

**Meeting Between Federal Reserve Staff
and a Representative of Inter-American Dialogue
October 13, 2010**

Participants: Manuel Orozco (Inter-American Dialogue)

Dana Miller, Samantha Pelosi, Mandie Aubrey, Ky Tran-Trong, and Vivian Wong (Federal Reserve Board)

Summary: Staff from the Federal Reserve Board met with a representative of Inter-American Dialogue to discuss the remittance transfer provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The representative described the legislative evolution of several sections of the remittance transfer provisions. Specific topics of discussion included the posting of storefront disclosures containing information about model transfers, written initial disclosure of information regarding the transaction, foreign language disclosures, error resolution, and liability for agent actions. Participants also discussed the exceptions that permit the use of estimates in disclosing the amount of foreign currency to be paid to the recipient.

Prior to the meeting, the representative from Inter-American Dialogue sent some background documents to Federal Reserve Board staff for review. Copies of these materials are attached.



April 21, 2010

U.S. Senator Daniel Akaka
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Akaka,

I am writing to express my views about your proposed amendments to the Restoring American Financial Stability Act concerning money transfer disclosures. I believe that the proposed legislation represents an important effort to address challenges in foreign currency payments, but in its current form the amendment needs to improve some limitations I find troublesome.

First, I find it problematic to require that “the remittance transfer provider shall prominently post, and update daily, a notice describing a model transfer for the amounts of \$100 and \$200 (in United States dollars) showing the amount of currency that will be received by the designated recipient, using the values of the currency into which the funds will be exchanged for the 3 currencies to which that particular storefront sends the greatest number of remittance transfer payments.” This requirement is not commensurable with the issue at stake because exchange rates fluctuate on a regular basis throughout each day and money transfer operators constantly buy and exchange foreign currency in the market. Thus, posting one rate, while trading with another, poses accuracy and disclosure problems that make the government responsible for instructing that mandate in the first place. A business may post the lowest rate in public yet offer market rates that are higher than the posting.

Second, the use of a model transfer is no substitute for information on the actual transfer, because it does not realistically or accurately inform the consumer about the cost of his or her transaction, which is typically above US\$200 (see Table 1). Used as a reference, the model values may confuse consumers to think they should send US\$200.

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Table 1: Average remittance amount remitted by an immigrant (US\$)

Country	2006	2007	2008	2009	Jan. 10
Colombia	230	241	264	261	236
Dominican Republic	209	214	215	204	206
Ecuador	320	348	337	300	277
El Salvador	331	351	350	314	292
Guatemala	404	407	383	336	327
Honduras	236	233	243	251	258
Jamaica	195	215	147	116	140
Mexico	389	368	371	343	322
Nicaragua	152	131	125	111	158
Bolivia	162	218	183	161	176
Peru	197	167	168	160	170
Paraguay	229	256	306	278	298
Guyana	211	366	161	133	140
Costa Rica	314	304	268	204	190
Haiti	131	131	120	105	100
Venezuela	167	151	167	156	155
Brazil		401	426	427	
Latin America	248	260	249	226	215

Source: ECO, March 2010. Transaction data from over 30 remittance companies.

Third, the draft shows a weak correspondence between the problem and the solution. The money transfer market has increasingly turned competitive, offering low-cost transfers (the unweighted cost is below 7% of the amount to remit US\$200), including significantly competitive exchange rates, where margins are significantly low, below 1.5% (meaning that less than 30% of the cost on a transfer is the commission on the exchange rate).

Table 2: Cost of remitting by country of destination*

Country	FX commission	Fee	Total	Fx/Total	Region
GHA	2.41%	4.96%	7.37%	32.65%	AFRICA
NGA	1.93%	4.48%	6.41%	30.11%	AFRICA
CHN	3.63%	7.29%	10.92%	33.24%	ASIA
IDN	1.55%	6.04%	7.59%	20.43%	ASIA
IND	1.35%	4.68%	6.03%	22.32%	ASIA
PAK	1.42%	6.21%	7.63%	18.66%	ASIA
PHL	1.37%	4.75%	6.11%	22.37%	ASIA
THA	2.38%	10.47%	12.85%	18.51%	ASIA
VNM	0.95%	5.03%	5.98%	15.87%	ASIA
BRA	1.19%	6.04%	7.22%	16.42%	LAC
COL	2.15%	5.39%	7.54%	28.51%	LAC
DOM	3.70%	2.64%	6.34%	58.36%	LAC

ECU		3.85%	3.85%	0.00%	LAC
GTM	1.32%	4.78%	6.10%	21.66%	LAC
GUY	1.61%	7.23%	8.84%	18.22%	LAC
HND	0.11%	4.25%	4.36%	2.54%	LAC
HTI	1.99%	4.95%	6.94%	28.63%	LAC
JAM	2.10%	4.57%	6.67%	31.56%	LAC
MEX	1.98%	5.53%	7.51%	26.36%	LAC
PER	0.97%	3.02%	4.00%	24.33%	LAC
SLV		4.48%	4.48%	0.00%	LAC
LBN	1.16%	12.04%	13.20%	8.79%	MENA
Grand Total	1.97%		6.89%	28.59%	

Source: mystery shopping data collected by the author, February 2010.

* Note: these are unweighted costs not controlled by market share. When market share is weighted in, the costs drop to 5% for Latin America.

When the data is weighted to reflect market share, the costs drop significantly in all corridors for Latin America (see Table 3), where we have available information. What we see is that costs have remained relatively steady for the past four years. The reason is that competition and the prevailing agent-based business model have reached a relatively optimum cost line, and the only way to drop costs is by adding value to the remittance product ('bundling' services), or introducing technology methods that reduce intermediation (such as agents).

Table 3: Cost (US\$) to send US\$200 to selected Latin American and Caribbean countries from the U.S.*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bolivia			10.1	6.7	5.6	6.1	4.3			6.1
Colombia	10.1	8.7	6	5.9	5	6.8	4.4	5.2	4.4	5.2
Cuba	13	12.9	12.4	12.4	12	12.4	12.8	ND	17	
Dominican Rep.	9.4	8.4	7.2	7.1	6.4	8.2	8.4	5.9	6	6.34
Ecuador		5.7	5.1	4.4	3.9	3.8	3.8	4.2	3.7	3.8
El Salvador	6.7	6.2	5.8	5	5.2	4.8	5.2	4.3	4.5	4.5
Guatemala	7.4	7.3	7.8	6.3	5.6		6.2	5.8	5.6	6.1
Haiti	9	8.1	10.4	7.9	6.7	7.2	7.3	5.2	7	6.9
Honduras		6.9	6.9	6.2	5.8	5.8	3.6	4.84	5.7	4.4
Jamaica	9.8	10	12.7	8.8	8.2	7.1	7.8	6.4	6.7	6.7
LAC	9	8.6	8.2	7.1	6.3	6.5	6.1	5.2	5.3	5.4
Mexico	8.8	9.3	7.5	6.2	6	6.2	5.7	6.6	5.6	5.9
Nicaragua	7.5	7.5	7	6.7	5.2	5.2	4.7			
Peru			6.2	6.1	4.6	4.4	3.6	3.8	4	4.0
Venezuela		7.4	8.6	5.2		8.2		ND	ND	

Data collected by the author. * Note: cost includes fee and exchange rate commission.

Increasingly, companies are depending less on forex commissions, partly because the market has turned competitive and exchange rate margins dropped, but also because immigrants are increasingly opting to send money in US dollars, being prepared to pay a fixed amount and not worry about the exchange rate. This situation includes the cases of Nicaragua, Costa Rica, and more recently the Dominican Republic, where people are choosing to send in US\$.

But even when we look at these forex commission margins and compare them to margins in other trades, such as forex conversion for tourists, the margins are pretty low: the forex commission at companies like Thomas Cook or Travelex are above 3% for a transaction to any destination.

Table 4: Transaction costs charged by selected money transfer operators in the U.S. outbound market to 20 countries

<i>Money Transfer Operator (</i>	<i>FX commission</i>	<i>Fee</i>	<i>Total</i>	<i>Fx/Total</i>
Samsco's Express Money Transfer	1.7%	10.0%	11.7%	14.6%
Krung Thai Bank	0.3%	9.9%	10.1%	2.7%
Bank of China	0.6%	9.5%	10.1%	6.0%
Unitransfer		9.5%	9.5%	0.0%
East West Bank		9.0%	9.0%	0.0%
CAM	1.9%	7.1%	9.0%	21.2%
Barri International	4.5%	4.0%	8.5%	53.2%
Western Union	2.1%	6.3%	8.4%	25.1%
Vigo (local currency)	3.9%	4.5%	8.4%	46.5%
SBI Express Remit (State Bank of India)	1.2%	6.7%	7.9%	15.1%
Ria Financial	3.6%	3.7%	7.3%	49.5%
Uno Money Transfer (Omnex Group) LOCAL	1.0%	6.0%	7.0%	14.0%
Money Gram	1.7%	5.2%	6.9%	25.1%
PakRemit	1.7%	5.2%	6.9%	24.1%
Ria Express	4.2%	2.6%	6.8%	61.8%
Liberty Transfer	2.8%	4.0%	6.7%	41.2%
Horizon International Remittance	0.9%	5.6%	6.6%	14.4%
Bancomer Transfer Services	1.5%	5.0%	6.5%	23.2%
Wells Fargo	0.5%	6.0%	6.5%	7.4%
MoneyGram	1.4%	5.1%	6.5%	21.6%
Maniflo	1.4%	5.0%	6.4%	22.3%
Envios de Dinero G&T Continental	2.8%	3.6%	6.4%	44.0%
remit2India (Times of India)	4.9%	1.5%	6.4%	76.6%
Cibao	5.1%	1.2%	6.2%	81.5%
Uniteller	5.3%	0.9%	6.2%	85.3%
NYBay Remit	0.7%	5.4%	6.2%	11.9%
South Exchange	1.2%	5.0%	6.2%	18.9%
Globo Travel 'n' Tours	1.2%	5.0%	6.2%	18.9%
Xoom	1.7%	4.5%	6.2%	27.0%
Money Gram (L LB)	1.2%	4.9%	6.0%	19.2%
Viamericas	2.5%	3.4%	5.9%	42.6%
Quisqueyana	6.9%	-0.9%	5.9%	115.7%

Zoha, Inc.	0.4%	5.5%	5.9%	6.3%
Ria Envía	2.2%	3.7%	5.8%	37.2%
Sigue	0.8%	5.0%	5.8%	13.7%
Envíos de Valores La Nacional	3.7%	2.0%	5.8%	64.6%
Giromex	0.7%	5.1%	5.7%	11.8%
Vigo	1.2%	4.4%	5.6%	21.2%
Lucky Money	1.4%	4.2%	5.6%	24.7%
Coinstar	1.2%	4.4%	5.6%	21.5%
PNB (Philippines National Bank)	1.8%	3.7%	5.5%	32.8%
Remesas Pujols	1.5%	4.0%	5.5%	26.7%
Laparkan	1.0%	4.5%	5.5%	17.9%
Orlandi Valuta	0.9%	4.3%	5.2%	17.8%
Trans-fast (Imporium Brazil)	1.7%	3.5%	5.2%	32.8%
Dinero Express	0.2%	5.0%	5.2%	3.6%
Multivalores known now as NEXO	0.1%	5.0%	5.1%	1.6%
Intertransfers	0.1%	5.0%	5.1%	1.4%
Order Express	0.2%	4.8%	5.0%	3.7%
Banco Atlantida	0.0%	5.0%	5.0%	0.5%
Bancomercio		5.0%	5.0%	0.0%
Banrural Corp.	1.0%	4.0%	5.0%	19.6%
Johnny Air Cargo	0.1%	4.8%	4.9%	1.7%
Jamaica National Overseas	2.5%	2.3%	4.8%	51.7%
La Nacional	1.0%	3.8%	4.7%	21.0%
Zoha, Inc.	2.2%	2.5%	4.7%	46.8%
Banco Agricola		4.5%	4.5%	0.0%
Bancuscatlan		4.5%	4.5%	0.0%
RCBC Remittance Center	0.6%	3.8%	4.4%	14.0%
Remesas Quisqueyana, Inc.	1.1%	3.0%	4.1%	26.5%
Acceso OAS Credit Union		4.0%	4.0%	0.0%
Casa de Cambio Delgado	0.7%	2.9%	3.6%	19.2%
Alante Finacial		3.5%	3.5%	0.0%
Ficohsa Express		3.5%	3.5%	0.0%
Delgado Travel	0.8%	2.7%	3.5%	23.3%
CitiNRI (Citibank)	3.3%	0.0%	3.3%	100.0%
Dolex Dollar Express	1.1%	2.0%	3.0%	35.7%
Girosol		3.0%	3.0%	0.0%
Jet Peru		3.0%	3.0%	0.0%
Remesas Quisqueyana		3.0%	3.0%	0.0%
Uno Money Transfer (Omnex Group)		3.0%	3.0%	0.0%
money2India (ICICI Bank) E-Transfer	1.1%	1.8%	2.9%	39.3%
LBC	0.3%	2.5%	2.8%	10.7%
Ria Financial Service	0.5%	2.3%	2.8%	18.5%
BHD	0.0%	2.2%	2.2%	0.5%

