

Latin American Immigrants' Remitting Behavior: International Links and Financial Institutions*

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QUESTIONS

Remittances to Latin America, \$30 billion plus and growing? Will exponential growth continue?

- Integration versus transnationalism (effects of time in US, legal status, education versus effects of transnational ties).
- Offsetting effects of likelihood of remitting and amount remitted.

Banking access is a boost to economic development...

- The use of banks is a sign of financial literacy and a boon to banking behavior.
- Yet, a small portion of remitters use banks. Who are they?
 - Does the Mexican matricular boost the use of banks?

**Country of Birth of Sample, Remitters Restricted to Persons
Who Remitted Within the Past Year**

	Sample Size			Remitters	
	Not a remitter	Remits money	Total	of Country of Birth, %	of Sample, %
México	507	1647	2154	76.5	64.4
El Salvador	14	224	238	94.1	8.8
Guatemala	21	188	209	90.0	7.4
República Dominicana	26	128	154	83.1	5.0
Honduras	21	106	127	83.5	4.1
Cuba	29	58	87	66.7	2.3
Ecuador	9	50	59	84.7	2.0
Colombia	14	47	61	77.0	1.8
Perú	7	27	34	79.4	1.1
Nicaragua	8	22	30	73.3	0.9
Bolivia	6	18	24	75.0	0.7
Argentina	4	12	16	75.0	0.5
Venezuela	8	7	15	46.7	0.3
Uruguay	1	7	8	87.5	0.3
Panamá	1	5	6	83.3	0.2
Costa Rica	1	4	5	80.0	0.2
Brasil	0	3	3	100.0	0.1
Chile	3	2	5	40.0	0.1
Paraguay	0	1	1	100.0	0.0
Total	680	2556	3236	79.0	100.0

