

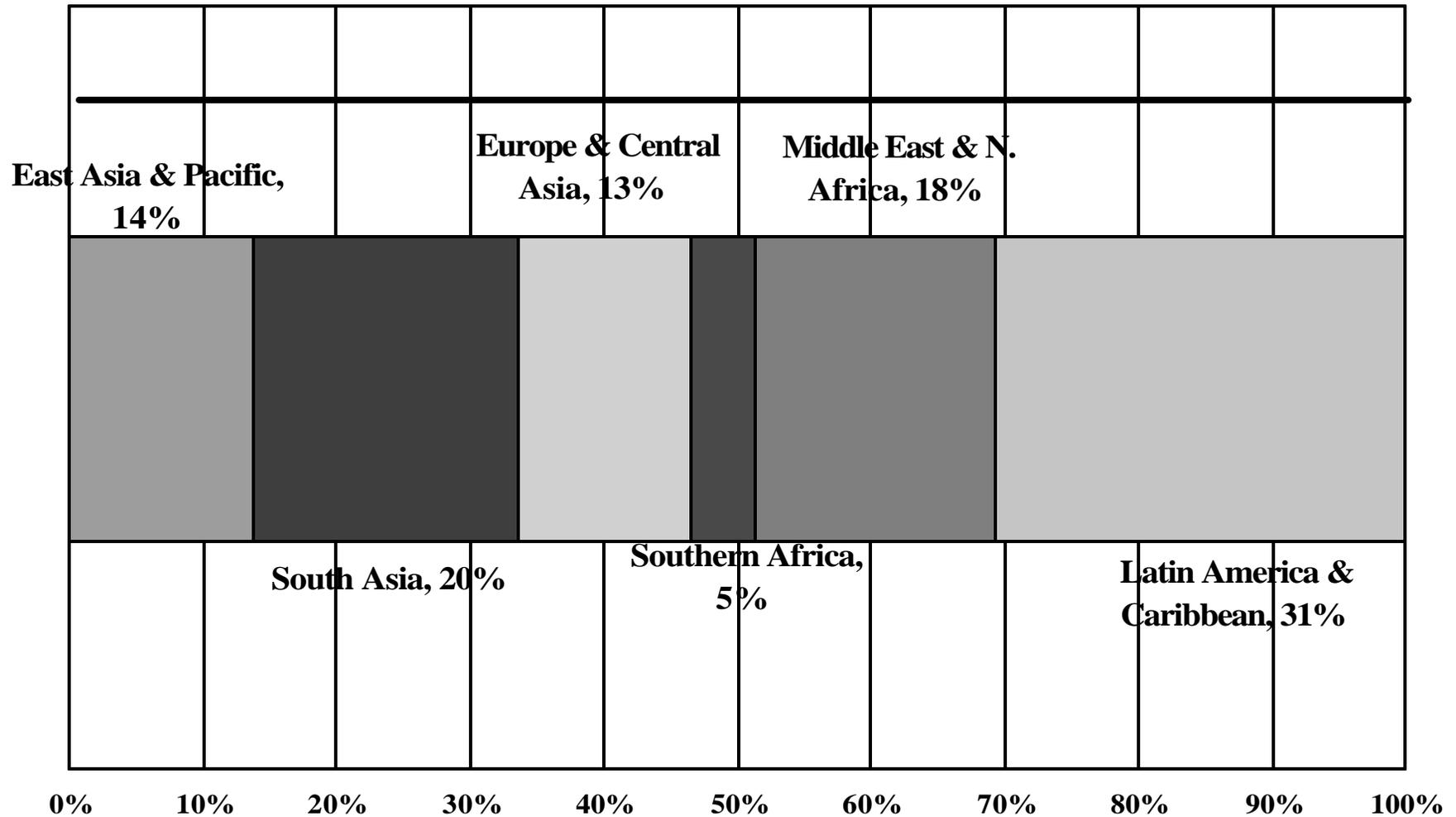
Worker Remittances: An International Comparison

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Remittances in International Context

