

# **The Market for Money Transfers: Ranking of Remittance Service Providers in Latin America and the Caribbean<sup>1</sup>**

## ***Introduction***

This document presents a scorecard of the trends in market competition among remittance service providers (RSPs), focusing on ten United States to Latin America and Caribbean country corridors. These corridors represent a 75% share of the \$65 billion market. We analyze data collected on a range of twelve indicators, examining factors that are relevant to the money transfer industry. These indicators include product offerings, country coverage, transfer costs, and payment networks.<sup>2</sup> The results indicate that competition continues concentrate on a few money transfers companies. Results also indicate decreasing costs, whereby most RSPs converge near average fees or foreign exchange margins.

These companies no longer focus on cash-to-cash transfers as their main product offering; instead, many have diversified their services. Moreover, these remittance service providers partner with nearly 7,000 institutions operating through over 200,000 payout locations, 140,000 of which are in Mexico. The preferred payout agents are banks, whereas microfinance institutions continue to play a minimal role. Presence in rural areas is also significant.

The significance of these findings points to some relevant issues. First, there is growing competition: over 70% of payment locations are now controlled by ten international companies, whereas the remaining RSPs are smaller players that operate in three countries or fewer. These leading companies are increasingly sharing the same payers in each country, offering similar pricing and penetration of rural areas. Second, average transaction costs continue to be just over 5% and have remained in that range for the past four years. Third, the number of services provided by RSPs has expanded significantly, allowing consumers to take advantage of new sending methods. Similarly, the number of payout locations and payers has also expanded. This expansion, however, is most pronounced in Mexico. This is in large part due to the new role of bank corresponding institutions in Mexico.

These results are based on research of nearly 50 remittance service providers working in the US to Latin America and Caribbean corridors. Of these, data was fully collected for 37 of them. These companies hold over 90% of flows to Latin America and the Caribbean.<sup>3</sup>

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<sup>1</sup> Prepared by Manuel Orozco, October 23, 2012. Research was conducted between April 2012 and October 2012. Data collection was conducted by Caryn Gay, Julia Yansura, Gerson Morales of the IAD.

<sup>2</sup> One of the main units of measurement is the number of money transfer payout locations in the destination corridor. A payout location includes bank and office branches, agencies, and retail store locales.

<sup>3</sup> For the purposes of protecting proprietary information, however, the numbers in our study were translated into ratios and percentages. These ratios and percentages serve as comparison.

### **1. The landscape of remittances to Latin America and the Caribbean**

Immigration from Latin America continues to be an economic force in several countries in the subcontinent; despite the recession, people continue to move. The flows of remittances illustrate the continuity of international migration, which in some ways has diversified to a larger number of countries.

After the global economic crisis, remittance transfers recovered gradually, reaching 8% growth in 2011. This volume represents more than 15 million migrant transfers from different parts of the world, 70% of which originate from the United States.

**Table i** Remittances to Latin America and the Caribbean, leading countries

<b>Countries</b>	<b>2001</b>	<b>2005</b>	<b>2010</b>	<b>2011</b>
Argentina (S.Am)	100	780	886	1011
Belize (C.Am)		81	100	120
Bolivia (And)	103	860	964	1012
Brazil (S.Am)	2600	5792.7	6800	7276
Colombia (And)	1756	4126	4023	4,298
Costa Rica (C.Am)	80.25	400	509	530
Cuba	930	1100	1200	1300
D. Republic (Carb)	1807	2559.5	2908	3,239
Ecuador (And)	1430	1827	2324	2673
El Salvador (C.Am)	1910.5	2830.2	3540	3650
Guatemala (C.Am)	584.3	2992.8	4127	4,419
Guyana (Carb)	90	260	374	401
Haiti (Carb)	810	1077	1971	2057
Honduras (C.Am)	460	1763	2529	2862
Jamaica (Carb)	967.5	1651	1911	2025
Mexico	8895	20034	21271	22731
Nicaragua (C.Am)	660	901	966	1053
Panama (C.Am)		254	297	592
Paraguay (S.Am)		550	723	789
Peru (And)	930	2495	2534	2697
Suriname (Carb)		55	109	114
T. & Tobago (Carb)	40.9	97	123	131
Uruguay (S.Am)		110	120	124
Venezuela (And)	136	271.9	756	809
LAC	24290	52868	61065	65913
Number of countries	19	24	24	24
Annual Growth		17%	1%	8%

Source: Central Bank, IADB.