Uniteller / Ecuagiros	2.0%	2.0%	0.0%
Bank of America (SafeSend)	1.6%	0.0%	1.6%
Global Money Remittance	1.2%	0.0%	1.2%
Grand Total	1.6%	3.8%	30.0%

Source: mystery shopping data collected by the author, February 2010

Public ratings of these businesses are quite strong. In a survey carried I carried out in 2008, I found that less than 1% of remittance senders believed companies are not transparent in the exchange rate, 65% believed they were transparent, and 34% were indifferent to the issue. In addition, problems of disclosure in the exchange rate are significantly restricted to very few cases or instances within the industry and can be solved without regulatory action or through financial education. A review in 2010 of 50 remittance companies that handle more than 70% of flows to Latin America showed that disclosure problems were found in fewer than two companies where mystery shopping was conducted. In these cases, solutions were encountered on the spot by contacting the company and presenting the problem.

Fourth, although these reporting requirements in this proposed legislation are mandated to a remitting company, they apply in practice to the agents, who in turn are not held directly accountable. Given that agents are not remittance service providers, nor employees of the company, it is unclear where the accountability will take place with agents. While contractual provisions could be amended to reflect proper accountability, the process as expected does not consider this practice.

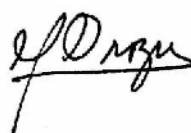
The draft proposed piece also assumes a particular cash-to-cash business model and ignores many other prevailing practices of sending money: 75% of transfers are done through money transfer operators, but the rest are informal or via other means, such as the internet or banks. It remains unclear just how these provisions will apply to banks and Internet remittance service providers. For example, increasingly many U.S. banks are working as remittance service providers, and are making inroads in sending money and increasing financial access. But their transfers originate from an account, not at a retail store. Will the legislation expect banks to respond in a similar way and require all bank branches to post exchange rates? How will the printing of a receipt take place prior to an Internet transaction? For example, in Washington, D.C.'s Adams Morgan neighborhood, it is hard to identify which are the top three nationalities and they vary regularly, thus banks would face difficulties deciding which country info to post. How can disclosure be posted if the transfer is done via SWIFT or the Internet? And, as mobile technology is linking up with payment networks, how will disclosure be reflected in a transfer via PayPal, TwitPay or RegaloCard for example?

Fifth, the draft assumes a well balanced or distributed market that reflects arbitrary choice in requiring postings to three nationalities, but ignores the mixed composition of multiple migrant nationalities, who visit the same agent. Take New York City, Seattle, Los Angeles, Miami, Las Vegas, or Tampa, among other cities where there are immigrants from six or eight different nationalities visiting the same agent. In these cases, why post the top three and not the top ten?

Finally, I am concerned about the limited consultation process involved in drafting this proposed legislation. I became aware of the Act only recently in the past six weeks. As a matter of practice, it would be useful to obtain various versions of the proposed legislation, and garner the support of as many participants as possible.

Indeed, there are many loose ends to tie on this proposed draft. Disclosure of foreign exchange rates for money transfers are an essential feature of fair financial access for anyone, and particularly for low-income migrants who regularly transfer money to their relatives. But is physical posting the disclosure solution? Most likely not. The challenge lies in finding adequate policy procedures that can mitigate potential speculation and abuse against clients without producing adverse effects on both the industry and its market. Fairness is about commensurability, accountability, and judgment, which constitute the balance between norms and practice.

Warm regards,

A handwritten signature in black ink, appearing to read 'M. Orozco', with a horizontal line underneath.

Manuel Orozco
Director,
Remittances and Development Program

CC:
Senator Chris Dodd
Catherine_Galicia@banking.senate.gov
Deborah_Katz@banking.senate.gov
Matt_Pippin@akaka.senate.gov

A Scorecard in the Market for Money Transfers: Trends in Competition in Latin America and the Caribbean

Manuel Orozco, Elisabeth Burgess and Landen Romei

Inter-American Dialogue

June 18, 2010

FINAL DRAFT

Introduction

This report presents fieldwork research and a review on remittance markets in 15 selected Latin America and Caribbean countries,¹ with a focus on key indicators relating to competition in money transfers.² We find that competition in money transfers among remittance service providers (RSPs) is relatively strong with most businesses offering more than one remittance product, operating in at least three remittance-payout countries, and relying on payment networks spanning over 50,000 payment points³ across these countries.

The results of this work show that remittance companies are turning more competitive. Increased competition brings costs down. We find that transfer costs in 2010, on average, have decreased slightly compared to 2009, to 5 percent of the value transferred. Additionally, RSPs have to compete for the satisfaction of the customer and have achieved an average of 70 percent satisfaction rate. Using four key indicators to measure company performance—scope, cost, distribution network, and consumer satisfaction—no company reached the highest grade, A+. Thus, there is still room for improvement among RSPs.

We show that the majority of remittance service providers on the sending side are money transfer operators (MTOs), and on the payout side the majority of partner institutions are commercial banks. In fact, bank branches represent 76 percent of all payout locations, and the majority of payout points are represented by MTO and bank payer partnerships. Overall, 63 percent of all payout locations are in urban areas of at least 100,000 people, compared to only 46 percent of the population living in these areas, showing a divergence in the concentration of payout locations to population. We find that MTOs dominate the market for payout locations in Latin America and the Caribbean at 94 percent of locations, though banks that send remittances also play a significant role in many countries. Overall, MoneyGram has the largest share of locations, but despite the significant shares held by the largest five RSPs, the majority of all payout locations (59 percent) are held by other RSPs.

The report looks at the marketplace for transfers as performed by at least 39 leading companies, compared across 15 countries representing 90 percent of all remittance flows from the U.S. to Latin America and the Caribbean, as well as regulations in money transfers. The analysis looks into the main remittance service providers, the cost of remitting, the number, institutional type, and geographic concentration of payout locations in each country.⁴ Regulations on money transfers are examined in relationship to the institutions that authorize foreign currency payers, the limits and requirements on money transfers, anti-money laundering measures, the rules on foreign currency accounts and the roles of MFIs in remittance markets.

¹ Mexico, Colombia, Guatemala, El Salvador, Dominican Republic, Peru, Ecuador, Honduras, Jamaica, Haiti, Bolivia, Nicaragua, Paraguay, Guyana, Brazil.

² Data collection was conducted by Guadalupe Ortigoza, Elisabeth Burgess, Tim Cheston, Jessica Brackett, Eugenia Garcia-Zanello, and Maite Hostetter between September 2009 and June 2010.

³ A payout location includes bank and office branches, agencies, retail store locales, as well as 'mobile' payers, that is, individuals conducting home delivery, known in the Dominican Republic as 'motorizados'.

⁴ Remittance service providers are identified from immigrant market surveys, interviews with competitors in the corridors, and previous country studies. Nevertheless, the list is not exhaustive and it is a work in progress. The data on payout locations are used as a way to capture the extent of payout coverage, but not necessarily the market share of the intermediaries.

The first section presents the scorecard results and summarizes basic findings among companies. The second section looks into the various indicators characterizing the marketplace. It also includes an analysis of over 70 remittance service providers and 2,500 paying institutions working predominantly in the U.S.-Latin America and Caribbean corridors.⁵ The data provides information about transfers costs, presence in rural areas, partnership with banking and microfinance institutions, for example. The third section looks at regional trends across the various indicators. Section four reviews regulatory frameworks governing payment of remittances to Latin America. The appendix explains the data collection methodology as well as detailed scorecard results.

1. Intermediation in money transfers: measuring competition

In order to better understand the marketplace for money transfers, a set of variables were utilized to develop key indicators. These indicators are associated with features that characterize the money transfer industry in its competitive landscape, and are aspects of the marketplace that both consumers and development policy practitioners find important. Competition in the remittance transfer market typically refers to a situation where businesses play by the rules, offer a range of products across various regions, offer market prices, have accessible payment origin and distribution networks that offer various financial services, and satisfy consumers.⁶

The four key indicators utilized are scope, cost, distribution network, and consumer satisfaction. These indicators capture immigrant preferences on payment services as well as the link between remittances and financial asset building. The first indicator, scope, refers to the extent of product and geographic coverage that companies adopt. Businesses that offer more than one remittance product such as cash-to-cash or cash-to-bank account remittances, and transfer to more than one country make themselves more competitive. As the results below show, many businesses are increasingly offering various products and focus on fewer than three corridors. Transfer cost, the next indicator, is also a key feature defining competition and has been discussed in the literature as a policy issue. As more companies enter the market, lowering costs turns into a mechanism to attract consumers.

Transfer locations in the remittance origination and payment points in the destination are another feature distinguishing competitiveness. In the third indicator, we focus on the destination side to understand the types of payout institutions partnering with remittance service providers. The last indicator, consumer satisfaction, is reflected in consumers' appreciation of the services offered and is a key factor that illustrates a company's competitiveness. The table below presents the 16 variables utilized to create the four key indicators.

⁵ For the purposes of protecting proprietary information, however, the numbers in our study were translated into ratios and percentages. These ratios and percentages serve for comparison.

⁶ Legal compliance is not covered in this scorecard.

Table 2: RSP Scores (%) and Grades***

RSP	Grade 1*	Grade 2*
Xoom	A-	B+
Wells Fargo	A-	A-
Vigo	A-	A-
Viamerica	B+	A-
Dolex Dollar Express	B+	B+
Signe	B	B-
Remesas Quisqueyana	B	B-
Alante Financial	B	B-
Western Union	B	B-
La Nacional	B	C+
Ria Envia	B	B
MoneyGram	B	B
Delgado Travel	B	B-
Bank of America	B	B
BHD	B	C+
Giromex	B-	B-
Bancomer Transfer Services	B-	C+
Intermex	B-	C+
Girosol	B-	C+
Envios de Dinero G&T Continental	B-	B-
Orlandi Valuta	B-	B-
Bancuscatlan	C+	C+
Bancomercio	C+	C+
Banco Agricola	C+	C
Multivalores (Nexxo)	C	C+
Unitransfer	C-	D+
Remesas Pujols		C
Uniteller		B+
Grupo Express		B-
Maniflo		C+
Barri International		C+
Order Express		B-
Citibank		B-
Banco Atlantida		C+
Dinero Seguro (USPS)		C+
Ficohsa Express		C
Jamaica National Overseas		C
Cibao		C
Laparkan		C

*Includes consumer confidence data for a total of 64 points; ** Does not include consumer confidence data and counts 48 points; *** Based on average of scores across the four indicators.

In the following section, we analyze each of the key indicators scored above.

