VII: Jamaica	9.67	1.03	9.83	0.51	7.33	3.50
Average	8.77	1.62	8.71	1.75	6.24	2.88

Product V: Insurance Investments

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	9.48	0.98	7.05	2.91	5.81	3.39
Group II: Mexico	9.65	0.75	9.35	1.23	9.55	1.10
Group III: El Salvador	9.55	0.95	8.75	2.75	8.75	2.77
Group IV: Guatemala	9.42	1.02	9.84	0.50	9.84	.50
Group V: Dominican Republic	9.00	1.89	9.55	2.01	9.20	2.24
Group VI: Haiti	9.10	1.17	8.75	1.89	9.00	1.84
Group VII: Jamaica	9.78	0.73	9.72	0.83	9.78	0.73
Average	9.43	1.07	9.00	1.73	8.85	1.80

Product VI: Direct Payments

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	9.67	0.58	6.67	3.09	5.33	3.57
Group II: Mexico	5.75	3.29	5.10	4.8	9.40	0.82
Group III: El Salvador	7.70	3.03	2.7	2.32	2.70	2.45
Group IV: Guatemala	9.16	1.26	5.95	3.12	4.53	3.45
Group V: Dominican Republic	8.75	2.36	7.75	3.37	7.90	3.40
Group VI: Haiti	8.05	2.56	6.35	3.51	6.50	3.53
Group VII: Jamaica	9.61	1.24	8.28	3.00	7.22	3.77
Average	8.38	2.05	6.11	3.32	6.23	3.00

Product VII: Savings Accounts

(The mean for each group was set on a scale of 1 to 10)

	<i>Understanding</i>		<i>Overall Importance</i>		<i>Personal Interest</i>	
	Mean	S.Deviation	Mean	S.Deviation	Mean	S.Deviation
Group I: Colombia	9.76	0.54	9.81	0.51	9.90	0.30
Group II: Mexico	9.40	0.82	8.10	2.67	8.50	2.21
Group III: El Salvador	9.15	1.14	8.30	2.47	8.10	2.94
Group IV: Guatemala	9.21	1.18	9.42	1.47	9.42	1.22
Group V: Dominican Republic	9.05	2.01	8.95	2.65	8.35	3.25
Group VI: Haiti	8.75	2.17	8.80	1.94	9.05	2.03
Group VII: Jamaica	10.00	0.00	9.94	0.24	9.72	1.18
Average	9.33	1.12	9.05	1.71	9.01	1.88

Understanding	Overall Importance	Personal Interest
Insurance Investments	Savings Accounts	Savings Accounts
Savings Accounts	Insurance Investments	Insurance Investments
Educational Investments	Housing Investments	Housing Investments
Agricultural Credits	Microfinance Institution Loans	Educational Investments
Microfinance Institution Loans	Educational Investments	Microfinance Institution Loans
Housing Investments	Agricultural Credits	Agricultural Credits
Direct Payments	Direct Payments	Direct Payments

Appendix B: Overall Ranking

Ranking of the 7 products discussed in the sessions

Group I: Colombia

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	6*	9	1	2	0	2	1	2.57	1.80	2
Education	7	6	5	1	1	1	0	2.33	1.39	1
Microfinance Institutions	3	2	5	6	2	2	1	3.57	1.66	4
Agricultural Credits	0	2	0	3	3	2	11	5.71	1.68	7
Insurance	1	0	1	5	7	3	4	5.00	1.48	5
Direct Payments	1	1	0	2	4	9	4	5.38	1.56	6
Savings Accounts	3	1	9	2	4	2	0	3.43	1.50	3

*Frequency

Group II: Mexico

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	9*	5	3	3	0	0	0	2.00	1.12	1
Education	3	4	4	4	3	1	1	3.35	1.69	3
Microfinance Institutions	1	5	4	3	5	2	0	3.60	1.50	4
Agricultural Credits	0	0	1	0	3	5	11	6.25	1.07	7
Insurance	4	2	4	5	4	0	1	3.35	1.66	2
Direct Payments	1	0	0	2	3	8	6	5.70	1.46	6
Savings Accounts	2	4	4	3	2	4	1	3.75	1.83	5

*Frequency

Group III: El Salvador

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	8*	7	2	1	0	1	0	2.00	1.29	1
Education	5	5	3	4	1	1	0	2.68	1.49	2
Microfinance Institutions	2	2	1	3	8	2	1	4.21	1.68	5
Agricultural Credits	1	1	1	1	2	9	4	5.37	1.71	6
Insurance	2	3	5	5	3	1	0	3.37	1.38	3
Direct Payments	0	0	0	1	2	4	12	6.42	0.92	7
Savings Accounts	1	1	7	4	3	1	2	3.95	1.58	4

*Frequency *One person did not fill the final ranking*

Group IV: Guatemala

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	7*	7	2	0	3	0	0	2.21	1.40	1
Education	4	8	4	1	2	0	0	2.42	1.22	2
Microfinance Institutions	0	2	2	6	3	5	1	4.53	1.43	5
Agricultural Credits	0	0	0	3	1	5	10	6.16	1.12	7
Insurance	4	0	6	5	3	0	1	3.37	1.61	3
Direct Payments	0	0	2	1	3	7	6	5.74	1.28	6
Savings Accounts	5	2	3	2	4	2	1	3.42	1.98	4

*Frequency

Group V: Dominican Republic

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	6*	10	0	0	1	1	2	2.55	1.99	1
Education	3	4	7	0	4	2	0	3.20	1.61	3
Microfinance Institutions	0	0	5	7	3	5	0	4.40	1.14	5
Agricultural Credits	0	1	1	6	3	5	4	5.10	1.45	6
Insurance	1	3	2	5	4	3	2	4.25	1.71	4
Direct Payments	0	2	4	0	2	3	9	5.35	1.93	7
Savings Accounts	10	0	1	2	3	1	3	3.15	2.41	2