- Global trends in international remittances
- Payment systems, distribution networks and costs
- Transfers from the United States to main recipient countries
- Comparing trends with Latin America

Worldwide flows of worker remittances by region, 2002



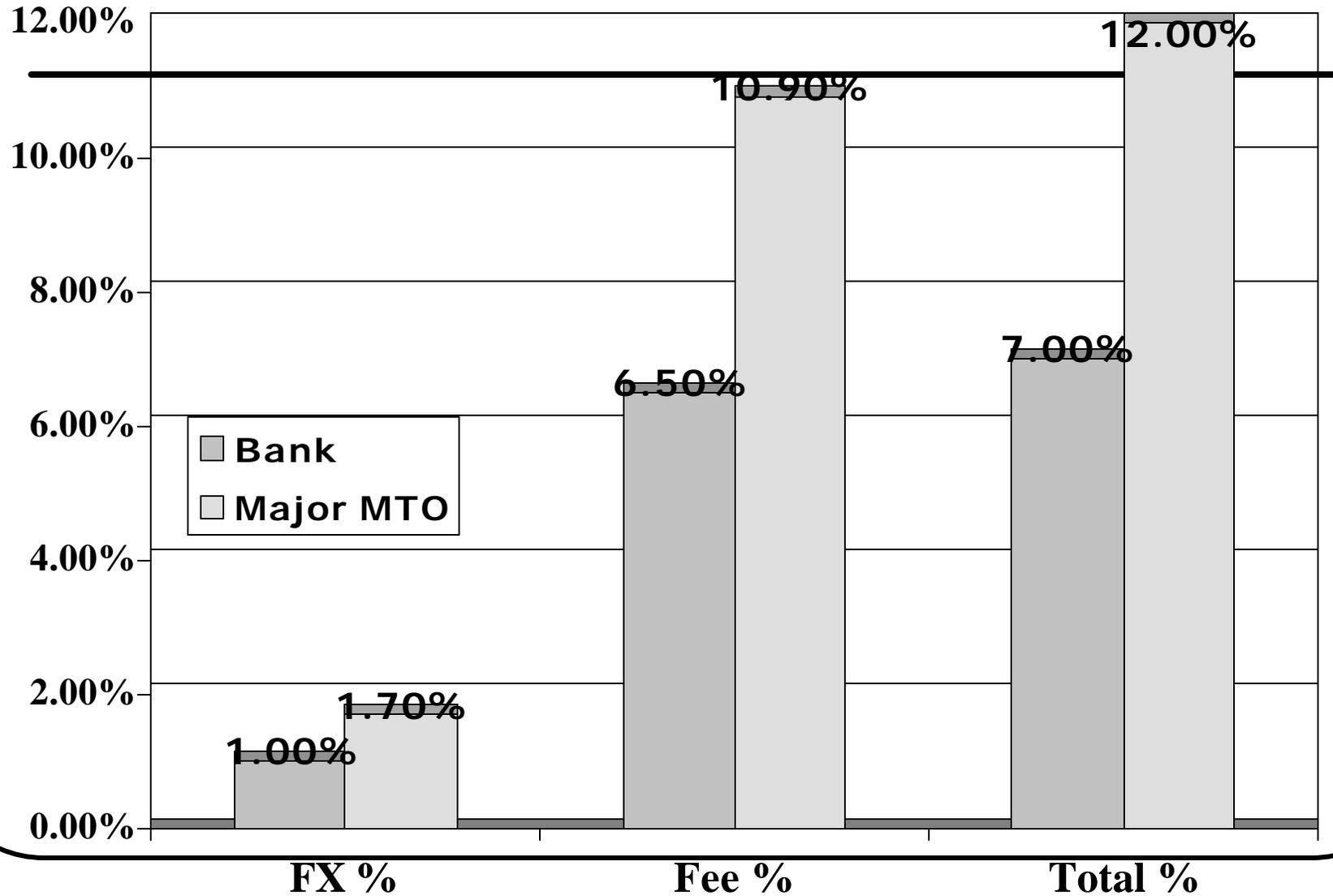
Remittances to Major Remittance Recipient Countries (2000)