2. Remittance service providers: competition at work in the U.S.-Latin America corridor

The U.S.-Latin America remittances corridor covers 70 percent of all transfers to the region sent by over 15 million migrants. Here we show findings by company, which are increasingly diversifying their remittance product mix, and work mostly in one to three countries. The top six companies remitting to Latin America are among the largest in market share and have the largest operating presence in the region. The payment network from the United States to Latin America and the Caribbean involves partnerships with over 2,500 payout institutions and encompasses over 50,000 unique payment points, nearly half of which are in Mexico. RSPs are largely working with banking institutions as payout agents, and 60 percent of payout locations are in urban areas.

a) Product and Geographic Scope

When looking at the type of remittance products⁹ RSPs offer, the majority of companies still center their services on C2C transfers, mostly working on the assumption that migrants are not switching or prepared to switch to other methods. However, there is increasing diversification in product offering: just under one-quarter (10 of 40 companies) still only offer C2C transfers, but the other three quarters (31 of 40 companies) offer transfers into bank accounts, six companies offer Internet transfers, and 17 offer additional financial services to consumers, such as money orders and check cashing services. In terms of geographic scope, the volume of money transfers continues to be an attractive financial proposition to companies in the business, but the large majority of companies work in fewer than three countries. There is a divide between a large group of businesses operating in a few countries and a small group of companies each operating in more than ten countries. These latter companies also have on aggregate the largest market share in transfers to the region. The companies that exhibit the largest share of payment points include MoneyGram, Western Union and Vigo, followed by Xoom and Viamericas. The latter two are emerging companies with less than ten years in operation.

Table 3: RSPs geographic scope

Operates in	#	(%)
10 or more countries	8	13
Four to nine	4	7
Up to three	47	80

Table 4: RSPs geographic scope (%)

RSP	Payout Distribution Share	Market share (est.)
MoneyGram	13	10
Western Union	9	30
Vigo	9	8
Xoom	8	3
Viamericas	7	3
Ria	6	8
Uniteller	6	3
Dolex	6	3
Other	32	32

⁹ A remittance product is a transactional service that includes accepting the transfer in cash, through an account or providing additional financial services.

b) Transfer Costs.

Remittance transfer costs, typically measured by the fee and the commission on the exchange rate have been a topic of concern in public policy and international development circles. The average cost remitted in 2010 by these companies shows a slight decline compared to 2009, to 5.0 percent of a US\$200 transfer (see Table 11). The most important result in 2010 is that prices converge more closely around the mean, either in the fee or the foreign exchange commission: nearly 70 percent of costs are between 3.5 percent and 6.5 percent. These averages represent an important improvement in the marketplace because the range of prices fluctuates from a low of 1 percent to a high of 9 percent.

Table 5: Cost of sending US\$200 as percent of principal sent

Measure	Fee	FX	Total
Average	4.15	1.19	5.00
Range	8.43	3.36	7.92
Standard deviation	1.8	0.8	1.5

The companies offering the lowest cost are among those offering services in dollarized economies, where transfers are mostly paid out in U.S. dollars, or among RSPs paying to fewer countries. The cost slightly increases as the number of countries where an RSP operates increases. But for the most part these company costs are increasingly concentrated along mean values. The table below shows 15 out of 39 companies with total costs below the mean. At least one third of the revenue from most of these companies comes from one country corridor, which in many cases is paid in U.S. dollars.

Table 6: RSP average transfer costs

RSP	Main country it operates in	Total cost (%)
Bank of America (SafeSend)	Mexico	1.58
BHD	D. Republic	2.01
Delgado Travel	Ecuador	3.00
Girosol	Mexico	3.00
Dolex Dollar Express	Mexico	3.04
Alante Financial	El Salvador	3.50
Ficohsa Express	Honduras	3.50
Envios de Dinero G&T Continental	Guatemala	3.70
Wells Fargo	Mexico	3.73
Banco Agricola	El Salvador	4.50
Bancuscatlan	El Salvador	4.50
Uniteller	Ecuador	4.59
Jamaica National Overseas	Jamaica	4.83
Viamericas	Mexico	4.86
Citibank	Mexico	4.90

c) Distribution network

Remittance service providers are working with more than 2,500 paying institutions in remittance receiving countries. The payers are distributed unevenly across regions, countries, and rural and urban areas. We find that Money Gram has the largest distribution of payment points. Nearly half (46 percent)

of all payment points are held by the five largest RSPs: Money Gram, Vigo, Xoom, Western Union, and Viamericas. Payers tend to be banks and tend to be located in urban areas.

Marketplace trends among Remittance Service Providers and Payers

Although there are a number of new remittance service providers, competition is concentrated in about thirteen companies per country, most of which have been active in the market for many years. However, the range is high: Mexico has 21 RSPs while Haiti and Guyana have only seven. In some countries, new players hold significant shares of all payout locations; they may not have large remittance volumes yet, but they have built large payout networks. Country-specific RSPs, or an RSP whose presence is significant in only one country in the region, also represent an important segment of the market.

At the regional level, a select number of RSPs dominate. Of the 15 countries surveyed, MoneyGram has the largest number of locations in four countries, followed by Vigo, Viamericas, Xoom, Ria, and Western Union, with their largest number of locations in two countries each, while the other RSPs dominate in one country each: UnoMoneyTransfers in Brazil, Viamericas in Guatemala, and Ria in Nicaragua.

Despite the significant shares held by the largest five RSPs, the majority of all payout locations (59 percent) are held by other RSPs. Viamericas holds an important footprint of all payout locations, at 7 percent. Additionally, Uniteller, Dolex, and Intermex have between four and six percent of the total payout locations, due mostly to their prevalence in Mexico. In Mexico and Nicaragua, a large number of RSPs hold moderate shares in the market, in particular, Dolex and Viamericas (7 percent) in Mexico and Alante Financial (9 percent) in Nicaragua. In the Dominican Republic, six RSPs have 8 or 9 percent of the total number of payment points each: La Nacional, Mateo Express, Pronto Envio, Remesas Pujols, Uniteller and Viamericas.

Small countries with fewer payout locations, such as Jamaica and Guyana, have the greatest disparity in RSP participation, with Western Union and MoneyGram holding larger shares. Conversely, countries with the largest number of payout locations, particularly Mexico, Guatemala, and Ecuador, show greater parity among RSPs.

The nature of payer institutions has important implications for financial access and the geographic concentration of payment points. On the payer side, the trend remains that banks represent the primary institutions for money transfer into a country. Bank branches represent 70 percent of all payout locations, followed by retail at 10 percent. "Other" payers, which primarily reflect home delivery services, hold 5 percent of the payout locations, while credit unions and foreign exchange bureaus play a small role as payers in Latin America, with 7 and 3.5 percent of all payout locations, respectively. Post offices, which play a significant role in the payout side in other world regions such as Africa, play a small role in Latin America and the Caribbean, at one percent, and MFIs do not even reach one percent.

In terms of the intersection of RSP and payer institutions types, the partnership between MTO RSPs and bank payers represents 64 percent of all payment points. MTOs also have important partnerships with retail outlets and "other" RSPs. Bank RSPs partner nearly exclusively with bank payers, though retail and credit union payers have a very small presence. MFI RSPs play an insignificant role in the market and partner exclusively with banks, retail, and other payers, which do not include MFI payers.

Table 7: Types of RSPs and Types of Paying Institutions: Share of All Payout Locations (%)

Types of Paying Institutions	Types of RSPs		
	MTO	Bank	Other
Bank	64.0	5.4	.2
NBFI	1.0	.0	.0
MFI	1.1	.1	.1
Credit Union	6.7	.4	.0
Retail	9.6	.2	.0
Forex	3.5	.0	.0
Post	2.5	.0	.0
Other	5.0	.0	.0

Note: 0 percent represents the presence of a partnership though the total share of all locations is less than 0.05 percent of all locations.

The prominence of each payer type also varies significantly by RSP. Western Union and MoneyGram have a large number of partner institutions across the region, at well over 1,000 each, compared to an average of less than one hundred for all of the other RSPs. As a result, Western Union and MoneyGram are the only RSPs to have a significant partnership with paying institutions besides banks. Intermex has the highest reliance on bank partner institutions with bank branches representing nearly 95 percent of all locations. Other than MoneyGram, Xoom has the highest number of credit union payout locations. By comparison, only about 60 percent of all Western Union and MoneyGram partner locations are represented by bank branches. Western Union has the highest level of partnership with retail outlets and NBFIs. MoneyGram also partners with retail outlets at significant levels, along with credit unions. MFI payers generally partner with Western Union, MoneyGram, and Viamericas.

Table 8: Top 10 MTOs and Payer Types in Latin America: Share of All MTO Payout Locations (%)

	Bank	NBFI	MFI	Credit Union	Retail	Forex	Post	Other	Total No. of Partners*
MoneyGram	58.3	0.9	2.6	11.3	19.3	1.9	0.9	4.8	1,481
Vigo	73.3	1.3	0.0	4.6	5.4	2.6	0.2	12.6	92
Xoom	73.8	0.2	0.6	8.4	6.6	3.0	0.1	7.4	228
Ria	82.8	0.1	0.6	4.3	1.9	3.2	0.3	6.7	53
Western Union	59.7	3.7	1.9	4.7	19.6	2.1	0.1	8.4	1,247
Viamericas	79.8	0.2	1.5	1.9	5.7	2.5		8.4	60
Uniteller	63.2	0.4	0.8	5.7	10.8	2.0	9.6	7.4	55
Dolex	89.7	0.2	0.0	1.3	5.0	1.4		2.5	28
Intermex	94.8			0.4	4.8				10
Wells Fargo	81.8						18.2		16
Other	80.7	0.5	0.3	4.2	4.5	1.8	0.1	7.9	271

* Notes the total number of unique partner institutions which do not double count a payer if it works across more than one country in the region. Note: Blank entries signify the absence of payout locations between the MTO and a payer type, while a zero percent represents the presence of a partnership though the total share of all locations is less than 0.5 percent.

The diverging geographic concentrations of RSP partner payout locations also play an important role in determining access to remittance services. Of the largest RSPs, Ria has the largest concentration of its partners' payout locations in urban areas, with only 35 percent of its locations in rural areas overall, where 54 percent of the population lives. Viamericas, on the other hand, has the largest concentration of payout locations in rural areas.

Table 9: Geographic Concentration of Payout Locations and Population (%)

	Rural	Urban
MoneyGram	42	58
Ria	35	65
Vigo	36	64
Western Union	40	60
Xoom	40	60
Viamericas	69	31
Other	41	59
All RSPs	42	58
Total Population	54	46

d) Consumer satisfaction

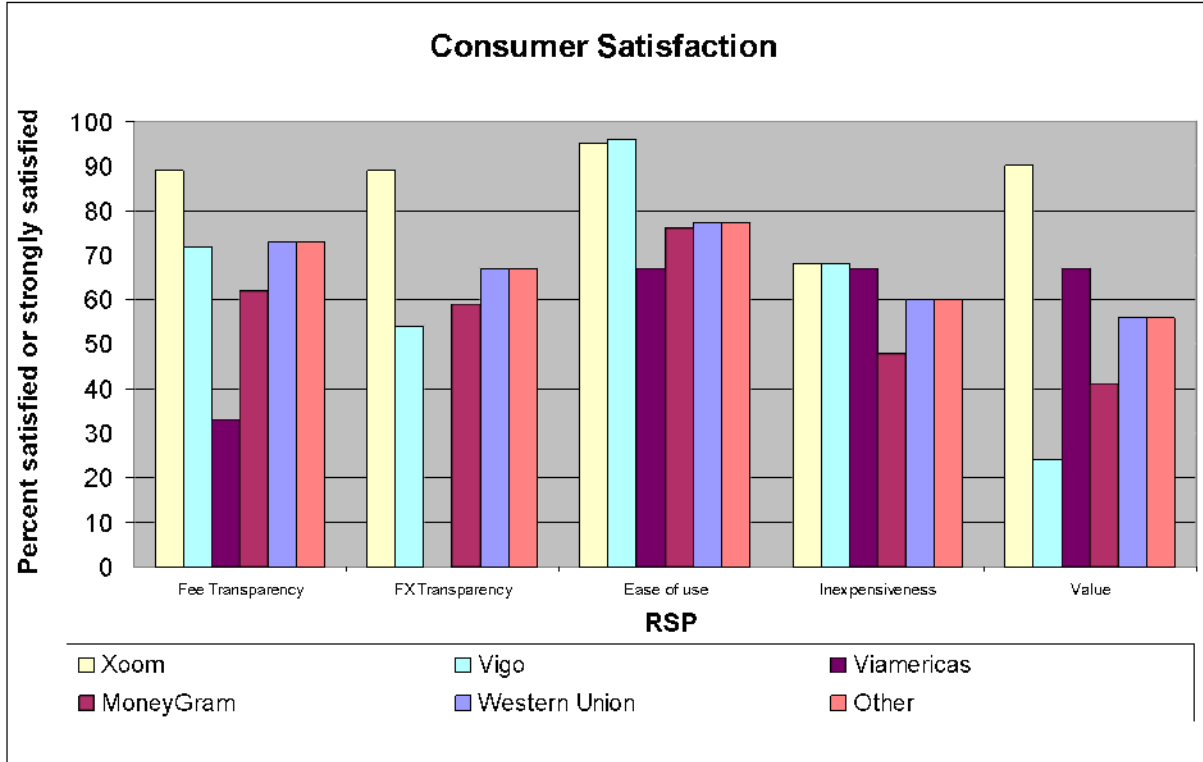
Consumer satisfaction is measured from surveys with immigrants who are asked whether they agree or strongly agree that they are satisfied with certain aspects of the RSP that they currently use. The five categories measured are the fee transparency, the foreign exchange transparency, the ease of use, overall inexpensiveness, and the value that the service has in comparison to other RSP's. The consumer satisfaction of these components is important because consumers will choose to frequent RSPs that they are most satisfied and content with. Therefore, it is in the interest of the RSP to understand and adapt to the consumer's satisfaction rating.¹⁰