These flows continue to rely on a large number of remittance service providers that now include both banking financial institutions and internet based operators. In turn, there are more than one hundred companies which are competing in order to capture this growing clientele by offering new services and even occasionally better pricing.

### ***Intermediation in money transfers: measuring competition***

In order to better understand the marketplace for money transfers, key indicators were utilized. These indicators are associated with some aspects that characterize the money transfer industry in its competitive landscape, and which 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 an accessible payment origin and distribution network that offers various financial services, and satisfy the needs of consumer.<sup>4</sup> Below are the indicators and variables utilized.

**Table ii** Scorecard indicators

Indicator	Variable	Description
Scope	Products	Number of transfer products offered (C2C, C2A, A2C, A2A, and other financial services)
	Countries	Number of countries in which it operates worldwide
Cost	Fee	Cost to remit
	Exchange rate	Commission of foreign exchange when sending in local currency
	Total cost	Sum of fee and exchange rate commission
Payment points	Points	Number of existing payment points or agent payout locations
	Points per country	Total payment points divided by all countries where RSP operates
	Points as share of all points in corridor	Total payment points divided by payment points in all 10 countries.
	Bank payers as share of all points	Ratio of bank payout locations to all RSP payment points
	MFI payers as share of all points	Ratio of MFI payout locations to all RSP payment points
Competition	Market share	Number of transactions as a share of all transactions in a given country
	Rural presence	Percent of all payment points that are rural
Customer service	Client support	Extent of information provided with ease

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<sup>4</sup> Legal compliance is not covered in this scorecard.

## **2. Characterization of the industry's remittance sector**

Remittances from the US constitute 70% of total remittances to Latin America and the Caribbean. The main findings show that most companies offer more than cash-to-cash transfers and are working in more than five countries. The payment network encompasses over 200,000 payment points led by 90,000 institutions. These payment points are largely working with banking institutions as agents, where 70% of locations are in areas outside the capital or main cities.

### **Product and Geographic Scope**

When looking at the type of remittance products<sup>5</sup> available, the majority of RSPs offer cash to cash transfers (C2C) and at least one other service. The fact that less than one-tenth of companies surveyed (4 of 37) only offer cash-to-cash transfers speaks to this diversification in product offering. .. A full three quarters of all companies offer transfers into bank accounts, including Internet transfers, while 15 companies offer additional financial services to consumers, such as money orders and check cashing services. These companies have understood that a small share of migrants is switching, or is prepared to switch, to other methods of remitting.

On geographic scope, we also find that with the volume of money transfers growing, the majority of companies are now working in more than ten countries. Less than 40% of companies work in 10 countries or fewer. It is interesting to point out that, more than pricing, the geographic scope of companies shows some correlation with their market share; as they spread out geographically, their market share increases.