Country in region	Share	
	Region	Worldwide
India ^a	73%	15%
Mexico ^a	34%	8%
Philippines ^a	43%	8%
China ^b	43%	8%
Turkey ^a	27%	6%
Egypt ^a	35%	5%
Spain ^a	20%	4%
Portugal ^a	19%	4%
Morocco ^a	20%	3%
Bangladesh ^b	12%	2%
Jordan ^b	17%	2%
El Salvador ^a	9%	2%
Dominican Rep. ^a	9%	2%
Greece ^a	10%	2%
Nigeria ^b	65%	2%
Yemen ^b	12%	2%
Main countries		75.00%

The Relevance of Remittances

Country	Remittances as % of Exports	Remittances as % of ODA	Remittances as % of FDI	Remittance as % of GDP
Egypt	80%	282%	303%	4%
Greece	16%		149%	1%
India	27%	779%	500%	3%
Pakistan	12%	155%	353%	2%
Portugal	13%		50%	3%
Philippines	15%	1047%	298%	8%
Turkey	17%	1403%	464%	2%

Average costs of sending money to selected Non-Latin American countries



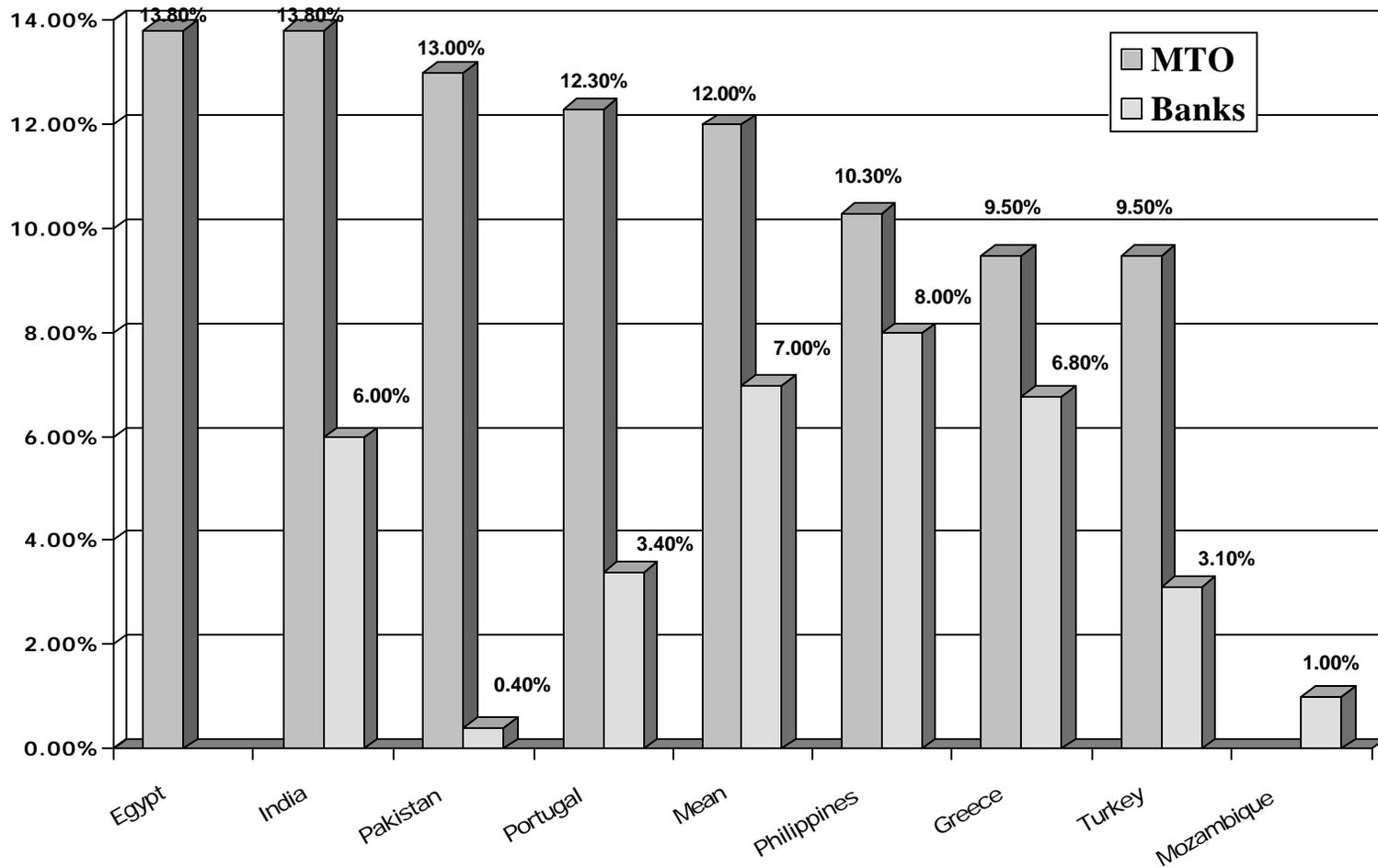
Banks and remittances

- Philippines
 - Competitive market
 - Significant participation of Filipino banks as MTOs
- Turkey
 - Special interest rates for foreign currency deposits
 - Import privileges for migrant workers
 - Several banks offer efficient money transfer to Turkey
- Portugal
 - Accounts offered to non-residents at reduced tax rates
 - Special financing programs to build or buy homes in Portugal
 - Low cost remittance transfers