*Frequency

Group VI: Haiti

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	3*	8	3	2	2	2	0	2.90	1.59	2
Education	9	4	2	1	4	0	0	2.35	1.60	1
Microfinance Institutions	2	2	3	2	8	1	2	4.15	1.76	4
Agricultural Credits	2	1	2	3	3	7	2	4.65	1.84	6
Insurance	3	3	8	2	1	3	0	3.20	1.58	3
Direct Payments	0	0	1	0	0	5	14	6.55	0.95	7
Savings Accounts	1	2	1	10	2	2	2	4.20	1.54	5

*Frequency

Group VII: Jamaica

Ranking Product:	1	2	3	4	5	6	7	Mean Score	Std Deviation	Overall Ranking
Housing	8*	6	2	1	0	1	0	2.00	1.33	1
Education	5	7	2	2	1	1	0	2.44	1.46	2
Microfinance Institutions	1	0	5	4	4	3	1	4.28	1.49	4
Agricultural Credits	0	1	0	3	4	4	6	5.56	1.43	6
Insurance	1	2	1	4	4	5	1	4.50	1.65	5
Direct Payments	1	1	0	2	1	3	10	5.78	1.87	7
Savings Accounts	2	1	8	2	4	1	0	3.44	1.38	3

*Frequency

General Ranking

<i>Ranking Product:</i>	Mean Score	Std Deviation	Overall Ranking
Housing	2.33	1.54	1
Education	2.69	1.52	2
Savings Accounts	3.62	1.78	3
Insurance	3.87	1.69	4
Microfinance Institutions	4.09	1.54	5
Agricultural Credits	5.54	1.56	6
Direct Payments	5.84	1.50	7

TRANSNATIONAL FAMILIES:

LIVES ON THE EDGE, BUT IN PURSUIT OF CHANGE



By Dr. Manuel Orozco

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Introduction

At the heart of the issue of the transfer of money and the role it plays in development is the very human face of family remittances. The social condition of the senders and of the recipients, their struggle to meet the basic needs of their families and the interactions and relationships that occur among the senders and recipients of money are all part of a family affair of a transnational nature.

In this report we explore the extent to which transnational families hold shared understandings of the needs and circumstances in their households. To that end, interviews with and analysis of twenty-two pairs of transnational families of various Latin American and Caribbean origins were conducted in order to further understand their needs and gauge the level of mutual understanding existing between what a remittance sender believes and what a remittance recipient knows are its needs.

The report explores some of the dynamics that occur within the transnational family regarding economic and financial preferences and communication over such activities. One important issue we stress is that despite the impact of remittances on the receiving side, ultimately, both senders and recipients are families living on the edge of poverty. These families are struggling and have a desire to do better but have limited choices on both ends. Overall the report shows more than one person in a household directly benefits from remittances. Moreover, although the primary beneficiaries are parents, quite often many of the beneficiaries are members of an extended family that includes nieces, nephews, and other individuals.

The fact that senders and recipients didn't always coincide on the identification of the number of household members who were employed was viewed as another critical issue. There were many beneficiaries who were unemployed and others who had low-paying jobs. Remittances therefore help families cope with tight incomes. More importantly, however, is that when facing such challenges as unemployment or the pressure of meeting the costs of basic needs and schooling on a limited budget, health is often neglected or addressed only when illness or emergencies arise. Specifically, unemployment eliminates the chance of any household member having health insurance and even when someone is employed, the insurance only covers that person.

Finally, the report corroborates that only some families are able to save, and even fewer have sources of income outside the assistance they receive. Although the transnational families live in precarious conditions, people are still able to meet their needs with some being able to do a bit more. This situation stems from the fact that the cost of living in Latin American countries is at least two or three times the average amount received in remittances. In some countries such as Mexico, a remittance recipient can only afford to meet his basic needs provided that someone else in the family also has a job. In Central American countries remittances may better assist in coping beyond the basic food needs, but one still needs an additional income in order to meet other necessities.

The policy implications of this reality further highlight a substantive linkage between the money people send and the services offered that can improve people's quality of life. We further support the recommendation that financial institutions paying remittances offer financial education as well as general education and health services to recipients in order to help them better cope with their circumstances.

1. Describing Transnational Families

People who send and receive money create families that are separated by distance but are reunited through love and the material circumstances of their lives. They become transnational families by virtue of such separation and commitment and they also represent different backgrounds. In this sense, a transnational family is a unit with household members across borders that stay in regular contact to maintain their bonds and responsibilities.

There are no typical transnational families; remitters are both men and women, young and old. Senders have varying relationships of kinship with the remittance recipient ranging from mother or daughter to sister or niece. Remitters can send money to several members of their family and even to multiple households. Looking at survey data for remittance senders and recipients, we find four distinct members of a transnational family predominantly identified by age and gender. These include young men and young women under the age of forty and older men and older women.¹

Income, education and household size are the common denominators remittance senders share. About half of both men and women earn less than \$20,000 a year. Annual income levels remain about the same for migrants over forty as they also do for those of their younger cohorts. Only about ten percent of remitters hold a college degree and seventy two percent have completed high school.

Young males send remittances predominantly to their parents and spouses. In fact, about forty-two percent of male and female remitters in this category report sending remittances primarily to their parents. However, unlike women, twenty percent of males send to spouses, whereas older women are primarily connected to their children.

All migrants who send remittances do so in response to the needs of their transnational family and as their perceived duties as members of that family. Women send money under more precarious conditions, which is mostly related to their position in the global economy. Men send more money than women do, which is a direct function of income because men have higher earnings and can afford to send more. Moreover, men's propensity to remit is higher by four percent: women remit 16% of their income against 20% for the men. One reason for this may be because the percentage of married men with families in their home country is higher than it is among women.