**Table iii** RSPs geographic scope

<i>Operates in</i>	<i>#</i>
20 or more countries	12
11 to 20	12
Up to 10	13

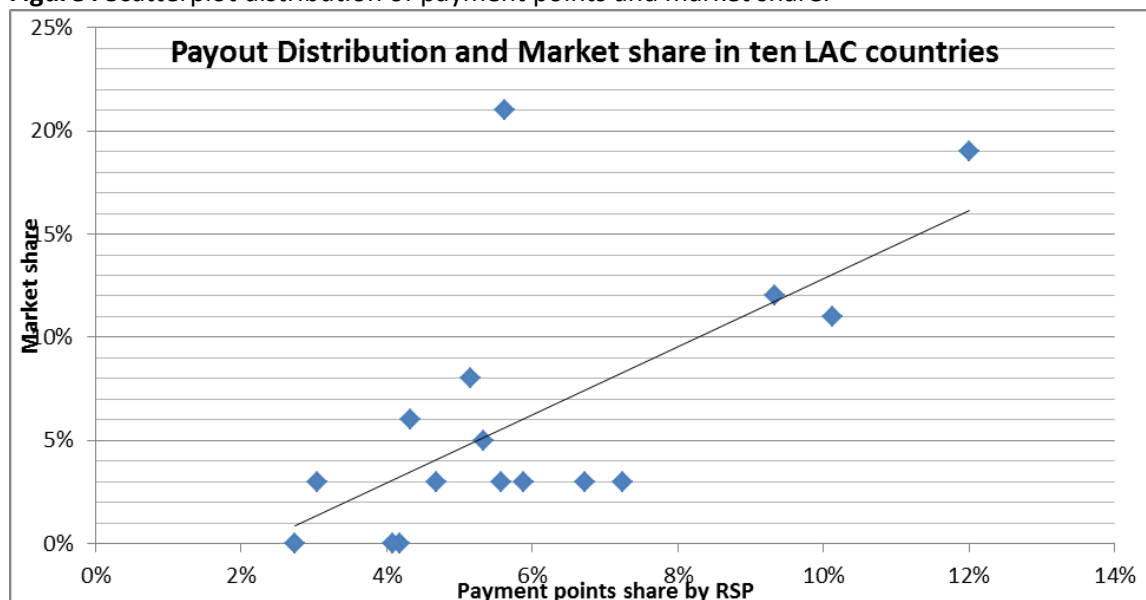
**Table iv** RSPs geographic scope and estimated market share for 10 corridors

<i>RSP</i>	<i>Payout Distribution Share</i>	<i>Market share</i>
<i>Ria</i>	10%	11%
<i>Moneygram</i>	9%	12%
<i>Xoom</i>	7%	3%
<i>Viamerica</i> s	7%	3%
<i>Dolex/Quisqueyana</i>	6%	2%
<i>Western Union</i>	6%	21%
<i>Uniteller</i>	6%	3%
<i>Wells Fargo</i>	5%	5%
<i>Vigo</i>	5%	8%
<i>Intermex</i>	5%	3%

<sup>5</sup> A remittance product is a transactional service that includes accepting the transfer in cash, through an account, or providing additional financial services.

<i>Sigue</i>	4%	6%
<i>Order Express</i>	4%	--
<i>Barri International</i>	4%	--
<i>Giromex</i>	4%	
<i>Orlandi Valuta</i>	3%	3%
<i>Bank of America SafeSend</i>	3%	--
<i>Others</i>	12%	19%

**Figure i** Scatterplot distribution of payment points and market share.



### **Transfer Costs**

Remittance transfer costs are measured by the transfer fee and the commission on the exchange rate. Transfer costs have typically been a topic of concern and discussion in public policy and international development circles. For example, in response to claims of lack of transparency in the industry, the United States Congress has recently passed legislation that will go into effect in February 2013 that requires full transparency, disclosure, error resolution, and cancelation rights for all financial banking and non-banking institutions that perform at least 100 transfers a year.<sup>6</sup> Transparency and disclosure in transfer costs is now a central topic that may have an effect on pricing. As of now, the average cost remitted in 2012 by the RSPs selected for this study shows a slight decline when compared to 2011 and 2010. The most important result is that prices converge more closely around the average, either in the fee or the foreign exchange commission: nearly 70% of costs are between 3.7% and 6.7% of the total transaction. Because the range of prices is less than 7%, these averages represent an important improvement in the marketplace.