The ease of use has the highest average satisfaction rating at 86.2 percent. The high average satisfaction with ease of use could be related to migrant tendencies to find one method of sending remittances and not exploring new options over time. Nearly three quarters of consumers are satisfied with the transparency of the fee, 60.1 percent were satisfied with the inexpensiveness of the service, 61.4 percent are satisfied with the transparency of foreign exchange, and only 46 percent of people responded that they are satisfied with the value of services available through their RSP. The value satisfaction rates may be low because consumers are unaware of the value of their services and products through their RSPs and of how to compare amongst them.

Among the five largest RSPs, Xoom has the highest consumer satisfaction ratings in transparency of the fee, transparency of the foreign exchange, and value. Xoom is tied for the highest satisfaction rating for inexpensiveness with Vigo, though Vigo is actually the least expensive. Finally, Xoom is only one percentage point below Vigo for ease of use. Among the lowest ratings are Viamericas for fee transparency and ease of use, Moneygram for foreign exchange transparency and inexpensiveness, and Vigo for value of service. In this case, Western Union is the most expensive.

¹⁰ The results on consumer satisfaction are based on a nationwide survey to 1000 immigrants conducted between February and June, 2010.

Figure 1: Consumer satisfaction in the 5 largest RSPs in Latin America and the Caribbean



3. Corridor Competition in Remittance Markets in Latin America and the Caribbean

The market for remittance intermediation between the United States and Latin America and Caribbean countries continues to show significant dynamism, even in times of crisis. For example, market consolidation continues as a feature of competition. Currently, there are 13 remittance service providers in each given corridor on average, which are by and large money transfer operators. However, compared to previous years, the number of remittance service providers has declined, reflecting in part changes in the industry that may reflect consolidation of companies.¹¹

The main data for fourteen countries shows a total of over 53,000 unique locations paying remittances in the countries researched. These locations are associated with 2,500 institutions authorized to perform money transfers. Not all companies with the largest volumes have the larger number of locations: there are new players with higher number of paying partners securing a bigger footprint in Latin America. This report uses payment locations as a measure of participation in the remittance market by RSPs and payers rather than market share by volume. One reason why payout location is important is that when RSPs control more payout locations, this ensures them a greater footprint and competitive advantage in the long term. Also, learning about the presence of payout locations allows studies on development finance in relationship to remittances to get a closer perspective about the potential to enable financial access to recipients.

¹¹ Orozco 2006.

a. General Features of Remittance Markets in Latin America and the Caribbean

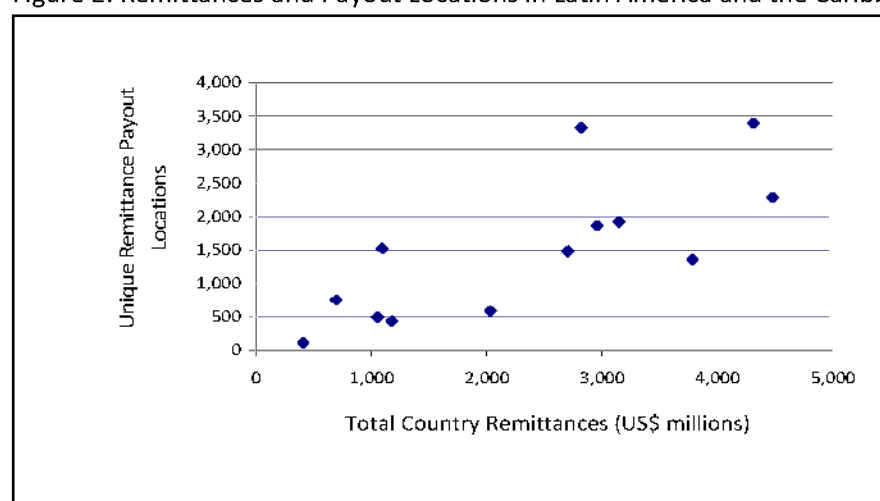
We find a correspondence between the number of payout locations and aggregate volumes, suggesting that a larger number of transfers require a larger number of locations (see Figure 1 for example). When comparing payment points with costs, we also find that as a country's payment network expands, the cost of sending to that country decreases.

Table 10: Remittances to Latin America and the Caribbean: Basic Features

Country	Annual Remittance (US\$ millions)	Remittances' Share of GDP (%)	Remittances Per Capita (US\$)	RSPs (#)	Unique Payment Points	Average Cost of Remitting (%)
Mexico	25,145	2.5	232	21	20,611	6.2
Colombia	4,842	2.3	100	15	2,288	5.8
Guatemala	4,315	12.7	298	14	3,398	5.0
El Salvador	3,788	18.3	517	16	1,362	4.5
Dominican Rep.	3,148	7.5	320	18	1,919	5.7
Peru	2,960	2.6	109	14	1,865	4.0
Ecuador	2,822	5.9	200	14	3,332	3.8
Honduras	2,707	21.6	338	14	1,480	4.3
Jamaica	2,034	17.9	754	9	589	6.5
Haiti	1,184	30.0	136	7	437	6.4
Bolivia	1,097	8.1	103	11	1,527	6.1
Nicaragua	1,056	18.1	195	20	497	5.0
Paraguay	700	5.7	109	9	755	5.0
Guyana	415	36.7	528	7	115	8.0
Brazil	4,746	2.5	232	9	13,022	6.6

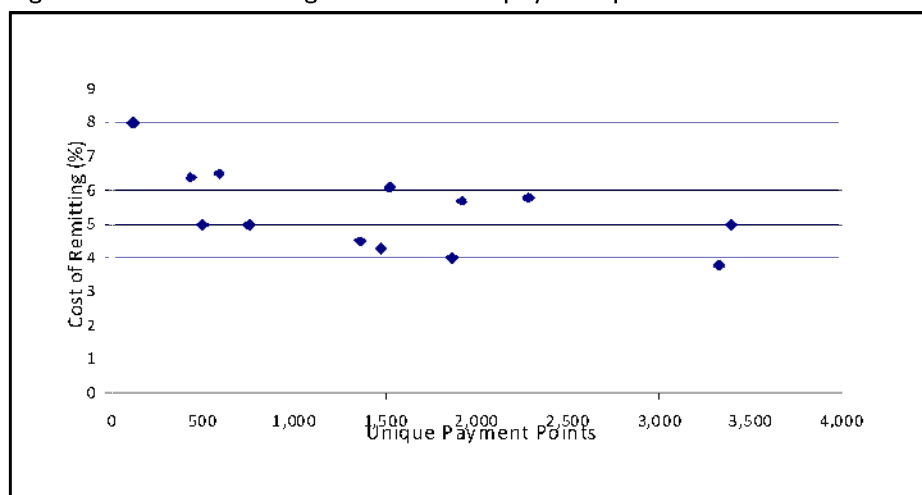
Source: Central Bank of each country, World Bank Development indicators, data collected by the author.

Figure 2: Remittances and Payout Locations in Latin America and the Caribbean



Note: Mexico and Brazil, which exhibit the same trend, are excluded from the graph due to the large size of their payment networks and remittances volume.

Figure 3: Cost of Remitting and number of payment points in Latin America



Note: Mexico and Brazil, which exhibit the same trend, are excluded from the graph.

Table 11: Cost of remitting US\$200 to selected Latin American and Caribbean countries

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bolivia			10.1	6.7	5.6	6.1	4.3			6.1
Colombia	10.1	8.7	6	5.9	5	6.8	4.4	5.2	4.4	5.8
Cuba	13	12.9	12.4	12.4	12	12.4	12.8	ND	17	
Dominican Rep.	9.4	8.4	7.2	7.1	6.4	8.2	8.4	5.9	6	5.7
Ecuador		5.7	5.1	4.4	3.9	3.8	3.8	4.2	3.7	3.8
El Salvador	6.7	6.2	5.8	5	5.2	4.8	5.2	4.3	4.5	4.5
Guatemala	7.4	7.3	7.8	6.3	5.6		6.2	5.8	5.6	5.0
Haiti	9	8.1	10.4	7.9	6.7	7.2	7.3	5.2	7	6.4
Honduras		6.9	6.9	6.2	5.8	5.8	3.6	4.84	5.7	4.3
Jamaica	9.8	10	12.7	8.8	8.2	7.1	7.8	6.4	6.7	6.5
Mexico	8.8	9.3	7.5	6.2	6	6.2	5.7	6.6	5.6	6.2
Nicaragua	7.5	7.5	7	6.7	5.2	5.2	4.7			5.0
Peru			6.2	6.1	4.6	4.4	3.6	3.8	4	4.0
Venezuela		7.4	8.6	5.2		8.2		ND	ND	
Guyana										8.0
Brazil										6.6
Paraguay										5.0
LAC	9	8.6	8.2	7.1	6.3	6.5	6.1	5.2	5.3	6.1

Note: cost includes fee and commission.

The relative importance of payer types varies significantly by country. Of the fourteen countries surveyed, banks hold at least 70 percent of all payout locations in eight countries. Banks have the highest share of the market in Guatemala, at 95 percent, which reflects the restricted regulatory environment on authorized payers.

In Paraguay, by contrast, MFIs dominate as payers, with 50 percent of all locations. In Guyana, retail outlets hold significant shares at 43 percent. Banks in Guyana have their lowest share of locations in the region at only 7 percent. In the Dominican Republic, home delivery represents the largest payer type, at 84 percent. Still, other countries have a myriad of payer types with significant presences in the country. In Bolivia, for example, MFIs comprise 17 percent of all locations, followed by credit unions and banks at 16 and 28 percent respectively.

Table 12: Inbound payment of remittances by payer institutional type (%)

	Bank	NBFI	MFI	Credit Union	Retail	Forex	Post	Other*	TOTAL
Bolivia	28	6	17	16	8	17	0	7	100
Brazil	86	0	0	10	0	1	0	4	100
Colombia	84	8	0	0	1	7	0	0	100
D.R.	12	0	1	0	0	4	0	84	100
Ecuador	60	0	1	9	3	6	0	19	100
Guatemala	95	0	0	1	1	0	0	3	100
Guyana	7	1	0	0	37	3	0	53	100
Honduras	88	0	0	3	6	1	0	2	100
Haiti	30	2	15	0	15	12	0	26	100
Jamaica	40	4	0	8	22	12	8	6	100
Mexico	79	0	0	5	11	1	2	3	100
Nicaragua	77	6	3	2	2	2	5	1	100
Peru	75	0	9	1	4	9	0	1	100
Paraguay	23	0	50	0	0	23	1	2	100
El Salvador	75	1	2	12	4	0	0	6	100

* "Other" in the Dominican Republic and Haiti reflects the large share of home delivery services offered in the countries.

