Building on the Resilience of Remittances in the American Corridor

GRULAC Conference on Remittances aims to find new ways to harness the power of the world's busiest remittance corridor

While most migrants are heading north, not all of them are going to the US. Others aren't even heading north. Central Americans are going to Mexico, Nicaraguans to Costa Rica, Bolivians to Argentina. Everywhere in the Americas, better off countries are attracting migrants.

The cost of sending remittances in the Americas has decreased drastically over the past decade, resulting in part from intense competition and highly developed infrastructure. It's a buyer's market, as sending institutions are now competing to attract the receiving institutions with the most effective distribution networks.

On 16 November at the Inter-American Development Bank's Enrique V. Iglesias Convention Center in Washington, D.C., the WSBI Latin American and Caribbean Regional Group (GRULAC) Conference on Remittances will bring the Americas closer together by addressing three realities in the world's busiest remittance corridor.

First, ancillary measures of the US Dodd-Frank Act aim to protect consumers but could actually curtail remittance services: they oblige the sending institution to give the consumer the end-to-end price including taxes, exchange rate and time to reach destination. This is good for transparency but it's likely to hurt customers because it will reduce competition in the market, because enshrining such measures in law, instead of via private contracts, gives the customer the right to protest if, for example, a remittance arrives even slightly later than the sender indicated it would. Dealing with such claims foretells a tremendous burden on potential sending institutions. Attrition could result, while remaining competitors will increase prices to cover anticipated costs of dealing with such burdens. Shouldn't the legitimate requirement for transparency and security be reconciled with the general risk of disincentivising competition?

Second, migration continues to be resilient despite the financial and economic crises of recent years. This indicates that remittances are probably the last service to get cut. Since they are so important, how can remittances be used to fuel the economy in general or to exert ripple effects throughout the economy? One way is to move from cash to cash remittances to actually banking people, by offering new services to entice bankarisation: savings accounts, insurance, loans. Such services should also be offered in the country of origin: a migrant should be able to buy them in the immigration country for his family back home.

Third, diasporas have become a veritable economic force. Generations have accumulated assets. It's time to find creative ways for them to use these assets to finance projects in their countries of origin.

Experts will impart their knowledge through keynote speeches and interactive panel discussions on effective ways to reach migrants, building on the remittances value-chain by developing remittances-linked products, and how to transform diasporas into investors in their home countries' economies.