Remittance Senders

Percentage of Immigrant Adults that send Remittances Regularly

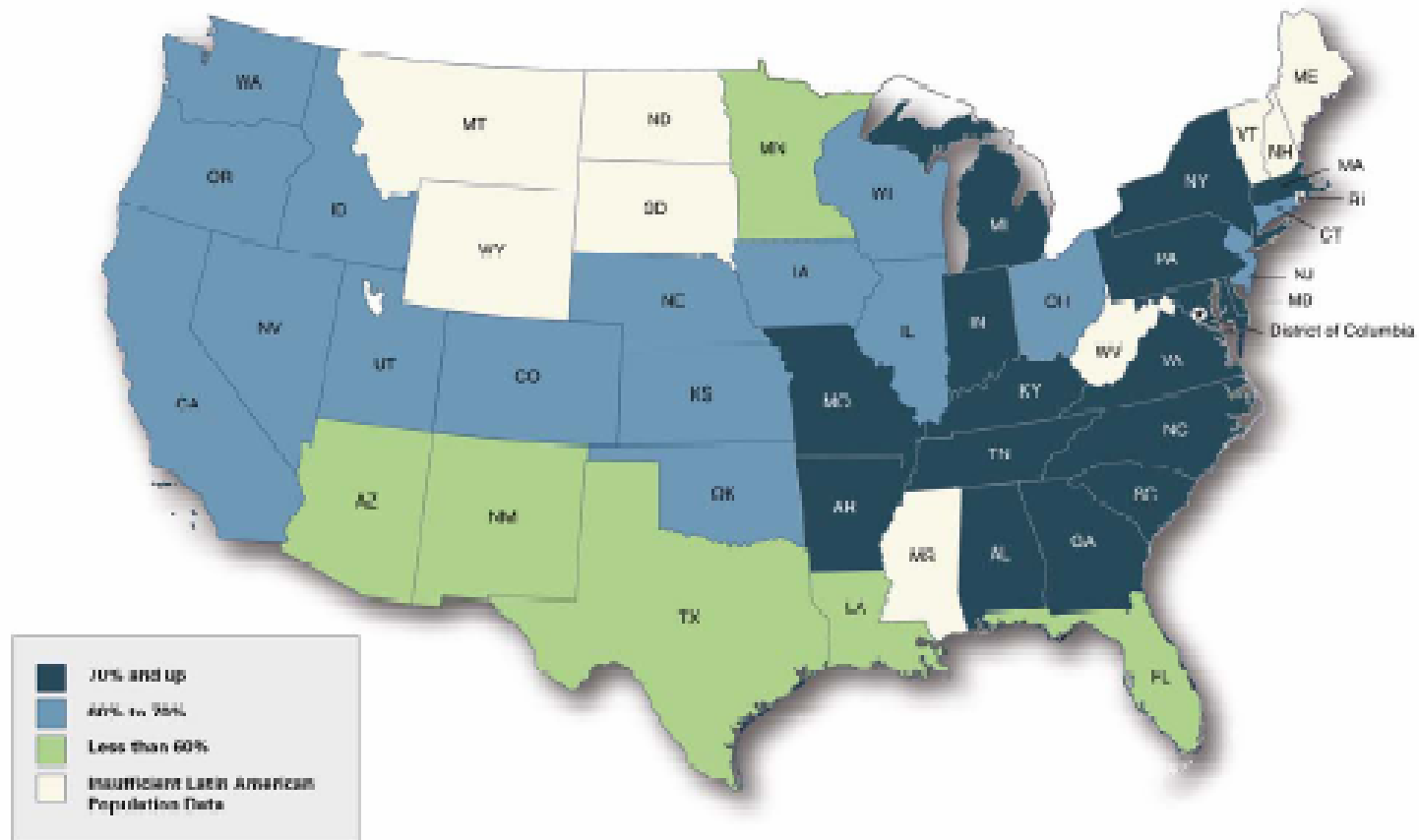


Table X. Descriptive Statistics

	Mean	Std. Deviation	N
Remitter	0.82	0.38	3802
Male	0.50	0.50	3802
Ages 25 to 34	0.41	0.49	3714
Ages 35 to 49	0.27	0.44	3714
Ages 50 and over	0.14	0.35	3714
High school degree	0.33	0.47	3802
Some college or tech.	0.08	0.28	3802
College degree	0.07	0.26	3802
Family Income \$20-\$29k	0.31	0.46	2148
Family Income \$30-\$39k	0.11	0.32	2148
Family Income \$40k +	0.08	0.28	2148
Legal permanent resident	0.37	0.48	3802
Citizen USA	0.18	0.38	3802
Years lived USA 5 to 10	0.26	0.44	3783
Years lived USA 11+	0.40	0.49	3783

Table X. Descriptive Statistics... continued

	Mean	Std. Dev.	N
Remitting < 4 years	0.14	0.35	3757
Remitting < 6 years	0.12	0.32	3757
Remitting > 6 years	0.32	0.47	3757
Number of Beneficiaries	3.07	2.29	3708
Expects family visit	0.15	0.35	3802
Remits monthly	0.44	0.50	3606
Remits thru Bank or Credit Union	0.05	0.21	3802
Remits thru Postal System, Mail	0.02	0.12	3802
Remits thru Return Migrant	0.05	0.21	3802
Has US Banking Account	0.43	0.50	3802
Receipient has Banking Account	0.45	0.50	3802
El Salvador	0.07	0.25	3802
Guatemala	0.06	0.24	3802
Dominican Republic	0.05	0.21	3802
Honduras	0.04	0.19	3802
Cuba	0.03	0.17	3802
Columbia	0.02	0.13	3802
Ecuador	0.02	0.13	3802
Nicaragua	0.01	0.09	3802
Other Latin America	0.04	0.19	3802

Note: All variables are dummy variables where, for example, male is set equal to 1, and the variable has a value of 0 otherwise. Fifty percent of the sample are males.