The prominence of each payer type varies significantly by sub-region. In the Caribbean, only 14 percent of payment points are bank branches. By contrast, 75 percent of all branches are "other" payers, which primarily reflect the large role home delivery services play in the Caribbean. The role of banks is particularly acute in Central America, where 89 percent of all payout locations are bank branches. Retail outlets and credit unions play a small role as payers in Central America. Credit unions have their greatest relative share of all locations in South America, at 6 percent of all locations. MFIs also play a relatively larger role in South America with 4 percent of all locations, equivalent to the share of retail outlets. Retail outlets have the largest relative presence in Mexico, at 11 percent, though banks dominate.

Table 13: Payer Institutional Type: Share of All Payout Locations

	Bank	NBFI	MFI	Credit Union	Retail	Forex	Post	Other*	TOTAL
Caribbean	14	0	1	1	2	5	1	75	100
Central America	89	1	1	3	3	0	0	3	100
Mexico	79	0	0	5	11	1	2	3	100
South America	75	2	2	7	2	5	0	6	100
LAC	76	1	1	5	7	2	1	7	100

Note: * "Other" in the Caribbean primarily reflects the large presence of home delivery services.

The presence of banks and their relationship to remittances

Banking sectors in Latin America and the Caribbean vary significantly not only in the number of banks, but in the concentration of bank branches in major cities. In general, smaller countries with smaller GDPs have fewer banks, though exceptions exist such as Paraguay with 16 licensed banks. Mexico has the largest number of banks and bank branches, at 41 and 9,332, respectively. Ecuador has a disproportionately high level of banks, at 25, for its GDP. Colombia has a high number of branches per bank. Interestingly, the number of banks and branches per bank do not correlate with the concentration of bank branches in major cities. Bolivia has the highest concentration of bank branches in the major city, though its number of banks and branches per bank are not exceptional. Mexico has the largest banking system, yet the concentration of bank branches in the major cities is low, allowing the possibility that after a certain cluster point, banks expand into rural areas rather than crowding urban areas further. Colombia disproves such a concept, however, as its large banking system is only moderately concentrated in rural areas.

Table 14: Characteristics of Latin American Banking Institutions

	Banks	Branches	Branches per bank	Branches in major cities (%)	Population in major cities (%)
Bolivia	12	323	27	54	24
Colombia	18	3,991	222	47	31
Dominican Rep.	12	674	45	45	21
Ecuador	25	951	38	44	26
El Salvador	8	291	36	44	8
Guatemala	19	1,689	89	43	8
Guyana	6	30	5	30	17
Haiti	9	154	17	45	9
Honduras	17	783	46	23	13
Jamaica	7	140	20	39	25
Mexico	41	9,332	288	35	19
Nicaragua	8	247	31	46	17
Paraguay	16	259	16	42	8
Peru	17	1,920	113	57	35
Total	215	20,784	97	41	21

Banks show varying participation levels with the major RSPs. On the one hand, 75 percent of all banks pay out with either Western Union or MoneyGram in El Salvador. On the other hand, only 12 percent of all banks pay out with Western Union or MoneyGram in Mexico. In a given country, banks also participate at significantly different levels between Western Union and MoneyGram. In the Dominican Republic, banks offer 315 payment points through MoneyGram and zero points through Western Union. In Haiti, Western Union partners with banks to offer 90 payment points in bank branches, while MoneyGram only offers 43 bank payout locations. In general, however, banks show significantly higher levels of payment points with MoneyGram than with Western Union.

Table 15: Banks' Partnership with Western Union and MoneyGram

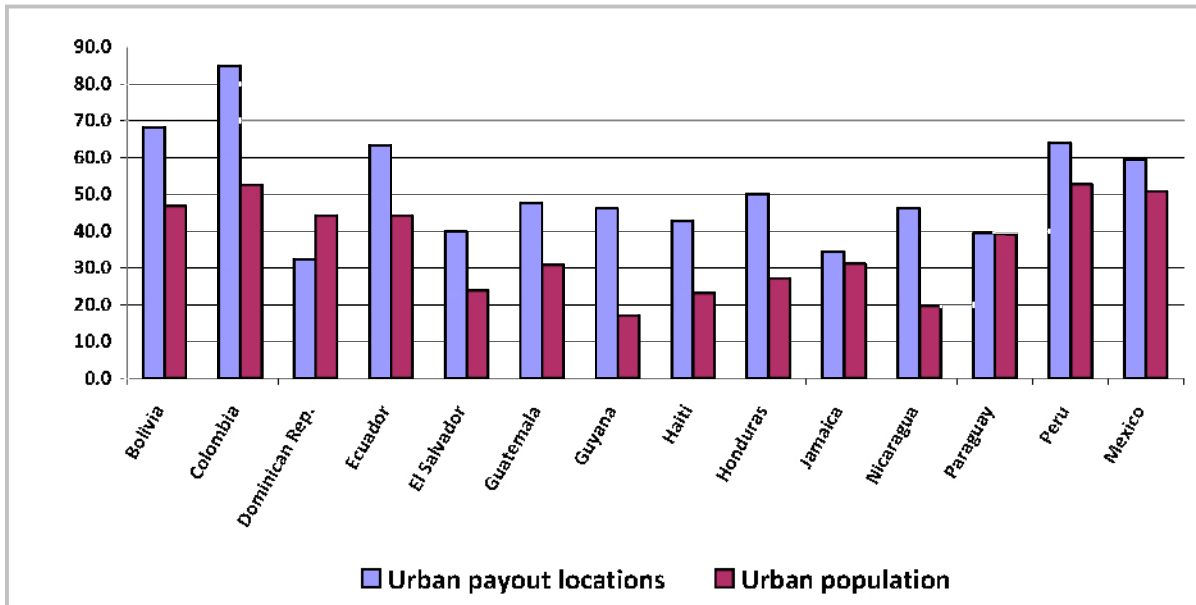
	Total RSP Bank Payment Points		Share of Banks Paying out with Western Union or MoneyGram (%)
	Western Union	Money Gram	
Bolivia	88	51	33
Colombia	113	533	11

Dominican Rep.	0	315	25
Ecuador	112	415	28
El Salvador	149	86	75
Guatemala	670	860	58
Guyana	0	10	17
Haiti	90	43	44
Honduras	292	387	76
Jamaica	0	49	14
Mexico	1,491	4,231	12
Nicaragua	33	47	25
Paraguay	19	11	13
Peru	199	867	29
Grand Total	3,256	7,905	31

b. Geographic Concentration of Payout Locations

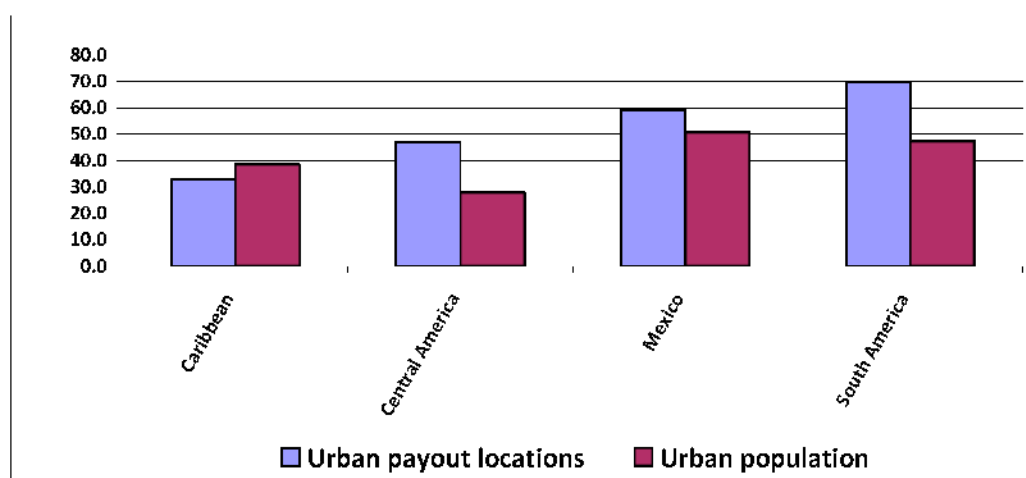
Competition also has important implications on service coverage in the areas where demand exists. In Latin America and the Caribbean, a significant divergence exists between the geographic concentration of the population and payout locations. Overall, 63 percent of all payout locations are located inside urban areas of at least 100,000 people, compared to only 46 percent of the population residing in those urban areas. In other words, those who live outside of urban areas, which constitute the majority, only have access to a little over a third of all payout locations. Only Paraguay has parity between its urban population and urban payout locations. The divergence is also significant among major cities, or metropolises in the region. Only 22 percent of the populace lives in major cities compared to 36 percent of all payout locations.

Figure 4: Urban Concentration of Payout Locations and Population in Latin America



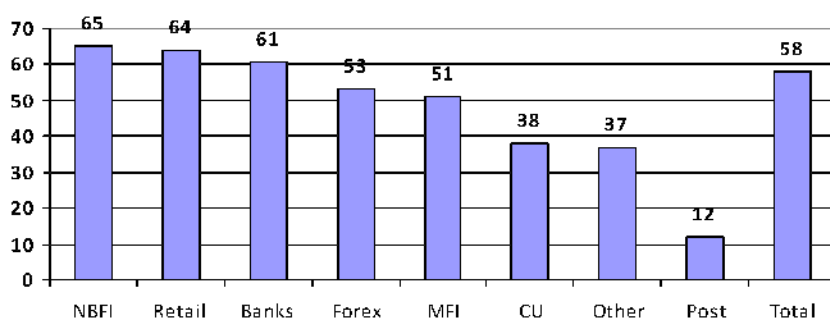
The urban concentration of payout location varies significantly by country and sub-region. South America has the highest concentration of its payout locations in urban areas at 70 percent (excluding Brazil), though only 48 percent of the population lives in urban areas. This lack of correspondence in the geographic concentration of payout networks and population is similar in the Caribbean, but to a lesser degree. In the Caribbean countries of Jamaica, Haiti, and the Dominican Republic, 47 percent of all payout locations are located in urban areas compared to 39 percent of the population. In Central America, 47 percent of all locations are located in urban areas. Colombia has the highest divergence between the geographic concentration of the population and payment points, with 53 percent and 89 percent in urban areas, respectively. The Dominican Republic is the only country to have a higher share of payout locations outside of urban areas than the share of urban population respectively.

Figure 5: Urban concentration of payout locations by sub-region



In Latin America and the Caribbean, the payer institution types with the greatest concentrations outside of urban areas have the smallest shares of all payout locations. As Figure 6 shows, banks dominate as payers and are also the most concentrated in urban areas, along with NBFIs. The second largest payer type, retail, is also present in urban areas in particular. Post offices, by contrast, have the lowest concentration in urban areas and yet represent less than one percent of all payout locations. Credit unions and MFIs both have relatively greater presences in rural areas, but their market share is small as well.

Figure 6: Urban concentration of payment points by payer type



4. Remittance Market Regulations in Latin America and the Caribbean

Regulations on money transfers exist in order to facilitate payment systems for remittances and address an efficient and effective process that is safe but reliable. Five particular regulatory issues affecting remittance markets are examined here: rules on authorized payers that are able to deal in foreign exchange, limits and requirements on amounts transferred, anti-money laundering laws, foreign-currency accounts, and the capabilities of MFIs in money transfers. Regulations affecting money transfers take several forms, many of which indirectly affect remittances in ways not often anticipated by the primary legislation.

Regulations that allow or restrict the types of paying institutions that are able to perform foreign currency transfers impact the extent of competition, geographic access to remittance services, and the ability to access additional financial services from the payout institution. One often cited example is the ability of MFIs to conduct foreign currency transfers. In countries where only banks are able to deal in foreign currency, access to remittance services is often restricted as the geographic reach of banks is limited in many countries. Other payer institutional types, such as retail outlets, may be permitted in a country, allowing greater reach into rural areas, though the ability to access additional financial products, such as microcredit, may be limited. Often, restrictive regulations may force remittance recipients to travel long, costly distances to urban areas to receive their money or otherwise encourage informal transfers, despite the existence of an extensive network of financial institutions capable of paying out remittances.