The other side of the transnational family is made up of women who account for two-thirds of the remittance recipients. In comparison to the senders, the decision making process about transnational household needs is handled predominantly by women. Moreover, female remittance recipients manage larger households than men. A young man from El Salvador working in the cleaning industry assesses both his needs in the U.S. and those of his siblings in El Salvador. According to his social condition and income he then decides what the priorities of the transnational household are. A domestic worker from Paraguay will also consider certain priorities and conditions for remitting such as, remitting to the person who can take care of his/her children, a grandmother, aunt or sometimes their father.

¹The following description is based on a survey analysis to 2800 Latino remittance senders, see: Orozco, Manuel "Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean." Institute for the Study of International Migration, Georgetown University, July 2005.

Profile of families interviewed

Forty-four people were interviewed for this project including members of families who were the senders or recipients of remittances. These persons were selected from focus group interviews in various cities in the United States and through random contacts with money transfer companies. The interviewees belonged to different countries in Latin America and their families in the region were similarly interviewed.

Table 1: Nationality and number of people interviewed

Bolivia	2
Colombia	2
Dominican Republic	4
Ecuador	2
El Salvador	6
Guyana	6
Haiti	6
Jamaica	4
Mexico	6
Nicaragua	4
Peru	2
Total	44

The interviewees ranged in age, but their main characteristics showed that senders were usually younger individuals sending remittances predominantly to their parents who were largely over the age of fifty. Some exceptions included when the recipient was a youth receiving aid while in school.

Table 2: Demographic characteristics of Transnational Family

		Male	Female	
Sender	Twenties	12.5%	50.0%	25.0%
	Thirties	50.0%	0.0%	33.3%
	Forties	12.5%	25.0%	16.7%
	Over fifty	25.0%	25.0%	25.0%
Recipient	Twenties	16.7%	0.0%	7.1%
	Thirties	33.3%	12.5%	21.4%
	Forties	16.7%	37.5%	28.6%
	Over fifty	33.3%	50.0%	42.9%

2. Remittances in the Transnational Family

There is no single type of sender or recipient of remittances in the transnational family. As the previous profile showed, men and women remit to different members of the family. However, as will be shown in this section, one important finding from the family interviews is that both sender and recipients independently coincide in pointing out that the number of beneficiaries exceeds one in all household.

A Dominican immigrant in New York, for example, said that she “sends money to her grandma in Santo Domingo. My grandmother lives with her sister La Paz, another lady, and La Paz’s husband. La Paz’s husband is the only one in the household that has a job. The money is sent to my grandmother, but all in the household benefit from it because it pays for the house bills and food.”

The table below shows the responses of the number of beneficiaries reported by both senders and recipients. As the table shows there is substantive coincidence about how many people are benefiting. In the majority of cases there are two beneficiaries, but almost half of the respondents said that they had more than two beneficiaries in the household.

Table 3: Number of remittance beneficiaries in the household

Number Beneficiaries	Sender or Recipient?		Difference Range
	Sender	Recipient	
One	4.5%	4.5%	0.0%
Two	50.0%	54.5%	4.5%
Three	22.7%	18.2%	4.5%
Four or more	22.7%	22.7%	0.0%
	100.0%	100.0%	

The types of beneficiaries included parents, children, nieces, siblings and other relatives like aunts or uncles. As in most cases, the primary beneficiary was the parent, such as the Dominican grandmother described above. Caring for elderly or retired parents was a typical example of why one remitted. A Peruvian migrant said, for example, that he sent money to his mother. Moreover, he reported, “she takes care of all the financial needs of the house. She lives with her husband and daughter.” Both his mother and father were too old to work. His father had retired because of his age. A similar story was told by a Mexican migrant, who sent money to her elderly mother and father in Mexico. Although they lived alone, her sister and sister’s family lived very close by and helped take care of them. Like other migrants, she sent about \$200 a month; however, unlike other remittance senders she preferred informal methods of sending money. She stated that she never “send[s] through a bank or MTO but always with people that I know, like cousins or friends, who are traveling back to my hometown.”

An important aspect of remittance beneficiaries is that, more often than not, the money not only benefits the parents but an extended family, which often includes nieces and nephews. This practice reflects a strong family tradition among Latin Americans (and migrants in general) to care not only for the immediate relatives but for anyone they deem to be family. Kinship is perceived as a cornerstone value among migrants and providing for them is viewed as part of their obligation.

It was shown that although the remitter had already met his obligation with his immediate relatives many of the additional beneficiaries were nieces or nephews. For example, a Jamaican immigrant expressed that she sent money to her niece in Jamaica who in turn distributed the money to another niece and to her elderly brother and sister that were recently put into a nursing home. In this case, the niece's husband and child benefited indirectly, but did not receive the benefits unless there was a special need.

Another case is of a direct beneficiary of remittances was sent by a Nicaraguan in Los Angeles. In this case, the migrant sent money to a sister and a niece; however, there were 8 people living in the house. She had 2 sisters, one niece, her niece's husband, and four children living in the house. Although her two sisters and her niece's husband had jobs, all benefited from the money. She also had a goddaughter to whom she sent about \$50 monthly to cover her costs while attending a university. The table below shows the results of the interview in regards to the senders' relationship to their remittance beneficiaries. The differences in responses were relatively small. Moreover, when people were asked about whom in the household did not receive remittances, there was a consensus that very few people, if any, were not receiving money.

Table 4: Family members living in the household who benefit from remittances

Beneficiary	Sender	Recipient	Difference Range
Niece/nephew	40.9%	45.5%	4.6%
Mother	36.4%	31.8%	4.6%
Father	36.4%	31.8%	4.6%
Children	31.8%	27.3%	4.5%
Sister	22.7%	22.7%	0.0%
Aunt/uncle	18.2%	22.7%	4.5%
Spouse	13.6%	9.1%	4.5%
Grandmother	9.1%	9.1%	0.0%
Brother	9.1%	13.6%	4.5%
Other relative	45.5%	45.5%	0.0%

Another important aspect in the consideration of the transnational family is the relationship between remittances, the people in the household, and those who are employed. Two key issues that bear mention are that first, senders and recipients did not agree on who was or was not employed in their household. Second, remittances help to complement a relatively tight, if not precarious income by supporting the working household member.