Logistic Regression of the Likelihood of Remitting

Variable	Exp(B)	Exp(B)	Exp(B)
(Constant)	2.86 ***	2.52 ***	5.29 ***
Male	2.03 ***	2.09 ***	1.96 ***
Ages 25 to 34	1.34 **	1.33 **	1.32
Ages 35 to 49	1.57 ***	1.54 ***	1.43
Ages 50 and over	0.83	0.73 *	0.82
High school degree	1.01	1.04	0.85
Some college or tech.	0.74 *	0.68 **	0.65 *
College degree	0.42 ***	0.38 ***	0.35 ***
Legal permanent resident	0.56 ***	0.50 ***	0.37 ***
Citizen USA	0.44 ***	0.40 ***	0.29 ***
Years lived USA 5 to 10	1.44 ***	1.47 ***	1.14
Years lived USA 11+	0.99	1.03	0.81
Expects family visit	1.51 ***	1.48 ***	1.25
US Banking Account	1.33 ***	1.31 ***	1.23
Recepient Bank Account	1.80 ***	1.77 ***	1.64 ***
El Salvador	--	4.93 ***	5.28 ***
Guatemala	--	2.41 ***	3.94 ***
Dominican Republic	--	2.64 ***	4.40 ***
Family Income \$20-\$29k	--	--	1.32 *
Family Income \$30-\$39k	--	--	0.80
Family Income \$40k +	--	--	0.73
Chi Square	274.39 ***	348.16 ***	204.19 ***
N =	3698	3698	2119

Note: Exp(B) are exponentiated logistic coefficients, where:

* p < 0.10, **p<0.05, ***p <0.01

LIKELIHOOD OF REMITTING

DEMOGRAPHICS

- Males are about 2x as likely as females to remit
- People over 24 are more likely to remit, but that declines 50+
- High school grads same propensity to remit as less than HS
- College grads much less likely to remit (65% as likely)
- College grads much less likely to remit (35% as likely)

IMMIGRANT STATUS

- Legal residents are less likely to remit than illegal residents
- Citizens are less likely to remit than illegal residents
- In the country 5 to 10 years more likely to remit than all others

TRANSNATIONAL TIES

- Family connection increases likelihood of remitting about 1.5x

US BANK ACCOUNT

- Bank account USA increases likelihood of remitting
- Bank account abroad increases likelihood of remitting
- Salvadorans 5x as likely to remit as Mexicans

OLS REGRESSION ON RECENT AMOUNT (ln) REMITTED

	B	B	B
(Constant)	3.96 **	3.98 ***	3.75 ***
Male	0.39 **	0.37 ***	0.40 ***
Ages 25 to 34	-0.12	-0.10	-0.06
Ages 35 to 49	-0.04	0.00	0.11
Ages 50 and over	-0.22	-0.12	0.00
High school degree	0.11	0.14	0.09
Some college or tech.	0.14	0.20	0.12
College degree	0.36 **	0.47 ***	0.63 ***
Legal permanent resident	-0.19 **	-0.12	-0.26 **
Citizen USA	-0.19	-0.11	-0.21
Years lived USA 5 to 10	-0.18	-0.18	0.01
Years lived USA 11+	-0.47 **	-0.50 ***	-0.26
Remitting < 4 years	0.12	0.09	0.40
Remitting < 6 years	0.49 **	0.44 ***	0.75 ***
Remitting > 6 years	0.69 **	0.64 ***	0.83 ***