The regulatory environment varies significantly across Latin America and the Caribbean, though restrictions on authorized payers occur in a few countries. Of the fourteen countries surveyed, only two countries restrict authorized payers to banks and foreign exchange (forex) bureaus: Haiti and Guatemala. In both countries, MFIs may conduct foreign currency transactions, but only as subagents of banks, which decreases the incentives for MFIs to participate in the remittance markets as the bank agents earn a share of their profits. Ecuador, El Salvador, Colombia, Dominican Republic and Honduras permit banks, forex, MFIs, credit unions, and non-banking financial institutions (NBFIs), while other types of institutions may be prohibited or forced to receive Central Bank approval. Finally, the remaining six countries surveyed allow a broad spectrum of institutional types to participate as authorized payers in foreign currency transactions. In general, regulation regarding authorized payers falls under broader banking and financial system laws dating as far back as 1989 in Guyana and as recent as 2005 in Nicaragua. Haiti is the only country without a law that provides a direct framework for authorizing institutions to conduct money transfers.

Table 16: Authorized Payers in Latin America and the Caribbean

Country	Law	Year	Authorized Payers
Haiti	n/a	n/a	Banks and Forex
Guatemala	Ley de Bancos y Grupos Financieros	2002	
Ecuador	Ley General de Instituciones del Sistema Financiero (LGISF)	1994	Banks, Forex and MFIs/Credit Unions/NBFIs
El Salvador	Ley de Intermediarios Financieros no Bancarios Decreto 849 - 2000; LEY DE BANCOS DECRETO No. 697 – 1999	1999	
Colombia	Resolución Externa 8 de 2000 y sus modificaciones, Junta Directiva del Banco de Reservas Central	2000	

Dominican Rep.	Monetary and Financial Law, No.183	2002	All of the above and other entities
Honduras	Ley del Sistema Financiero (Decreto 129)	2004	
Guyana	Dealers in Foreign Currency Licensing Act 1989	1989	
Bolivia	Ley de Bancos y Entidades Financieras, Nro. 1488	1993	
Mexico	Banking Law	1993	
Peru	Ley del Sistema Financiero (incluye Microfinanzas) y de Seguros (Ley 26702)	1996	
Paraguay	Ley 861 General de Bancos, Finanzas y Otros Entidades de Crédito	1996	
Jamaica	Requirements for License to Operate a Remittance Service in Jamaica	2002	
Nicaragua	Ley General de Bancos, Instituciones Financieras No Bancarias y Grupos Financieros	2005	

Limits on the amount of transfers have generally been liberalized in Latin America and the Caribbean. Not one of the countries surveyed maintains limits on the amounts transferred, though three countries have reporting requirements for transactions under US\$10,000: Haiti, Honduras, and Nicaragua.

Every country also has a law requiring proof of beneficiary for large transactions, in line with anti-money laundering (AML) legislation. Every country has passed AML legislation, with legislation in several countries dating back before 2001.

Most countries have established task forces to deal with AML issues. For many small financial institutions, the development of comprehensive anti-money laundering efforts often adds an additional cost of doing business, particularly as it regards cross-border transactions. The extent to which financial institutions must document and report even small transactions has important implications for the institutional capacity and funding needed to conduct remittance business.

Table 17: Restrictions on Money Transfers in Latin America and the Caribbean

Country	Law	Year	Inbound Transfers			Outbound Transfers		
			Limit	Report Amount Less Than US\$10,000	Proof of Beneficiary	Limit	Report Amount Less Than US\$10,000	Proof of Beneficiary
Bolivia	Resolución UIF/032/99 - Instructivo Especifico para Entidades de Intermediación Financiera	1999			X			X
Colombia	Decreto 633	1993			X			X
Dominican Rep.	Instructivo de Formulario "Registro de Transacciones en Efectivo que Superen el Contravalor en Moneda Nacional de US \$10,000, Según Tasa de Compra del Banco Central"	2007			X			X
Ecuador	Ley para Reprimir el Lavado de Activos	2005			X			X
El Salvador	Ley Contra el Lavado de Dinero y Activos	1998			X			X

			Inbound Transfers			Outbound Transfers		
Guatemala	Ley Contra El Lavado de Dinero u Otros Activos - Decreto 67	2001			X			X
Guyana	Money Laundering (PREVENTION) Act	2000			X			X
Haiti	Circular n 95 regarding Commercial Banks, Mortgage and Savings banks, Foreign Exchange Agents and Transfer Houses	2000		X	X		X	X
Honduras	Ley Contra el Delito de Lavados del Dinero	2002		X	X			X
Jamaica	Proceeds of Crime Act	2005			X			X
Mexico	Banking Law of 1993	1993			X			X
Nicaragua	Norma para la gestión de prevención de los riesgos del lavado de dinero, bienes o activos; y del financiamiento al terrorismo	2009		X	X		X	X
Paraguay	Law 374 Treaty Between the United States and Paraguay on the Cooperation for the Prevention of Money Laundering	1994			X			X
Peru	Resolution 6561	2009			X			X

Appendix 1: Scorecard

Table 18: U.S.-LAC scorecard

Scale 1–4. Ranking: Dimension, Cost and Distribution network, Consumer satisfaction, 64 points. [See Table 3 for metrics]

RSP	Rank (Score 1)*	Rank (Score 2)**	Dimension [1-4]		Cost [1-4]			Distribution network [1-4]						Consumer satisfaction [1-4]				
			Product Ranking	# of countries	Fee	FX	Total cost	Payment Points	Points/ Country	Points/ Network	Rural Ratio	Bank Ratio	MFI Ratio	Fee	FX	Ease of use	Inexpensive	Value
Xoom	49	30	3	4	3	2	2	3	3	4	2	3	1	4	4	4	3	4
Wells Fargo	46	31	4	3	4	1	4	2	3	2	4	4	0	4	2	4	4	1
Viamerica	44	34	3	3	3	3	3	3	3	4	3	4	2	1		3	3	3
Vigo	44	32	3	4	3	3	2	3	3	4	3	3	1	3	2	4	3	0
Sigue	43	27	1	1	2	3	2	2	4	3	4	4	1	4	4	4	2	2
Remesas Quisqueyana	42	26	2	2	2	3	2	1	2	3	4	3	2	4	3	4	4	1
Giomex	41	25	2	0	2	3	2	1	4	3	4	4	0	4	4	3	3	2
Bancomer Transfer Services	41	23	3	0	2	2	1	1	4	3	3	4	0	4	4	4	3	3
Alante Financial	40	25	3	1	3		4	0	2	3	2	3	4	4	0	4	4	3
Western Union	39	24	3	4	1	1	1	3	3	4	1	2	1	4	3	4	2	2
Intermex	39	23	2	0	2	0	2	2	4	4	3	4	0	4	4	3	3	2
La Nacional	39	20	2	2	3	1	2	1	2	3	2	2	0	4	4	4	4	3
Dolex Dollar Express	38	31	1	3	4	3	4	3	3	2	3	4	1	2	0	4	0	1
Ria Envia	38	28	3	4	3	1	1	3	3	3	2	4	1	3	1	4	1	1
MoneyGram	38	27	3	4	2	1	1	4	3	4	1	2	2	3	2	4	1	1
Delgado Travel	38	18	3	2	4		4	0	1	1	3	0	0	4	4	4	4	4
Girosol	38	18	1	1	4	0	4	0	2	2	2	2	0	4	4	4	4	4
Bank of America	37	27	3	0	4	2	4	1	4	3	2	4	0	2	0	4	2	2
Envios Dinero G&T Continental	34	24	2	0	3	4	4	0	2	2	3	4	0	4	2	4	0	0
BHD	32	20	2	0	2	4	3	0	2	2	1	0	4	4	0	4	4	0
Bancuscatlan	32	16	2	0	3		3	0	1	1	2	4	0	4		4	4	4
Multivalores (Nexxo)	29	21	2	0	2	4	2	0	2	3	2	4	0	4	0	4	0	0
Bancomercio	29	17	3	0	2		3	0	1	1	3	4	0	4		4	3	1
Orlandi Valuta	27	20	3	1	3	3	2	1	3	1	3	0	0	2	1	4	0	0
Banco Agricola	26	16	3	0	3		3	0	1	1	1	4	0	2		4	3	1
Remesas Pujols	17	17	2	0	3	2	2	0	3	4	1	0	0					
Unitransfer	17	10	2	0	1		1	0	1	2	1	2	0	1	3	3	0	0
Uniteller		31	2	3	3	4	3	3	3	3	4	2	1					
Grupo Express		26	2	0	2	4	2	1	4	3	4	4	0					
Maniflo		26	2	0	2	2	1	2	4	4	4	4	1					
Barri International		23	1	0	3	1	1	2	4	3	4	4	0					

RSP	Rank (Score 1)*	Rank (Score 2)**	Dimension [1-4]		Cost [1-4]			Distribution network [1-4]						Consumer satisfaction [1-4]				
			Product Ranking	# of countries	Fee	FX	Total cost	Payment Points	Points/ Country	Points/ Network	Rural Ratio	Bank Ratio	MFI Ratio	Fee	FX	Ease of use	Inexpensive	Value
Order Express		23	3	0	1	4	2	1	3	2	4	3	0					
Citibank		22	3	1	3	2	3	0	1	1	4	4	0					
Banco Atlantida		21	1	2	2	4	2	0	2	2	2	4	0					
Dinero Seguro (USPS)		21	2	0	2		3	1	3	2	4	4	0					
Ficohsa Express		18	2	0	3		4	0	1	1	3	4	0					
Jamaica National Overseas		16	1	0	4	1	3	0	1	1	1	4	0					
Cibao		15	2	0	4	1	2	0	2	3	1	0	0					
Laparkan		15	3	0	3	3	2	0	1	2	1	0	0					

* Does include consumer confidence data and counts 64 points. ** Does not Include consumer confidence data for a total of 48 points

Table 19: Scorecard variables and metrics

Variable	Metric	Scoring	Grading	Source
RSP	Name of remittance service provider	NA	NA	NA
Number of products	Ranking of products	1: Cash-to-cash or account-to-account only; 2: Cash-to-account or account-to-cash or Internet-to-cash; 3: Cash and/or account transfers and at least one other value-added financial service (such as check cashing, money order); 4: Three or more financial services	Average of two "Scope" scores: 3.65 - 4.00 = A+ 3.31 - 3.64 = A 3.00 - 3.30 = A- 2.65 - 2.99 = B+ 2.31 - 2.64 = B 2.00 - 2.3 = B- 1.65 - 1.99 = C+	Market competition and mapping research (Sept. 2009-June 2010)
Number of countries in which it operates	Sum of all countries served	4: More than 10 countries 3: 7 to 10 countries 2: 4 to 6 countries 1: 1 to 3 countries 0: 1 country	1.31 - 1.64 = C 1.00-1.30 = C- 0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Market competition and mapping research (Sept. 2009-June 2010)
Fee charged	Average fee	4: Less than 3.000% 3: From 3.001% to 4.500% 2: From 4.501% to 5.000% 1: More than 5.001%	Average of three "Cost" scores: 3.65 - 4.00 = A+ 3.31 - 3.64 = A 3.00 - 3.30 = A- 2.65 - 2.99 = B+ 2.31 - 2.64 = B 2.00 - 2.3 = B- 1.65 - 1.99 = C+	Pricing research based on selection of countries created by and for the World Bank
FX charged	Average Fx	4: Less than 0.60134% 3: From 0.60135% to 1.21000% 2: From 1.21001% to 1.64196% 1: More than 1.64197%	2.31 - 2.64 = B 2.00 - 2.3 = B- 1.65 - 1.99 = C+ 1.31 - 1.64 = C 1.00-1.30 = C- 0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Pricing research based on selection of countries created by and for the World Bank
Total cost	Average fee plus Average Fx	4: Less than 3.99787% 3: From 3.99788% to 5.02699% 2: From 5.02700% to 5.97617% 1: More than 5.97618%	0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Pricing research based on selection of countries created by and for the World Bank
Payment points in LAC	Sum of an RSP's total payment points in LAC	4: More than 20,000 3: 10-20k 2: 5-10k 1: 5 to 1k 0: Less than 1k	Average of five "Distribution Network" scores: 3.65 - 4.00 = A+ 3.31 - 3.64 = A 3.00 - 3.30 = A- 2.65 - 2.99 = B+ 2.31 - 2.64 = B 2.00 - 2.3 = B- 1.65 - 1.99 = C+ 1.31 - 1.64 = C 1.00-1.30 = C- 0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Market competition and mapping research (Sept. 2009-June 2010)
Payment points / Country	Sum of an RSP's total payment points in LAC divided by the number of countries in which the RSP operates	4: More than 2,204 3: From 538 to 2,204 2: From 139 to 537 1: Less than 139	2.31 - 2.64 = B 2.00 - 2.3 = B- 1.65 - 1.99 = C+ 1.31 - 1.64 = C 1.00-1.30 = C- 0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Market competition and mapping research (Sept. 2009-June 2010)
Payment points / Network	First, for each country, the sum of an RSP's total payment points in that country is divided by the number of unique payment points in that	4: Over 27% 3: From 19% to 27% 2: From 10% to 19%	0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Market competition and mapping research (Sept. 2009-June 2010)