**Table v** Cost of sending money

<i>Measure</i>	<i>Fee</i>	<i>FX</i>	<i>Total</i>
Average	4.1%	1.15%	5.2%
Standard deviation	1.5%	1.6%	1.5%

### ***Distribution network***

The data for ten countries shows a total of 90,000 locations paying in the countries researched. Not all large, established companies actually have the most locations: there are new money transfer players with a higher number of paying partners securing a bigger footprint in Latin America.

On the payment side, there are different types of payment institutions working in the countries, though banks continue to be the primary payers. We find that 52% of payment locations are a combination of a money transfer operator (MTO) partnering with a banking institution. In some corridors, however, the trend is relatively different and retailers or foreign exchange houses lead by number of locations. Moreover, credit unions continue to be emerging players in the payment networks.

**Table vi** Type of remittance service provider (%)

	<i># of Payers</i>	<b>Bank</b>	<b>Credit Union</b>	<b>Forex</b>	<b>MFI</b>	<b>NBFI</b>	<b>Other</b>	<b>Post</b>	<b>Retail</b>
Bolivia	3188	36.23%	10.75%	1.13%	19.77%	5.36%	2.72%	0.04%	1.74%
Colombia	6740	68.70%	0.26%	3.33%	0.00%	20.49%	0.15%	0.00%	3.12%
Dominican Republic	4315	56.73%	0.70%	4.93%	0.00%	1.29%	5.70%	0.00%	3.05%
Ecuador	10034	23.53%	17.12%	30.32%	0.00%	0.25%	8.70%	0.09%	19.98%
El Salvador	5501	66.91%	4.70%	0.73%	1.22%	0.00%	5.95%	0.00%	20.49%
Guatemala	17180	26.27%	4.82%	0.72%	15.78%	0.00%	24.34%	0.00%	19.88%
Haiti	926	77.74%	7.91%	2.61%	0.23%	0.00%	0.39%	0.00%	11.12%
Honduras	6426	13.07%	18.18%	5.40%	0.00%	4.55%	19.32%	8.95%	28.13%
Jamaica	704	54.17%	1.62%	0.20%	0.17%	4.14%	1.08%	19.22%	18.90%
Mexico	144180	55.55%	27.29%	1.16%	1.45%	0.02%	2.16%	0.00%	11.82%
Total	<b>194933</b>	<b>54.37%</b>	<b>3.55%</b>	<b>1.96%</b>	<b>0.57%</b>	<b>3.91%</b>	<b>2.02%</b>	<b>14.60%</b>	<b>17.68%</b>

# **A scorecard for money transfers to Latin America and the Caribbean: Preliminary data**

## **Table of Contents**

Table 1: U.S.- LAC scorecard .....	8
Table 3: Scorecard variables and metrics .....	8
Table 4: RSP indicators from the U.S. to LAC .....	11
Table 5: Number of RSP payment points per country (U.S. to LAC) .....	11
Table 6: Number of RSP payment points as percentage of total payment points in a country (U.S. to LAC) .....	15
Additional data.....	16

**Table 1: Scorecard variables and metrics**

Variable	Metric	U.S.-LAC Scoring	Source
RSP	Name of remittance service provider		
Number of products	Ranking of products	1: Cash-to-cash or account-to-account only; 2: Cash-to-account or account-to-cash; 3: Cash and or account transfers and at least one other financial services (check cashing, money order); 4: Three or more financial services	Pricing research
Number of countries in which it operates	Sum of all countries served	4: More than 20 countries 3: 11 to 20 countries 2: 6 to 10 countries 1: 2 to 5 countries 0: 1 country	Competition research
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%	Pricing research
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%	Pricing research
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%	Pricing research
Payment points in LAC	Sum of an RSP's total payment points in LAC (ATMs excluded)	4: More than 20,000 3: 10-20k 2: 5-10k 1: 5 to 1k 0: Less than 1k	Competition research
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	Competition research
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 country to get a percentage presence. Then, the percentages for each country are averaged.	4: Over 27% 3: From 19% to 27% 2: From 10% to 19% 1: Under 10%	Competition research