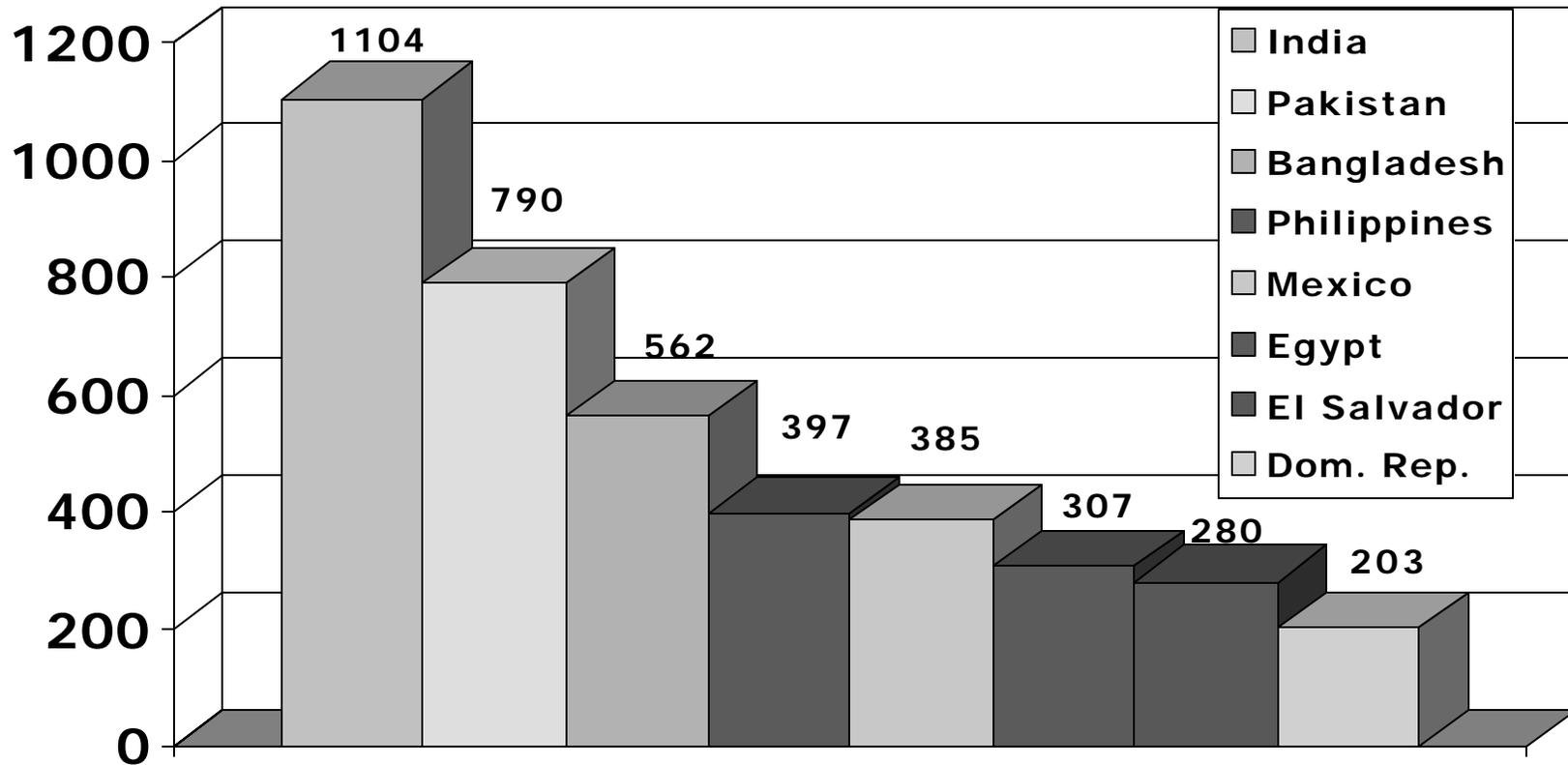
Banks and Remittances

- India
 - State bank offers bonds and accounts to non-residents
 - Accounts have higher interest and reduced tax rates
- Pakistan
 - Government program provides incentives to remit through financial banking channels
 - Participants receive benefits such as import duty exemption
- Morocco
 - State-run bank offers joint checking accounts for remitters and recipients
 - Low fee wire transfers