Variable	Metric	Scoring	Grading	Source
	country to get a percentage presence. Then, the percentages for each country are averaged.	1: Under 10%		
Rural/Urban Ratio	Percent of all payment points that are rural	4: Over 68.5317% 3: From 58.6331% to 68.5316% 2: From 47.3706% to 58.6330% 1: Under 47.3705%		Market competition and mapping research (Sept. 2009-June 2010)
Bank partners as ratio of all payment points	Banks payment points / All payment points	4: Over 80% 3: 70-79.9% 2: 50-69.9% 1: 35-49.9% 0: Under 34.9%		Market competition and mapping research (Sept. 2009-June 2010)
MFI partners as ratio of all payment points	MFI payment points / all payment points	4: Over 10% 3: 5.0%-9.9% 2: 2.0%-4.99% 1: Under 1.99% 0: No partner		Market competition and mapping research (Sept. 2009-June 2010)
Consumer satisfaction: Fee transparency	Percent of people who agree or strongly agree that the RSP is transparent with its costs	4: Over 75% 3: 60 to 75% 2: 50 to 59% 1: 30 to 49% 0: Under 30%	Average of five "Consumer Satisfaction" scores: 3.65 - 4.00 = A+ 3.31 - 3.64 = A 3.00 - 3.30 = A- 2.65 - 2.99 = B+ 2.31 - 2.64 = B 2.00 - 2.3 = B- 1.65 - 1.99 = C+ 1.31 - 1.64 = C 1.00-1.30 = C- 0.65 - 0.99 = D+ 0.31 - 0.64 = D 0.00-0.30 = D-	Survey conducted among migrants in the United States (May 2010)
Consumer satisfaction: FX transparency	Percent of people who agree or strongly agree that the RSPS is transparent with its foreign exchange (FX) rates	4: Over 75% 3: 60 to 75% 2: 50 to 59% 1: 30 to 49% 0: Under 30%		Survey conducted among migrants in the United States (May 2010)
Consumer satisfaction: ease of use	Percent of people who agree or strongly agree that the RSP is easy to use	4: Over 75% 3: 60 to 75% 2: 50 to 59% 1: 30 to 49% 0: Under 30%		Survey conducted among migrants in the United States (May 2010)
Consumer satisfaction: inexpensive	Percent of people who agree or strongly agree that the RSP service is inexpensive	4: Over 75% 3: 60 to 75% 2: 50 to 59% 1: 30 to 49% 0: Under 30%		Survey conducted among migrants in the United States (May 2010)
Consumer satisfaction: value	Percent of people who agree or strongly agree that the RSP has more value than other RSPs	4: Over 75% 3: 60 to 75% 2: 50 to 59% 1: 30 to 49% 0: Under 30%		Survey conducted among migrants in the United States (May 2010)

Table 20: RSP indicators from the U.S. to LAC

RSP	Product	# of countries	Cost (%)			Payment Network						Consumer satisfaction (%)				
			Fee	FX	Total cost	Payment Points	Points/Country	Points/Network (%)	Rural ratio (%)	Bank ratio (%)	MFI ratio (%)	Fee	FX	Ease of use	Inexpensive	Value
Alante Financial	C2C/C2A	2	3.50	0.00	3.50	354	177	23	48	74	11	87	NA	100	100	63
Banco Agricola	C2C/C2A	1	4.50	0.00	4.50	55	55	4	45	100	0	50	NA	83	67	33
Banco Atlantida	C2C	1	5.00	0.03	5.03	157	157	11	48	100	0	NA	NA	NA	NA	NA
Bancomer Transfer Services	C2C/C2A	1	5.00	1.51	6.51	4,672	4,672	23	66	100	0	85	85	91	63	72
Bancomercio	C2C/C2A	1	5.00	0.00	5.00	55	55	4	65	100	0	80	NA	100	74	33
Bancuscatlan	C2C/C2A	1	4.50	0.00	4.50	50	50	4	50	100	0	100	NA	100	100	100
Bank of America (SafeSend)	A2C	1	0.00	1.58	1.58	4,877	4,877	24	54	87	0	55	18	82	55	55
Barri International	C2C	1	4.00	4.55	8.55	5,580	5,580	27	75	92	0	NA	NA	NA	NA	NA
BHD	C2C/C2A/C2HD	1	2.00	0.01	2.01	343	343	18	40	24	15	100	0	100	100	0
Cibao	C2C/C2A/C2HD	1	2.62	2.64	5.26	366	366	19	45	22	0	NA	NA	NA	NA	NA
Citibank	C2A/I2A/A2A	2	3.25	1.64	4.90	173	87	4	80	100	0	NA	NA	NA	NA	NA
Delgado Travel	C2C/C2A	4	3.00	0.00	3.00	195	49	5	61	2	0	94	94	94	100	91
Dinero Seguro (USPS)	C2C	1	5.00		5.00	2,204	2,204	11	75	100	0	NA	NA	NA	NA	NA
Dolex Dollar Express	C2C	10	1.95	1.09	3.04	11,109	1,111	15	64	90	0	50	17	83	0	33
Envios de Dinero G&T Continental	C2C/C2A	1	3.34	0.35	3.70	526	526	15	60	100	0	100	50	100	0	0
La Nacional	C2C/C2A/C2HD	6	3.21	2.00	5.21	3,181	530	23	55	61	0	85	83	84	84	65
Ficohsa Express	C2C	1	3.50	0.00	3.50	75	75	5	68	100	0	NA	NA	NA	NA	NA
Giromex	C2C/C2A	1	5.00	0.73	5.73	4,889	4,889	24	78	95	0	NA	NA	NA	NA	NA
Girosol	C2C	2	3.00	0.00	3.00	278	139	12	59	65	0	100	100	100	100	100
Grupo Express	C2C	1	5.00	0.57	5.57	4,031	4,031	20	73	94	0	NA	NA	NA	NA	NA

RSP	Product	# of countries	Cost (%)			Payment Network						Consumer satisfaction (%)				
			Fee	FX	Total cost	Payment Points	Points/Country	Points/Network (%)	Rural ratio (%)	Bank ratio (%)	MFI ratio (%)	Fee	FX	Ease of use	Inexpensive	Value
Intermex	C2C	1	5.00	0.00	5.00	8,159	8,159	40	66	95	0	86	86	64	64	50
Jamaica National Overseas	C2C/I2C	1	2.33	2.49	4.83	41	41	7	39	100	0	NA	NA	NA	NA	NA
Laparkan	C2C	1	4.50	0.98	5.48	15	15	13	47	0	0	64	46	100	63	0
Maniflo	C2C/C2A	1	5.00	1.43	6.43	6,300	6,300	31	69	81	0	NA	NA	NA	NA	NA
MoneyGram	C2C/C2HD/I2C	15	4.88	1.91	6.79	20,808	1,387	34	47	58	3	62	59	76	48	41
Multivalores (Nexxo)	C2C/C2A	1	5.00	0.08	5.08	362	362	24	52	100	0	100	0	100	0	0
Order Express	C2C/C2A	1	5.01	0.02	5.03	2,046	2,046	10	70	78	0	NA	NA	NA	NA	NA
Orlandi Valuta	C2C/C2A	3	4.28	0.93	5.21	2,345	782	9	66	25	0	55	33	89	22	22
Remesas Pujols	C2C/C2A/C2HD	1	4.03	1.46	5.49	746	746	39	26	0	0	NA	NA	NA	NA	NA
Remesas Quisqueyana	C2C/C2HD	5	4.93	1.00	5.93	2,054	411	19	78	77	4	83	67	95	83	41
Ria Envia	C2C/C2A	15	3.40	2.60	6.00	15,011	1,001	27	58	82	1	65	45	82	47	35
Sigue	C2C	2	5.00	0.79	5.79	6,423	3,212	27	69	87	0	77	77	92	54	54
Uniteller	C2C	10	4.10	0.49	4.59	11,363	1,136	25	73	63	0	NA	NA	NA	NA	NA
Unitransfer	C2C	1	8.00		8.00	54	54	12	4		0	33	67	67	0	0
Viamerica	C2C/C2A/C2HD	10	3.76	1.10	4.86	16,226	1,623	36	67	80	2	33	NA	67	67	67
Vigo	C2C/C2A	15	4.14	1.12	5.26	18,808	1,254	29	62	73	0	72	54	96	68	24
Wells Fargo	C2C/C2A/A2C/A2A/I2C/I2A	10	1.45	2.28	3.73	5,385	539	10	74	82	0	94	57	94	75	44
Western Union	C2C/C2A/I2C/I2A	15	4.83	1.82	6.65	14,971	998	29	43	60	2	73	67	77	60	56
Xoom	I2A/I2C	13	4.16	1.62	5.78	15,260	1,174	29	58	74	1	89	89	95	68	90

Table 21: Number of RSP payment points per country (U.S. to LAC)

RSP	BRA	MEX	BOL	COL	DOM	ECU	GTM	GUY	HND	HTI	JAM	NIC	PER	PRG	SLV	TOTAL
Alante Financial			154									159			195	508
Banco Agricola															55	55
Banco Atlantida									157							157
Banco Ficohsa									75							75
Bancomercio															55	55
Bancomer Transfer Services		4,672														4,672
Bancuscatlan															50	50
Bank of America (SafeSend)		4,877														4,877
Banrural							377									377
Barri International		5,580														5,580
Braz Transfers	1,647															1,647
CAM										66	16					82
Cibao					366											366
Citibank				25	148											173
Coinstar		3,128	169	676	60	559	554	9	133		121	24	179		168	5,780
Delgado				69												69
Delgado Travel						84							25	94		203
Dinero Seguro (USPS)		2,204														2,204
Dolex		9,003	59	458	293	204	320		112			45	508		107	11,109
Envios 22-24												17				17
Envios de Dinero G&T Continental							526									526
Gigante Express							526								14	540
Giros Latinos									329			31				360
Girosol						189						89				278
Giromex		4,889														4,889
Grupo Express		4,031														4,031
iKobo										5						5
Intermex		8,159														8,159
Jamaica National Overseas											41					41
JNBS Money Transfer											37					37
La Nacional				18	746	1,041	445						604		327	3,181

RSP	BRA	MEX	BOL	COL	DOM	ECU	GTM	GUY	HND	HTI	JAM	NIC	PER	PRG	SLV	TOTAL
Laparkan								15								15
Maniflo		6,300														6,300
Mateo Express					746											746
Money Trans												127				127
MoneyGram	3,685	10,689	565	574	336	862	1,397	57	729	84	305	104	812	90	491	20,780
Multivalores									362							362
Order Express		2,046														2,046
Orlandi Valuta		2,107		190								48				2,345
Pronto Envio					746											746
Quisqueyana				565	267	820							392	79		2,123
Rapid Envios												96				96
Remesas Dominicanas (BHD)					343											343
Remesas Pujols					746											746
Ria	1,680	7,629		1,076	960	621	965	15	686	54	69	185	699	136	104	14,879
Samsos												45				45
Sigue		6,302										121				6,423
South	426															426
Transfast												100				100
Uniteller		6,871	70	613	746	411	1,472		241			107	347		485	11,363
Unitransfer										54						54
Uno Money Transfer (Omnex Group)	4,411							15					308	105		4,839
Viamericas	458	9,101		1,107	819	662	2,091		730			111	709		438	16,226
Vigo	515	10,789	90	1,659	828	956	1,791	15	594	22	36	164	787	89	354	18,689
Wells Fargo		4,365	44	302	82	65	697		70			52	169		135	5,981
Western Union	4,008	6,327	408	378	78	663	1,373	34	315	267	62	138	348	499	320	15,218
Xoom	426	8,568	285	1,321	1,099	404	1,129		569		29	100	687	89	536	15,242
Unique points	13,022	20,611	1,527	2,288	1,919	3,332	3,398	115	1,480	437	589	497	1,865	755	1,362	53,197