One third of those receiving remittances were shown to possibly not be employed (see table 5). Whether or not senders and recipients coincided as to who was employed in the receiving household, those jobs were not in the greatest of all conditions with many not being paid nor being

well compensated. One respondent said his son in Guyana who received remittances was “self-employed doing odd-jobs and labor intensive work whenever he can get them. But he doesn’t really have any education and I don’t consider him employed.” In fact, when the sender’s relative was interviewed he stressed a similar position and said that all the beneficiaries of remittances “basically live off of \$100,” half of which comes from remittances and the other half from an odd job here and there.

The lack of employment remains a pervasive issue. One remittance receiving family interviewed stressed what the sender had stated earlier, that remittances kept them afloat. In this family the remittance was sent to Haiti by a father who lived in Miami. He stressed that he was unemployed and so was his wife. He estimated that 70% of his needs, if not more, were covered by the money that his father sent for him: “He is the one who helps me and very strongly, so as not to say at 100%.”

It is difficult to explain these differences in opinion regarding the employment status of recipient family members. One cause may be due to the sender’s lack of certainty about who they think has a job or because changing circumstances in the country make the job unreliable. Another explanation may be that those people who the sender thinks are employed are actually doing odd jobs and may not want to acknowledge that this income sufficient.

Table 5: Number of people with a job

	Sender	Recipient
None	27.3%	45.5%
One	40.9%	27.3%
Two	18.2%	18.2%
More than three	13.6%	9.0%

3. Transnational families and receiving household needs

More than fifty billion dollars that senders remit to look after their families in Latin America are predominantly spent to ensure that their households are provided for. The two to three hundred dollars sent every month predominantly cover basic needs. Moreover, there is little dissonance between what the remitter and the recipient earmark the funds towards, both agree what the money is used for. All families were in full agreement that their money was spent predominantly on fulfilling basic needs, particularly in three main items: food, health and utilities. In households where children were present, there was agreement about how the money was spent on education.

Table 6: Main use of remittances

Uses	Sender	Recipient	Difference range
Food	86.4%	86.4%	0.0%
Health	59.1%	50.0%	9.1%
Utilities	50.0%	50.0%	0.0%
Education	45.5%	50.0%	4.5%
Clothing	13.6%	9.1%	4.5%
Housing	9.1%	4.5%	4.6%
Business	9.1%	9.1%	0.0%

Covering basic needs was a typically important practice. A Dominican woman remitting to her parents and their adopted daughter said that she sent money for “food, bills and medicine. My mother has asthma and constantly needs to pay for medicine and shots.” She also stated that her younger sister was in a public school, but she hoped to be able to afford to put her in a private school once she was in junior high. “They barely have enough for basic needs (food, clothing, bills).” When her mother was interviewed in the Dominican Republic, her explanation of how they spent the money was more elaborate but she described the same practices and circumstances. The mother spent the money on “food, money for transporting Madeline to school, and buying medicine.” Because the mother suffered from asthma she required a lot of medicine.

Carlos, a remitter living in California and sending to his parents in El Salvador, believed that his parents’ biggest financial needs were their utility bills, such as electricity, telephone and cable bills. “My parents are elderly and don’t have any kind of serious chronic health problems but use the money for sends to buy medicines when they need them.” Carlos’s father in El Salvador explained that “the main needs of the family are paying for food as well as utilities like water, electricity, and phone bills.” He added, however, that they also take care of a nephew and use the remittances for his education. “They have to pay for books, a uniform, and other school fees and expenses; but they use the money that he [Carlos] sends to help cover these food, utility, and school-related expenses.”

Education is also a matter of importance to the households with children who are in their formative years. Forty percent of remitters and thirty percent of recipients said they had no educational obligations. This was especially true in the case of people in smaller households or households with elderly members. In the other cases where educational needs existed, there was less agreement about the kinds of needs people had other than school fees. Recipients were able to elaborate better than the remitters in regards to those needs, but the remitters were aware that the money was partly used for educational purposes.

A Guyanese couple living in New York explained that the family sent to their husband's father and sister, who in turn had three children who are 15, 19 and 23 years old, respectively. The couple said that part of the money went to helping the youngest child who was still in school "and he needs money for school supplies and uniform. The middle child is studying computer graphics. She covers her own expenses." The sister-in-law who was interviewed in Guyana corroborated with that part of the story, but also said she had another sister who helped pay for her "19 year-old girl who studies computer science to be a technician."

Table 7: educational obligations of recipients

	Sender	Recipient	Difference range
No obligations	40.9%	31.8%	9.1%
School fees	40.9%	36.4%	4.5%
School supplies & uniform	18.2%	40.9%	22.7%
Transportation	9.1%	13.6%	4.5%

Issues over health were also included in the interviews and focused on information about who had health problems, how they were addressed, and what kind of health insurance they had. With regards to the health condition of recipients, both sides of the transnational families seemed to point out that when illnesses arose the remittances were used to deal with that. However, remitters and recipients varied substantially when asked to classify whether their family was predominantly healthy. The remitters stressed more than the recipients that the families were in overall good health.