Charges to send \$200 to selected countries



Average Remittances Sent by Immigrants in the U.S. (US\$, selected countries)



Source: NMTA, January 2003

Comparing Latin America and the World: Money Transfers to Latin America are primarily sent through MTOs and thus more expensive.

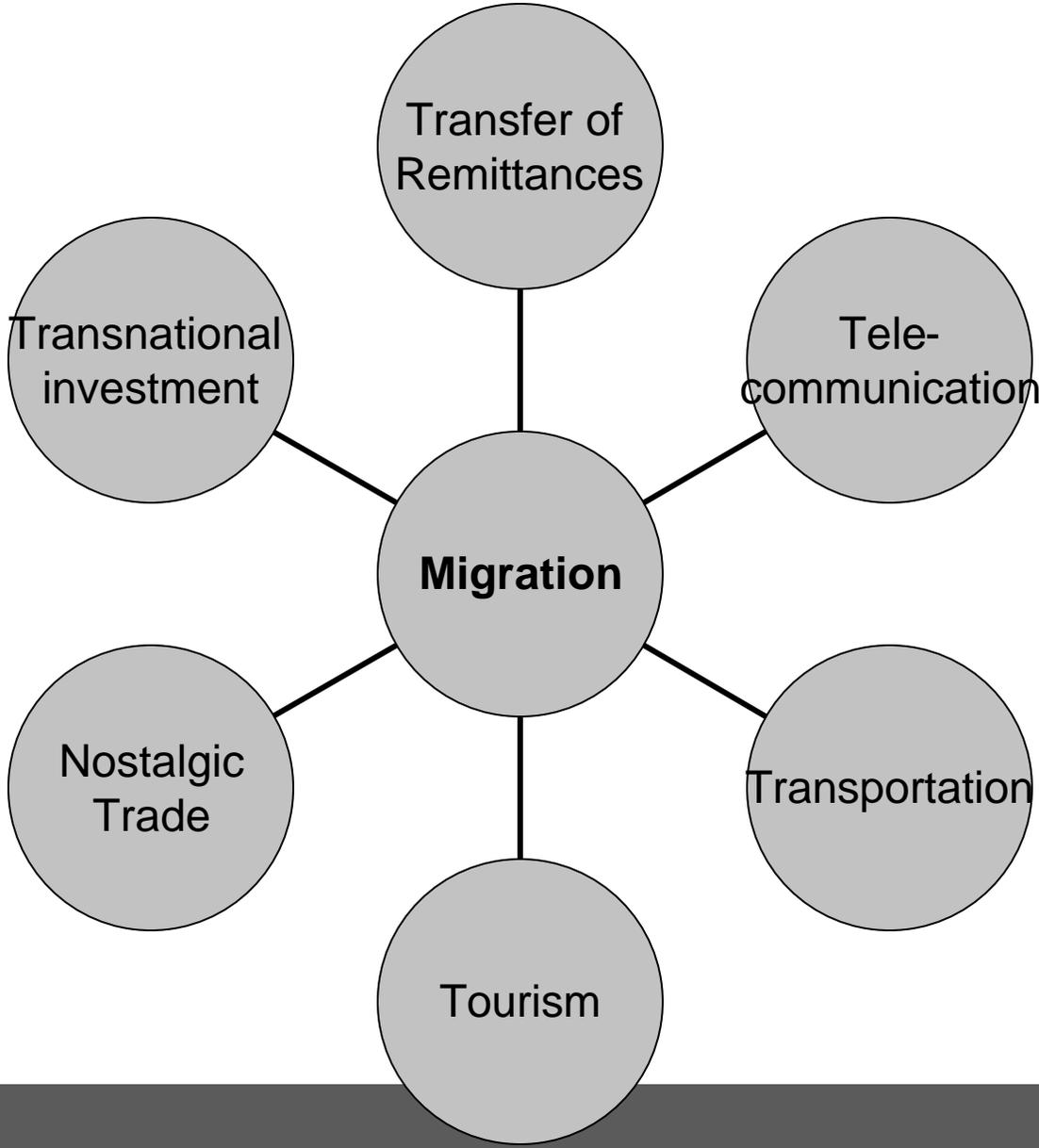
U.S. to	Bank	Major MTO
Philippines	8.0%	10.3%
Greece		13.8%
India	7.0%	12.2%
Pakistan	0.2%	14.0%
Portugal	0.8%	13.8%
Turkey		13.1%
Zimbabwe		11.9%
Bangladesh	8.0%	
Ghana		

