For immigrants, sending money home is costly; Most use wire transfers since U.S. banks often require papers; some fear opening an account could lead to deportation

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Body

Immigrants who helped send $23 billion ***home*** to Latin America and the Caribbean last year ***say*** the transactions are too ***costly*** and put undocumented workers in danger of arrest.

Only 9 percent of 302 U.S. ***immigrants*** interviewed for the study use banks to send ***money*** ***home***. Eighty-three percent still use ***wire*** transfer companies, and the remaining 8 percent send ***money*** ***home*** by courier or a family member, according to the study released Friday by the Pew Hispanic Center and the Inter-American Development Bank.

Once a cottage industry in which cash was hand-carried across borders, the international ***money*** transfer business has bloomed into a network of banks, automatic teller machines and, increasingly, credit unions that move ***money*** electronically between accounts.

But although costs for transfers have dropped, many ***immigrants*** still pay fees totaling 10 percent to 15 percent of the amounts they send back to their families, an average $200 to $300 at a time, the report ***said***.

"If you look at what it costs you now to either go overseas and pay a bill with a credit card from an American bank or make a withdrawal from an ATM, the costs are a fraction of what [***immigrants***] pay" to repatriate ***money***, ***said*** Roberto Suro, director of the Pew Hispanic Center.

The center and the Multilateral Investment Fund of the development bank conducted the research to gauge how ***immigrants*** are responding to the changing ***money***-transfer industry and to spur financial institutions to enter the market.

Interviews with ***immigrants*** were conducted by Miami-based Bendixen & Associates for the Pew Center. Those interviewed were Latin American adults living in the United States, many for at least 10 years, who regularly send ***money*** ***home***.

The ***immigrants*** ***said*** they don't use American banks because they require them to have U.S. documents and because fees and minimum balances are expensive. Some feared opening an account could lead to being deported or detained.

Increasingly, banks are accepting identification cards issued by Mexican consulates, known as matriculas, although the number that do is still small, ***said*** Donald Terry, Multilateral Investment Fund manager. The Mexican government issued 740,000 such ID cards in the first nine months of 2002.

The study ***said*** reducing the cost for ***immigrants*** to 5 percent of their transactions would free more than $1 billion next year for some of the poorest households in the United States, Mexico and Central American countries.

Until recently, most migrants paid companies such as Western Union up to 20 percent of the ***money*** they ***wired home***.

"Costs per transaction have been reduced in recent years -- but not enough. There is growing competition in the ***money*** transfer business -- but still not enough," ***said*** Enrique V. Iglesias, Inter-American Development Bank president.

According to earlier reports by the Inter-American Development Bank, ***money*** sent ***home*** to Latin America and Caribbean countries quadrupled in the last decade. The amounts took a dive after Sept. 11 but soon recovered to total $23 billion last year.

The researchers ***say*** banks are doing a better job of tracking ***money*** sent ***home*** by ***immigrants***, or remittances, which could account for some increases. Increased numbers of ***immigrants*** and better services also account for larger totals.

The researchers estimated that $14.2 billion will go to Mexico, El Salvador, Guatemala and Honduras this year, most of that sent by U.S. ***immigrants***. The study estimated $18 billion would be sent to those countries in 2005.

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