Table 8: Health status of remittance beneficiaries

	Sender	Recipient	Difference range
Predominantly healthy	45.5%	31.8%	13.7%
Cancer	13.6%	9.1%	4.5%
Heart problems	4.5%	4.5%	0.0%
Other	36.4%	54.5%	18.1%

Among those with regular health needs, the focus of attention was on older recipients or people with chronic illnesses. For example, a Nicaraguan remitter helping her daughter reported that she worried more about health because her daughter had asthma and needed regular medical attention and medication to keep it under control. In the town where they lived, described as being very rural and remote, "there are no doctors or places to get the medicine, so the daughter regularly has to go to Leon to see her regular doctor. Any kind of medical attention or things that they need to buy, they have to go to Leon for." She voiced a desire for her daughter to have health insurance because her priority was her daughter's health, but she was not aware of where to get anything like that in Nicaragua.

In fact, a critical issue that emerged from these interviews was the fact that over two-thirds of respondents said that their recipient's relatives had no insurance. The reasons given for their lack of insurance varied. In some cases the interviewee would remark that there was no need for health insurance because they were healthy, whereas in other cases they would answer that it was due to

unemployment or limited coverage at work. A Jamaican recipient explained that while some in the family had health care through their jobs, “the insurance does not cover medications, which are very expensive and hard to come by.”

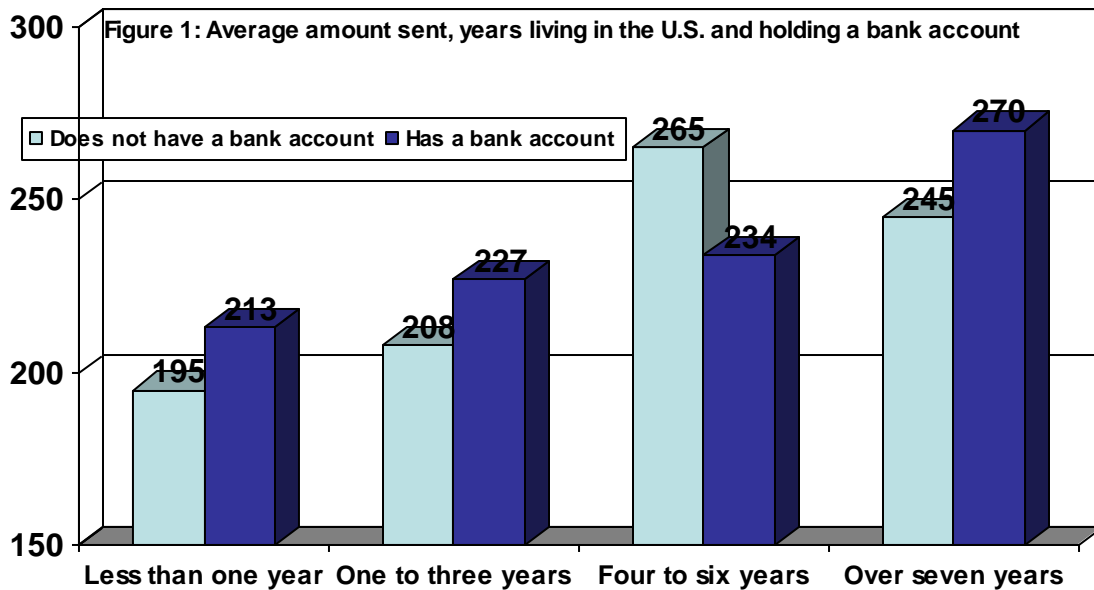
Table 9: Percent of people said to have or not have health insurance

	Sender	Recipient
Yes	27.3%	31.8%
No	68.2%	68.2%
DK (99)	4.5%	0.0%

The responses on health raise two main problematic issues. First, those who think they were in good health did not consider preventative medical care seriously. This problem reflected the poor understanding that exists regarding people’s quality of life both among suppliers and consumers. Secondly, those in need of medical help faced problems that were the result of a lack of affordable services. Cross-selling remittance payments with affordable insurance products may help address the two problems raised here.

4. Financial condition in the receiving household

The financial situation of the beneficiary, more than the income of the remitter, defined the extent to which a person could afford items other than food from the remittances they received. We have learned that remittance transfers are generally inelastic; people send almost the same amount and changes are usually relative to the range of 50 dollars (see figure below). However, the uses of the remittances may vary depending on the availability of additional resources permitting spending the remittances on other activities. An example would be those with lesser housing obligations spending more of the remittances on medicine.



Source: Orozco, Manuel.

Both remitters and recipients reported owning a house although the remitters were more likely than recipients to emit this response. Moreover, the remitters and recipients differed in their responses regarding the need to further invest in home repairs. This appeared true in the cases where less correspondence denoting what remitters and recipients said about a similar issue.

Table 10: Current housing situation of the beneficiary

	Sender	Recipient
Owens	81.8%	63.6%
Rents	13.6%	9.1%
Owens but needs repairs	4.5%	13.6%
Neither owns nor rents	0.0%	13.6%

When looking at their financial and economic situations, most people agreed that things were not well and explained why that was the case. Even among those people who had jobs, relying on remittances was quite important. Even people who were in relatively good situations in their home country relied on remittances and/or lived without medium or long term security. One example of this scenario was the case of a Colombian who remitted to his wife, an accountant in Colombia. His mother-in-law also received a pension (retirement income). Although the family was mostly in

good health, the remittance money was spent on medicine and for the daughter's education. Both his wife and mother-in-law had health insurance, but the mother-in-law reported the daughter having additional health insurance to cover her granddaughter, which was paid for from the remittance. Most people stressed that basic goods were costly. "Food is too expensive" was often verbalized to the remitters. The recipient also stated that their situation was very bad, that "life is very hard for us and we have trouble making ends meet."

Table 11: How would you describe their financial situation?

	Sender	Recipient
Very bad	9.1%	27.3%
Bad	63.6%	18.2%
On and off	13.6%	31.8%
Fine	9.1%	22.7%
Good	0.0%	0.0%
Excellent	0.0%	0.0%
DK (99)	4.5%	0.0%

Moreover, few recipients reported not having other cushions to fall back on aside from the remittances they received. First, only a third had a savings account and the large majority did not have any other type of investment. As a result, remittances were often the main resource available to them. When asked how their needs were met everyone reported meeting those needs first through remittances, then through jobs and finally through money sent from other relatives.