Variable	Metric	U.S.-LAC Scoring	Source
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%	Competition research
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%	Competition research
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	Competition research
Client support	Extent to which call centers or tellers are helpful to clients	4: Easy to reach, courteously and promptly answers client's questions, and offers additional help 3: Answers questions as requested without further exchange 2: Trouble answering questions, long periods of wait, inconsistent answers, call transferred multiple times 1: Refuses to answer questions, and/or is rude and unprofessional; Does not answer phone during business day, phone number disconnected, phone number difficult to find	Mystery shopping, pricing research

**Table 2: U.S.-LAC scorecard**

**Scale 1–4. Ranking: Dimension, Cost and Distribution network, 48 points. [See Table 3 for metrics]**

RSP	Score	Dimension [1-4]		Cost [1-4]			Distribution network [1-4]			Inclusiveness [1-4]			
		Product Ranking	Number of countries it operates in	Fee	FX	Total cost	Payment Points	Points / Country	Points / Network	Rural Ratio	Bank Ratio	MFI Ratio	Client support
Viamerica	36	3	3	3	4	3	3	3	1	4	3	2	4
Wells Fargo	36	3	3	3	4	3	3	3	2	4	3	1	4
Xoom	36	3	4	4	2	3	3	3	2	4	2	3	3
Dolex/Quisqueana	34	3	4	3	2	3	3	3	1	4	2	3	3
Ria Envía	34	3	4	3	1	2	4	4	2	4	1	3	3
MoneyGram	32	3	4	1	3	1	3	3	2	4	1	4	3
Bancomer Transfer Services	32	2	3	2	4	3	2	4	1	4	2	3	2
Uniteller	32	3	1	3	3	3	3	3	1	4	2	2	4
La Nacional	32	3	4	3	4	3	1	3	1	4	2	1	3
Sigue	31	2	3	2	2	1	3	4	2	4	2	3	3
Western Union	30	3	4	1	2	1	3	3	2	4	0	3	4
Order Express	30	2	3	2	4	2	3	4	1	4	2	0	3
Giromex	29	2	3	2	4	2	2	4	1	4	2	0	3
Citibank	28	3	4	3	3	2	0	2	1	1	2	3	4
Alante Financial	28	2	1	3	3	3	0	2	2	4	1	4	3
Bank of America	28	3	1	4	1	4	2	4	1	4	1	0	3
Barri International	28	2	3	3	1	1	2	4	1	4	4	1	2
Girosol	27	2	4	2	3	1	0	2	1	4	0	4	4
Vigo	27	3	3	1	2	1	2	3	1	4	1	2	4
Dinero Express	27	2	3	3	2	4	0	1	1	4	4	0	3
Giros Latinos	27	1	3	3	3	3	0	2	1	4	4	0	3
Jamaica National Overseas	27	2	2	3	2	2	0	1	2	4	1	4	4
Intermex	27	2	4	2	1	1	2	4	1	4	2	1	3
Unitransfer	26	3	1	3	4	3	0	1	2	4	0	2	3
Multivalores (Nexxo)	26	1	3	2	4	3	0	3	1	2	4	0	3
Dinero Seguro (USPS)	26	2	2	2	3	2	1	4	1	4	2	0	3
RapidCash	25	1	4	3	2	2	1	4	1	4	0	2	1
Reymesa	25	2	0	2	2	1	2	4	1	4	4	0	3
Orlandi Valuta	25	2	3	2	2	1	2	4	1	4	1	0	3
Fonkoze	23	1	0	2	4	3	0	1	1	4	0	4	3
Titan	23	2	4	4	4	3	0	1	1	1	0	0	3
CAM	22	1	1	3	3	3	0	1	1	3	0	4	2
Cibao	21	4	1	3	2	2	0	2	1	3	0	0	3
Delgado Travel	20	2	4	3	2	3	0	1	1	1	0	0	3
BHD	19	4	0	1	1	1	0	2	1	2	4	0	3
Remesas Mi Pueblo (Pujols)	17	1	1	4	1	1	0	1	1	4	0	0	3