Table 22: Number of RSP payment points as percentage of total payment points in a country (U.S. to LAC)

RSP	# of countries	BRA	MEX	BOL	COL	DOM	ECU	GTM	GUY	HND	HTI	JAM	NIC	PER	PRG	SLV	Average
Alante Financial	2			10									32			14	19
Banco Agricola	1															4	4
Banco Atlantida	1									11							11
Banco Ficohsa	1									5							5
Bancomercio	1															4	4
Bancomer Transfer Services	1		23														23
Bancuscatlan	1															4	4
Bank of America (SafeSend)	1		24														24
Banrural	1							11									11
Barri International	1		27														27
Braz Transfers	1	13															13
CAM	2										15	3					9
Cibao	1					19											19
Citibank	2				1	8											4
Coinstar	12		15	11	30	3	17	16	8	9		21	5	10		12	13
Delgado	1				3												3
Delgado Travel	3						3							1	12		5
Dinero Seguro (USPS)	1		11														11
Dolex	10		44	4	20	15	6	9		8			9	27		8	15
Envios 22-24	1												3				3
Envios de Dinero G&T Continental	1							15									15
Gigante Express	2							15								1	8
Giros Latinos	2									22			6				14
Girosol	2						6						18				12
Giromex	1		24														24
Grupo Express	1		20														20
iKobo	1										1						1
Intermex	1		40														40
Jamaica National Overseas	1											7					7
JNBS Money Transfer	1											6					6

RSP	# of countries	BRA	MEX	BOL	COL	DOM	ECU	GTM	GUY	HND	HTI	JAM	NIC	PER	PRG	SLV	Average
La Nacional	6				1	39	31	13						32		24	23
Laparkan	1								13								13
Maniflo	1		31														31
Mateo Express	1					39											39
Money Trans	1												26				26
MoneyGram	15	28	52	37	25	18	26	41	50	49	19	52	21	44	12	36	34
Multivalores	1									24							24
Order Express	1		10														10
Orlandi Valuta	3		10		8								10				9
Pronto Envio	1					39											39
Quisqueyana	5				25	14	25							21	10		19
Rapid Envios	1												19				19
Remesas Dominicanas (BHD)	1					18											18
Remesas Pujols	1					39											39
Ria	14	13	37		47	50	19	28	13	46	12	12	37	37	18	8	27
Samsos	1												9				9
Sigue	2		31										24				27
South	1	3															3
Transfast	1												20				20
Uniteller	10		33	5	27	39	12	43		16			22	19		36	25
Unitransfer	1										12						12
Uno Money Transfer (Omnex Group)	4	34							13					17	14		19
Viamericas	6	4	44		48	43	20	62		49			22	38		32	36
Vigo	15	4	52	6	73	43	29	53	13	40	5	6	33	42	12	26	29
Wells Fargo	10		21	3	13	4	2	21		5			10	9		10	10
Western Union	15	31	31	27	17	4	20	40	30	21	61	11	28	19	66	23	29
Xoom	13	3	42	19	58	57	12	33		38		5	20	37	12	39	29
Unique points		13,022	20,611	1,527	2,288	1,919	3,332	3,398	115	1,480	437	589	497	1,865	755	1,362	53,197

Appendix 2: Additional Features of Remittance Markets in Latin America and the Caribbean

Table 23: Type of paying institution operating in selected Latin American and Caribbean countries (%)

	# of Payers	Bank	Non Bank Financial Institution	MFI	Credit Union	Retail	Forex	Post Office	Other
Colombia	29	64.7	11.6	.1	.0	4.2	18.9	.0	.6
Dominican Republic	54	28.7	.2	4.5	.1	2.1	18.8	.0	45.7
Ecuador	278	38.7	.6	.2	24.8	6.1	15.4	.0	14.2
El Salvador	88	70.2	1.2	4.9	13.3	3.0	.8	.0	6.5
Guatemala	70	83.0	.0	.8	2.2	8.7	.0	.0	5.2
Honduras	85	78.9	.6	1.1	6.2	2.6	4.7	.0	5.9
Jamaica	241	28.1	5.2	.2	9.8	28.1	11.7	11.2	5.8
Mexico	862	74.1	.5	.2	7.1	12.6	2.0	.0	3.5
Peru	158	60.1	1.7	11.3	2.6	8.2	13.5	.2	2.3
Guyana	116	9.0	.0	.0	.0	43.4	4.1	23.0	20.5
Paraguay	117	7.5	7.5	2.2	7.0	14.2	57.2	1.2	3.2
Total	2076								

Table 24: RSPs share of number of locations held in Latin America and the Caribbean

RSP	Payout Distribution Share (%)
MoneyGram	10
Vigo	9
Viamericas	8
Xoom	7
Western Union	7
Ria	6
Uniteller	6
Dolex	5
Intermex	4
Sigue	3
Maniflo	3
Wells Fargo	3
Barri International	3
Giromex	2
Bank of America	2
Other	21

Table 25: Remittance service providers and paying institutions in Latin America and the Caribbean (%)

	MTO	Bank	Post Office	Credit Union	Other
Bank	64.1	6.5	.0	.0	.3
Credit Union	7.1	.0	.0	.0	.1
Forex	4.0	.1	.0	.0	.0
MFI	.7	.1	.0	.0	.1
NBFI	1	.0	.0	.0	.0
Other	4.7	.0	.0	.0	.0
Post	.2	.0	.0	.0	.0
Retail	11.0	.2	.0	.0	.0

Table 26: Number of remittance service providers

	2001	2002	2003	2004	2005	2009	2010
Bolivia			18	18	14		11
Colombia	4	16	37	37	29	13	15
Cuba	2	12	10	9	5		
Dominican Republic	30	36	34	31	25	15	18
Ecuador		13	34	18	19	12	14
El Salvador	21	26	24	29	15	11	16
Guatemala	22	30	32	30	14	7	14
Haiti	5	10	18	14	7		7
Honduras		16	20	20	12	11	14
Jamaica	7	7	8	13	6	9	9
Mexico	25	49	69	51	56	19	21
Nicaragua	13	14	16	11	6		20
Peru			23	24	13	11	14
Venezuela			18	10	8		

Appendix 3: Research Methodology

a) Distribution network research

Data collection on the plethora of locations where money is retrieved (bank branches, post offices, foreign exchange bureaus, etc.) by recipients through authorized entities was obtained between September 2009 and June 2010 by using primary sources based on a review of all institutions authorized to carry out foreign currency payments. The process included three steps: a) identification of active remittance service providers (RSPs) in each country, b) data collection on the operational locations of each RSP, and c) identification of all authorized banks and data collection on their branch locations.

The types of RSPs were classified into the following groups: money transfer operators, banks, credit unions, microfinance institutions (MFIs), post offices, non-banking financial institutions (NBFIs), and “other” RSPs that do not fit any of the other categories. On the payout side, the types of institutions included are banks, retail outlets, MFIs, credit unions, NBFIs, retail stores, post offices, and “other” paying institutions who were not able to be classified or do not fit any of these categories (ex. home delivery services or private postal companies). Also, if the type of payer could not be determined (if it was the name of a geographic location, an acronym, etc. that could not be elucidated through further research) it was classified as “other.”

When searching for payout locations for various RSPs, three main approaches were used to gather the necessary information. For many RSPs, the cities where services are offered are listed on the RSP website. By clicking on the name of the city, a list of payout locations appears. These locations were put into an excel file, noting the RSP, the city, the name of the payout location, the payout type (Bank, MFI, Forex, Other), and how many of each payer there are in each city. A second approach was used for RSPs that do not list payment points on their website, but do offer a search engine function to search for locations by city. That way, an extensive list of city names was developed for each country. A third approach was used for RSPs that do not list their branches online but only provide information on their paying institution partners. In this case, the branches of the paying institutions were collected and the locations that pay remittances were confirmed with the institution. The identification of institutions authorized to perform foreign currency transactions provided further information on the landscape of paying institutions. Each authorized institution was researched as to whether it pays transfers or not, who their RSP partner is, and where and which of their branch locations pay remittances.

Table 27: Variables in distribution network data set

Variable	Label
CoID	Country Identification
Country	Country
City	Name of city
RSP	Remittance service provider name
RSP Type	Type of RSP (MTO, bank, NBFI, etc.)
Payer	Paying institution name
Payer Type	Payer type (bank, MFI, NBFI, post office, retail, etc.)
Number of branches	Number of payment points
Urban/rural	1: Urban, over 100,000 people in city, 0: Rural, under 100,00 people
UrbanTotalPayoutPresence	Urban/Total Payout Presence
UrbanTotalPop	Urban/TotalPop
UrbanPop	Urban Pop
TotalPop	Total Pop
Urbpart	Number of locations in the capital

The competition data also collected the concentration of the population and payout branches in urban and rural areas. Urban was defined as being located inside the city limits of the capital city and any city with more than 100,000 inhabitants.¹² The report uses this urban definition for populations and remittance payout locations. Defining an “urban area” in a way that aligns with the available information on populations and payout locations is particularly challenging. Population data is available for cities with more than 100,000 people in nearly every country.¹³ Additional information is available for many major cities on the size of the population in the city proper and the suburban fringe. Data on remittance payout locations, by contrast, are only available by the name of the city where the paying institution is located. This report, therefore, used the definition of urban to maximize the allowance of the information available by both definitions: including cities of more than 100,000 people and limiting spatial boundaries to the city proper. To obtain the population information for each country, this report used the Gazetteer,¹⁴ a widely cited source of population data, which regularly updates information from recognized sources, including the UN Population Division and United States Bureau of International Program Center, along with official in-country sources and local survey data. The remittance payout location information was gathered from the respective websites of remittance service provider and their payout institutions.

b) Pricing research. Pricing data (remittance service providers’ fees and foreign exchange margin above the Central Bank’s reported rate) was collected in February 2010 based on a selection of countries created by and for the World Bank. Inter-American Dialogue staff conducted mystery shopping by posing as customers who wanted to send US\$200 to a certain Latin American country and asking RSP agents across the United States about their prices. Data was collected within each corridor on the same day, in order to control for fluctuations in exchange rates and other changes in fee structures.

c) Consumer satisfaction research. Consumer satisfaction data was obtained through a survey conducted by Hispanic Market Research and Services on behalf of the Inter-American Dialogue in April 2010. The survey was conducted in the metropolitan areas of New York-New Jersey (NY-NJ), DC (DC-VA-MD), Los Angeles (LA), Boston-Lawrence-Providence (MA-RI), Chicago (CHI), and Miami (MIA) among 1000 immigrants over 18 years of age from Mexico, Dominican Republic, El Salvador, Guatemala, Jamaica, Haiti, Ecuador and Colombia.

Respondents were asked to state where they strongly agree, agree, were indifferent, disagree, or strongly disagree that they preferred money transfer sender is: a) transparent on its costs, b) transparent on its exchange rates, c) easy to use, d) inexpensive, and e) its service has more value than the others. In the scorecard, satisfaction was determined by adding those respondents who agreed or strongly agreed with each statement.

¹² For a discussion of defining urban areas, see: Salvatore, M. et al. “Mapping Global Urban and Rural Population Distributions.” FAO. 2005.

¹³ The UN Statistics Division provides information on the population of capital cities and cities of 100,000 and more inhabitants for the latest available year for the urban population and suburban fringes.

¹⁴ World Gazetteer. Data accessed June 10, 2009. <http://www.world-gazetteer.com/>