Table 12: People with other types of investment

	Sender	Recipient
No	72.7%	72.7%
Land	9.1%	9.1%
Livestock	4.5%	6.8%
Other property	2.3%	0.0%
Business	11.4%	11.4%

Table 13: Sources of income to meet needs

	Sender	Recipient
Through the remittance	100.0%	95.5%
Remittance from other family	27.3%	22.7%
Employment/business	59.1%	36.4%
Pension	22.7%	13.6%
In kind remittance	9.1%	13.6%

The relationship between salaries and cost of living in most of these countries helped to explain why remittances were critically important to these families and countries. Despite the hardship that people faced, good results came out of the assistance. Migrants sent to their families an average of US\$250 (and a median of US\$200). In most recipient countries the households were comprised of those that earned no income, those with one household member earning minimum salary and those with two minimum salaries being earned. In Haiti, for example, over sixty percent of remittance recipients were unemployed, and in Central America one-third were unemployed (Orozco 2005; Orozco 2006).

A look at the costs of the basic food basket showed that through remittances people were given the opportunity to afford the extended basic food basket.² The table below shows the cases of El Salvador and Mexico where, through remittances, people were able to afford the extended basic food basket or the minimum for survival. Unless more than one person worked in the household and earned above minimum wage, people struggled to make ends meet.

Table 14: Cost of living in selected Latin American countries

	El Salvador		Mexico	
	Expenses	Income	Expenses	Income
Minimum salary		101		110
Remittances		250		350
Basic food basket	137		450	
Extended basic food basket	274		900	
Market food basket	674		1500	

Source: <http://www.ecumenico.org/leer.php/365>; http://www.lainsignia.org/2002/abril/econ_023.htm

Despite these circumstances, remittance recipients have been able to improve their economic situations with the money their relatives living abroad have been providing. People have been able to invest in the education of their children or in acquiring equipment or transportation for small business activities, thus enhancing their opportunities for achieving greater self-sufficiency. One Nicaraguan family explained that through the remittance received, they had been able to look for jobs and small businesses. In their case in particular, through the remittances the family bought a truck, which had allowed their son-in-law to get some work in their community since there was a lot of construction going on in the area. Moreover, they said “the truck has also helped us with the store because now we go into the city to buy provisions to sell and things to work the land.” The support of small businesses when they exist is a regular practice. A Salvadoran migrant explained that she helps her former brother-in-law who owns a small retail store “to help him purchase merchandise for the store, and [I] also send him used clothes to sell in his store. He sometimes travels to Guatemala to buy goods for the store and I provide the capital to purchase those goods.”

²The extended basic food basket is estimated to be double the basic food basket and in addition of food staples, it includes utility payments, schooling, clothing, and rent or housing.

5. “La vida es dura”: Resilience in the transnational family

Although remittances have been the most well known component of this commitment to families, the stories and narratives that tell of the endurance of distance and struggle to make ends meet are the fabric that explains the sending of the money itself. Elsewhere we have shown that families stay in touch on a regular basis and call each other by phone for a total of 120 minutes a month four times a week.³

People interviewed agreed that they speak to each other on a regular basis. We asked if they consult with each other about household issues, such as the education of children, illnesses, or emergencies. Overall, there was some agreement over the issues they discussed, but more importantly, the discussions were about substantive issues and not simply about asking for more money for intangible or unknown situations.

Matters of quotidian life are signifiers of the extent of interpersonal relationships through which people understand each other and share their experiences. Families in particular share the matters of ‘la vida cotidiana’ that often involve discussions related to the hardship of their living situation, their children’s educational issues or utility bills. This reality is one that is embedded into the transnational family. Although remitters trust how their relatives spend the money, the expenditures are still reviewed amongst both parties.

One remitter that was interviewed commented on a personal experience where the recipient was in need of payment of an electric bill of US\$100 when the usual bill was US\$30. After a frantic phone call to the remitter the money was sent, received and the bill was paid. Both the mother of the remitter and the remitter used this example to show how they speak and consult with each other. “She explained that she didn’t have the money to pay the bill, but that the company was going to turn off the electricity if she didn’t pay.” The mother said, “I complained to the [electricity] companies, but they said there was nothing they could do about it. They threatened to cut off the water and electricity if I didn’t pay.”

There are some circumstances where relatives want more involvement in the daily affairs back home and want to make certain that the money is spent appropriately. A Peruvian immigrant tells of how during his first two years living in New York he would ask his mother for receipts for all her expenses and would send the money according to those purchases. He had discontinued this practice since then stating that he no longer felt that this was necessary. He felt that there could always be circumstances in where his family might need more money for a specific service over another. When he would collect the receipts and send money, he would pretty much say what the money he would send should go for. At this point he had left his mother in charge of paying the bills and buying the food.

Health matters are also disheartening when they involve financial decisions and have to be dealt with in the midst of a migrant’s inability to be present to take care of these matters personally. Sometimes the relatives don’t fully express their angst because they understand that their relative in the United States might be in a difficult situation as well. For example, one Mexican migrant expressed that her mother doesn’t tell her if they are having financial problems. “This is because

³Orozco, Manuel. *Transnational*

my mother doesn't want me to worry. I just returned to work after two years of unemployment because of a battle with breast cancer. During that time my mother knew that I was ill and struggling financially and so she tried to spare me from worrying and tried not to talk so much about their needs unless it was unavoidable.”

