The Multilateral Investment Fund (MIF)

Remittances and Development in Latin America

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• The largest technical assistance provider in Latin America and Caribbean - US$1.8 billion committed over 17 years; mobilized an additional US$1.9 billion in more than 1700 projects.

• Synonymous with clear development impact - over 4 million small producers and micro entrepreneurs reached

• A recognized track record - 590 completed projects, 87% of which achieved their development goals

**FOCUS on 4 Access Areas**

1. Basic Services
2. Finance
3. Markets
4. Skills and Capacity
Remittances as a Development tool

Since 2000, the MIF Remittances Program:

- **Financed 42 projects**, totaling more than US$ 45 million in technical assistance and approximately US $22 million in loans and equity investments

- **Commissioned over 50 studies/surveys in both remittance sending and receiving countries**
  - Reduced costs
  - Fostered a competitive market
  - Created new products

- **Organized over 45 conferences and round tables in both remittance receiving and sending countries**
  - Raised the profile of the topic
  - Created cross-border replication of successful models
Remittances

Sending Money and Opportunity Home

• MIF is sought after by governments to provide advice and Best Practices on remittances

• Advisory work completed in 12 countries, upcoming work in the Dominican Republic.

• Supports the development of new financial products and services linked to remittances to increase their value for the transnational family

• Has helped reduce remittance transaction costs in Latin America by 50%

TOTAL: US$ 58.9 billion
Banking the Unbanked: Key messages for the financial sector

Remittance customers’ demand for financial products

- MIF surveys have shown that remittances recipients are interested in financial products such as saving accounts, business loans, life and health insurance, home mortgages, and education loans.

Success Rates:

- When implemented correctly, efforts undertaken to turn remittance customers into users of financial services show that approximately 30% of remittance clients become clients of other services.
Understanding your clientele

Tailoring remittance products to sending and receiving clientele

Proximity to client is important

- Product development and marketing strategies must reflect characteristics and demands of the remittance clients
  - Incorporate senders into strategy, even with products directed to receivers
  - Increased information and control to sender can greatly affect volume

- Ensuring transparency to foster trust

- Investing in financial education can be key to successful launch of new product
Consumer Protection and Transparency: www.enviacentroamerica.org

Following the General Principles for International Remittance Services, consumers should have access to clear pricing information.

Enviacentroamerica.org

• Internet-based information hub on remittances between the U.S. and Central American countries.

• Remittance price database — shows fees and exchange rate commissions charged by service providers operating in corridors between the U.S. and 6 Central American countries, as well as the intra-regional corridor between Costa Rica and Nicaragua. Information updated on a monthly basis.
Project example: Mexico
Asociación Mexicana de Uniones de Crédito del Sector Social (AMUCSS)

Micro Banks and Remittance Services for Indigenous Populations

- Integration of 23 associated micro banks and other rural financial institutions into a centralized payment platform and common network for remittance transfers.
- Negotiated reasonably priced contracts with remittance companies.

- Remittance transfers have increased to over 9,000 transfers per month.
- Many of these transfers have been banked into savings accounts, increasing savings portfolio by US$2.1M, 30% over target.
- Over 4,000 remittance receivers have become members of micro banks.
Project example: Dominican Republic

Banco ADOPEM

Remittances and Development in Rural Dominican Republic

- **Alliance** between a remittance transfer company, a microfinance bank, and its NGO to provide financial education, increase access to finance and leverage remittances for asset-building.

- **Financial education** was key to attracting remittance clients to other products. Training provided through the ADOPEM’s Training Center, which includes a program for business skills training

- **Adapted marketing strategy** to rural areas.

  - 7,462 remittance recipients became clients of a new financial product, surpassing target by 40%. 
Project example: Haiti
FONKOZE: Expanding remittance services to and from rural Haiti

NGO-based microfinance institution offering financial and educational services to an overwhelmingly female clientele (over 95%) among the poorest of the poor.

• Alliances with major money transfer operators.
• Established HTA network of over 300 Diaspora groups, to enable Fonkoze to market remittance services abroad.
• Branch network was expanded and given the necessary capacity building and IT support to process low-cost international remittances.

At the end of the project:
• Fonkoze was handling 5000 transfers a month, compared to a baseline of 300 per month.
• Network expanded from 30 to 40 branches.
• Number of clients with savings products increased by 45% to 190,000.
• Number of borrowers increased by 18% to 55,000 clients.