OLS ON AMOUNT (ln).... Continued

	B	B	B
Number of Beneficiaries	-0.02	-0.01	-0.04 *
Expects family visit	-0.03	-0.02	-0.01
Remits monthly	0.14	0.15	0.03
Remits thru Bank or Credit Union	0.19	0.16	0.21
Remits thru Postal System, Mail	-0.06	-0.08	-0.18
Remits thru Return Migrant	0.00	0.01	-0.07
US Banking Account	-0.13	-0.11	-0.16
Recepient Bank Account	0.12	0.11	0.12
El Salvador	--	-0.11	-0.15
Guatemala	--	0.09	0.08
Dominican Republic	--	-0.67 ***	-0.79 ***
Honduras	--	0.02	-0.35
Cuba	--	-0.51 *	-0.58 *
Columbia	--	-0.17	0.22
Ecuador	--	-0.63 **	-0.75
Nicaragua	--	-0.20	0.00
Other Latin America	--	-0.03	-0.11
Family Income \$20-\$29k	--	--	0.12
Family Income \$30-\$39k	--	--	0.19
Family Income \$40k +	--	--	0.21
F =	3.61 **	3.19 ***	2.51 ***
N =	1993	1993	1293

Note: Exp(B) are exponentiated logistic coefficients, where:

* p < 0.10, **p<0.05, ***p <0.01

THE AMOUNT REMITTED

DEMOGRAPHICS

- Males remit more than females (39 percent)
- Age makes no difference to amount remitted
- College degree remit more on average (tho less likely to remit))

IMMIGRANT STATUS

- Legal residents remit less than illegal residents (& less likely to remit)
- Long years in the USA reduces the amount remitted (& less likely to remit)
- The longer a person has been remitting, the more they remit

OTHER

- Transnational link no effect
- Bank account no effect
- Family income has no effect

Logistic Regression of Receptient Bank Account Owner

Variable	Exp(B)	Exp(B)
(Constant)	0.32 ***	0.30 ***
Number of Beneficiaries	1.00	1.00
Expects family visit	2.16 ***	2.05 ***
Remits monthly	1.34 ***	1.27 ***
Remitting < 4 years	1.53 ***	1.51 ***
Remitting < 6 years	1.74 ***	1.77 ***
Remitting > 6 years	1.43 ***	1.42 ***
Remits thru Bank or Credit Union	1.66 ***	1.73 ***
Remits thru Postal System, Mail	0.87	0.97
Remits thru Return Migrant	0.84	0.98
US Banking Account	2.56 ***	2.67 ***
El Salvador		1.02
Guatemala		1.79 ***
Dominican Republic		1.32
Honduras		3.13 ***
Cuba		0.13 ***
Columbia		1.55
Ecuador		1.61 *
Nicaragua		1.11
Other Latin America		1.84 ***
Chi Square =	351.25 ***	475.24 ***
N =	3471	3471

Note: Exp(B) are exponentiated logistic coefficients, where:

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

RECEPIENT BANK ACCOUNT OWNER

TRANSNATIONAL LINKS

- Family visit to USA increases likelihood (2.2x)

REMITTING FREQUENCY

- Regular remitting increases likelihood of bank account
- Time since one started remitting increases likelihood

METHOD OF REMITTING

- Remitting thru banks/credit unions increases the likelihood
- Remitting thru post office zero
- Remitting thru migrant zero

USA BANK ACCOUNT

Bank account in USA increases likelihood (2.7x)

RECEPIENTS' COUNTRY

- Cuba reduces likelihood of a bank account (87% less likely)

Mexican Remitters and Matriculars

- Similar sets of Logistic and OLS Regressions were estimated for only the Mexican Born. The general results were the same, except:
 - Possession of an indentification issued by the Mexican government (the Matricular) increased the likelihood of remitting,
 - but not the amount remitted.
 - Possession of a Matricular did not affect the likelihood that recepents had bank accounts, although
 - a USA bank account significantly increased the likelihood.

CONCLUDING OBSERVATIONS

The likelihood of remitting is affected in expected ways and US Bank account matters, but the

- amount remitted is affected only by demographics.
- Legal status matters, the unauthorized remit more and greater amounts.

“Integration” reduces both the likelihood and the amount of remittances, yet a

- simple measure of transnational ties (visit) increases the likelihood but not the amount.
- Debate over assimilation versus transnationalism is one of degree.

Recepients are more likely to own bank accounts when remittances are frequent, there are transnational ties, and

- when remittances are made through a bank, and the
- USA remitter owns a bank account.