Table 16: Example a discussion on household issues

	Sender	Recipient
Health problems	29.4%	30.8%
House repair problems	0.0%	15.4%
Every day expenses	41.2%	23.1%
Natural disaster related problems	5.9%	0.0%
Educational obligation problems	23.5%	7.7%
Other	11.8%	30.8%

6. Implications for public policy

Life is hard for migrants and their families. Both live in precariousness and within the margins of poverty, yet, these transnational families communicate and relate their problems substantially and perhaps more typically than previously thought. They support each other emotionally while holding on to the dollars sent that they can spend on the family. We used Richardson's⁴ index of agreement (IA) to test the extent to which these families share similar issues and keep their experiences close. The index of agreement (IA) is a procedure employed in international relations to capture pair wise voting behavior between donor and recipient countries on resolutions voted at the General Assembly of the United Nations. The measurement of the variable is obtained in the following way:

$$IA = [f + \frac{1}{2} g] / t;$$
 where f = number of votes on which the pair agrees (Yes-Yes, No-No, Abstain-Abstain); g = number of votes on which that pair partially agrees (Yes-Abstain, No-Abstain); and t = total number of votes on which the pair voted.

The IA was applied to the data from the 22 paired families to 41 sets of issues, from agreement on the number of people in the household, to the beneficiary's kin, to the uses of remittances, financial resources and extent of consultation with the families. The results show that 78% of senders and recipients agree with each other on the range of issues (the full display of topics is presented in the appendix, with an explanation on how we applied the index).

These results validate the fact that people keep in touch with each other on substantive issues, but also that there are some specific needs that they face. In that respect, these hardships, needs and aspirations are matters of public policy and further highlight the need to continue a transnational policy approach that promotes financial democracy.

In accordance with surveys conducted by the author and Bendixen and Associates, the recipients interviewed have little access to financial institutions, partly because of their limited resources. However, they also express a desire and demand to have access to financial services, including different kinds of insurance products as well as affordable savings accounts. The current work leveraging remittances through financial institutions, predominantly through credit unions and MFIs, is of vital importance. Many of those interviewed reported that they withdraw their money at banks and MFIs like Procredit in Nicaragua or Integral in El Salvador.

At a minimum, remittance payers should explore the financial needs of recipients and provide financial and remittance literacy outreach that educates people about money management. Moreover, there are ways in which financial institutions can take advantage of the demand for services such as housing loans and medical insurance, a product nearly half of the people said they would be interested in having. One way is by offering mortgages, an affordable medical insurance service, as well as educational products in order to meet a demand. One remittance sender expressed that her brother-in-law wants to buy a house, "but he is having trouble financing it. He is not able to take out a loan." This is something that concerns many immigrants.

The exercise by suppliers of offering a range of services and convincing people that health and education involve a number of steps and considerations that further improve a person's quality of life is a critical challenge that also falls in the purview of development players.

⁴Richardson, Neil R. *Foreign Policy and Economic Dependence*. Austin: University of Texas Press, 1978.

Table 17: Type of insurance needed

	Sender	Recipient
None	36.4%	45.5%
Life	9.1%	0.0%
Health	40.9%	45.5%
Home insurance	0.0%	4.5%
Other	9.1%	4.5%
DK (99)	4.5%	0.0%

Within this idea of financial intermediation and training is a mixed fact about hesitation and interest in investment within the transnational household. Some remitters don't feel comfortable investing back home because they aren't certain that they will obtain a good return or because the economy is not in great shape. However, other remitters and recipients are more open to investing in some small business activity. Some of these individuals need business focus, training, and financing before going into the market.

Table 18: Considerations about investing as part of a long term plan

	Sender	Recipient
Yes	27.3%	4.5%
Help to start a business	36.4%	31.8%
Invest in education	9.1%	0.0%
Real estate investment	9.1%	4.5%
Help with a pension plan	4.5%	0.0%
Other	4.5%	0.0%

For example, one recipient with a degree in agricultural engineering wanted to invest in a farm. However, he said that getting a loan from a bank was too complicated and that they only gave loans to people with higher salaries than his. He might qualify for enough money to have something small like a *pulperia*, but he doesn't want that, he wants a farm in order to apply his skills and training. He hadn't thought about asking his sister to invest in such a venture. He was too embarrassed to tell her about it because he didn't want to insult her by making her think that he didn't want her help. He didn't want to hurt her feelings. This is an example of a person with a desire and skill for a productive activity but lacking the assistance needed to proceed in the right direction, something that donors have expertise in.

Thus, the opportunities to leverage remittances are mixed and many. They reflect the financial and economic preferences and need that people have in addition to what they think they can afford. Businesses and policy makers should be able to offer a menu of choices to recipients about the broader range of opportunities available to them.

Interview Methodology

This project consisted in conducting interviews with 24 families who send and receive remittances. The selection process consisted of two steps. First, using statistical survey data and transnational family profiles, patterns among remitters and recipients were identified based on a comprehensive survey of remitters and recipients previously conducted by the author.⁵ The profile contained information about their demographic characteristics (some of which are highlighted in the first section).

Second, four volunteers from a group of twelve people from each of the six focus groups interviewed in Miami, New York and Los Angeles were asked to volunteer to participate in an additional set of person-to-person interviews that also included, separately, their recipient relatives. These focus group interviews conducted by Bendixen and Associates were part of a project about preferences of remitters and recipients of specific financial products. Upon acceptance, volunteers were interviewed first and then shortly after the relative in the home country was interviewed. Four sets of questions were asked to the sender about the recipient, namely, relationship to the sender and number of beneficiaries; uses of the money, particularly on education and health; financial interests and condition; and description of recent conversations and consultations with relative.

These were thirty minute interviews which later were codified to identify patterns in their relationship and level of agreement amongst themselves. The coding procedure used sample interviews as well as previously existing questionnaires.

⁵Orozco, Manuel "Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean." Institute for the Study of International Migration, Georgetown University, July 2005.