U.S. to	Major MTO	Avg.
Cuba	13.00%	12.50%
Jamaica	11.80%	10.99%
Haiti	11.20%	8.78%
Dominican Republic	10.14%	8.69%
Honduras	9.72%	7.73%
Mexico	9.60%	7.73%
Colombia	9.31%	7.24%
Nicaragua	9.25%	7.16%
Guatemala	9.06%	7.73%
Ecuador	9.06%	5.94%
El Salvador	8.02%	6.32%

Perspectives on the global context

- As globalization deepens, so does the movement of people
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- Trade, transportation, telecommunication, transfer of remittances, tourism and nostalgic trade intensify the links between migrants and their home countries.
 - The marketplace for remittances is diffuse.
 - Countries with a longer history of migration tend to rely on banking institutions: governments and banks learn to capitalize on the benefits of migration by extending financial links between diasporas and their home country relatives.
 - The links significantly reduce transaction costs and increase benefits to senders and recipients.
 - Countries with a more recent remittance sending pattern undergo a process of maturation as the market grows more competitive. This competition is reflected in a relationship between price decline and a reduction in the number of intermediaries.
 - From a policy perspective, alliances between governments, civil society and private sector institutions must be formed in order to share best practices and coordinate strategies to improve the flow of transfers.

Transnational Communities' Integrating the Western Hemisphere



Worldwide costs and distribution mechanisms

Receiving country	Remittance sent from	Number of companies reviewed			All businesses
		Banks	MTO	Other	
Philippines	United States	5	14	5	24
Egypt	United States		2		2
Greece	Germany & U.S.	4	2		6
India	Saudi Arabia, U.S., U.K.	7	11		18
Pakistan	Saudi Arabia, U.S., U.K.	7	1		8
Portugal	France, U.S.	3	2		5
Turkey	Germany, U.S.	3	2		5
Mozambique	South Africa, U.S.	1			1
Zimbabwe	South Africa, U.S.		7		7
Bangladesh	U.K.	1	3		4
Ghana	U.K.		7		7