Appendix

Agreement or disagreement responses on family issues (Indicator)	Percent responding		Convergence range	Score
	Sender	Recipient		
Beneficiary—Children	0.318	0.273	0.045	1
Beneficiary—Father	0.364	0.318	0.046	1
Beneficiary—Mother	0.364	0.318	0.046	1
Beneficiary--Niece/nephew	0.409	0.455	0.046	1
Consult regularly about needs	0.818	0.591	0.227	0
Desires to have health insurance for family	0.591	0.5	0.091	1
Every day expenses	0.412	0.231	0.181	0.5
Experiences other health problems	0.364	0.545	0.181	0.5
Family is predominantly healthy	0.455	0.318	0.137	0.5
Family member has health problems	0.294	0.308	0.014	1
Family member other investments	0.727	0.727	0	1
Financial situation is Bad	0.636	0.182	0.454	0
Financial situation is On and off	0.136	0.318	0.182	0.5
Financial situation is Very bad	0.091	0.273	0.182	0.5
Has medical insurance	0.273	0.318	0.045	1
Has savings account	0.364	0.409	0.045	1
House repair problems	0	0.154	0.154	0.5
Other sources of income	0.118	0.308	0.19	0.5
Owens his own house	0.818	0.636	0.182	0.5
Pension is a source of income	0.227	0.136	0.091	1
People living in household: Children	0.364	0.273	0.091	1
People living in household: Father	0.318	0.318	0	1
People living in household: Mother	0.409	0.364	0.045	1
People living in household: Niece/nephew	0.409	0.455	0.046	1
Receives remittance from other family members	0.273	0.227	0.046	1
Rents	0.136	0.091	0.045	1
Solves his needs through in kind remittance	0.091	0.136	0.045	1
Solves his needs through the remittance	1	0.955	0.045	1
Sour of income include employment/business	0.591	0.364	0.227	0
Spends money on Clothing	0.136	0.091	0.045	1
Spends money on Education	0.455	0.5	0.045	1
Spends money on Food	0.864	0.864	0	1
Spends money on School fees	0.409	0.364	0.045	1
Spends money on School Transportation	0.091	0.136	0.045	1
Spends money on Utilities	0.5	0.5	0	1
Spends on school supplies & uniform	0.182	0.409	0.227	0
Talk about natural disaster related problems	0.059	0	0.059	1
Talk to family once a week to twice a month	0.591	0.455	0.136	0.5
Talks about educational obligation problems	0.235	0.077	0.158	0.5
Talks to family less than twice a month	0.227	0.273	0.046	1
Talks to family more than once a week	0.182	0.227	0.045	1

Scoring: Full agreement: 1 (under 10%); Partial agreement: 1/2 (11-20%); No agreement: 0 (Over 20%)

Index of Agreement: Full agreement: 27; Partial agreement: 10; No agreement: 4; $IA = (27 + 5) / 41 = 0.78$

Questionnaire

Coding for Transnational Family Interviews

ID#:		COUNTRY:	
GENDER:		LOCATION:	
AGE:		TYPE:	
RELATION:		CODER	

- 1) Who are the family members living in the household to which you send money in your home country?

Grandmother	1
Grandfather	2
Mother	3
Father	4
Spouse	5
Sister	6
Brother	7
Children	8
Niece/nephew	9
Aunt/uncle	10
Other relative	11

- 2) Who benefits directly from your help?

Grandmother	1
Grandfather	2
Mother	3
Father	4
Spouse	5
Sister	6
Brother	7
Children	8
Niece/nephew	9
Aunt/uncle	10
Other relative	11

- 3) How many of them are employed?

0	0
1	1
2	2
3	3
4	4
5	5

- 4) Which of them are employed?

None	0
Grandmother	1
Grandfather	2
Mother	3

Father	4
Spouse	5
Sister	6
Brother	7
Children	8
Niece/nephew	9
Aunt/uncle	10
Other relative	11

5) Are there other persons or relatives living in the household who don't directly receive money?

Yes	1
No	2

6) What do you think are the basic needs of those to whom you send money?

Food	0
Clothing	1
Health	2
Education	3
Housing	4
Business	5
Savings	6
Utilities	7
Other	8
Unknown/NR	99

7) Do they have any educational obligations? (explain)

No	0
School fees	1
School supplies & uniform	2
Transportation	3
Other	4

8) Do any of the recipients have recurrent or chronic health needs or are they predominantly healthy?

Predominantly healthy	1
Cancer	2
Heart problems	3
Other	4

9) Do any of the recipients have some kind of medical insurance to take care of themselves?

Yes	1
No	0

10) Is there any other type of insurance they would need?

No	0
Life	1
Health	2
Home insurance	3

Other	4
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11) What is the current housing situation of the beneficiary?

Owns	1
Rents	2
Needs repairs	3
Neither owns/rent	4
In market to buy	5

12) How would you describe their financial situation?

Very bad	1
Bad	2
On and off	3
Fine	4
Good	5
Excellent	6

13) Do they have a savings account?

No	0
Yes	1
DK	99

14) Other types of investment?

No	0
Land	2
Livestock	3
Other property	4
Business	5
Stock	6
Other	7

15) Do you know how your relative meets these needs?

Through the remittance	1
Remittance from other fam.	2
Employment/business	3
Investments	4
Pension	5
In kind remittance	6

16) Do you keep in touch?

No	0
Greater than 1x/week	1
1x/week-2x/month	2
Less than 2x/month	3

17) Do you consult regularly about their needs?

Yes__	No__
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18) Can you give me an example where you have had a conversation to discuss some of their household problems?

No	0
Health problems	1
House repair problems	2
Every day expenses	3
Natural disaster related problems	4
Educational obligation problems	5
Other	7

19) Have you considered investing some of your resources to address your relatives' needs as part of a long term plan?

No	0
Yes	1
Help to Start a business	2
Invest in education	3
Real estate investment	4
Help with pension plan	5
Other	6

20) Explain