**Table 3: RSP indicators from the U.S. to LAC**

RSP	# Products	# of countries it operates in	Cost (%)			Payment Network			Inclusiveness		
			Fee	FX	Total cost	Payment Points	Points/ Country	Points/ Network (%)	Rural ratio (%)	Bank ratio (%)	MFI ratio (%)
Alante Financial	2	5	4	0.86	4.36	978	489	11%	83%	46%	43%
Bancomer Transfer Services	4	20	5	0.02	5.02	5328	5328	4%	81%	62%	5%
Bank of America (SafeSend)	2	3	0	1.74	1.74	5331	5331	4%	81%	48%	0%
Barri International	2	15	4	4.58	8.58	8155	8155	5%	77%	83%	1%
BHD Remesas Dominicanas	3	1	6.16	2.85	7	156	156	4%	53%	92%	0%
Cajero Nexxo	1	14	5	-0.2	4.8	595	595	9%	55%	83%	0%
CAM	3	4	4.12	0.74	4.86	351	117	7%	59%	1%	17%
Cibao	2	2	4.25	1.43	5.68	252	252	6%	63%	33%	0%
Citibank	2	28	4	1.13	5.125	470	235	5%	32%	61%	6%
Delgado Travel	2	25	3	1.24	4.24	77	38.5	1%	43%	10%	0%
Dinero Express BBVA	2	17	3.25	0.16	3.41	13	13	0%	69%	100%	0%
Dinero Seguro USPS	2	10	5	0.86	5.86	3245	3245	2%	80%	52%	0%
Dolex/Quisqueyana	3	43	3.15	1.13	4.28	11599	1657	8%	77%	60%	0%
Fonkoze	1	1	5	0	5	46	46	5%	98%	0%	100%
Giromex	2	13	5	0.31	5.31	7978	7978	5%	78%	63%	0%
Giros Latinos	2	18	3.15	1.09	4.24	364	364	6%	73%	100%	0%
Girosol	2	38	5	1.1	6.1	288	288	3%	83%	25%	10%
INTERMEX	2	>20	5	2.09	7.09	9802	4901	8%	79%	66%	1%
JNBS Money Transfer	2	7	4.5	1.2	5.7	72	72	10%	82%	43%	31%
La Nacional	3	85	4	0	4	2246	561.5	5%	73%	58%	1%
MoneyGram	5	196	5.6	1.2	6.8	18684	1868.4	15%	76%	36%	13%
Order Express	2	13	5	0.39	5.39	9425	9425	6%	78%	52%	0%
Orlandi Valuta	2	18	4.99	1.6	6.59	6355	3177.5	6%	80%	29%	0%
RapidCash	3	28	4.22	1.16	5.32	3733	3733	3%	83%	31%	4%
Remesas Mi Pueblo (Pujols)	1	2	1.75	4.6	6.3	118	118	3%	89%	0%	0%
Reymesa	2	1	5	1.47	6.47	5005	5005	3%	73%	95%	0%
Ria	5	136	3.24	2.26	5.5	20461	2273.444	14%	77%	46%	5%
Sigue	2	14	5	1.3	6.3	9564	3188	10%	79%	55%	5%
Titan	2	21	3	0.39	3.39	22	22	0%	27%	0%	0%

<i>RSP</i>	<i># Products</i>	<i># of countries it operates in</i>	<i>Cost (%)</i>			<i>Payment Network</i>			<i>Inclusiveness</i>		
Uniteller	3	3	3.6	1.1	4.7	11071	1383.875	6%	79%	67%	4%
Unittransfer	4	3	3.99	0.05	4.04	241	120.5	13%	69%	16%	2%
Viamerica	4	20	4.3	0.24	4.54	13364	1909.143	9%	76%	71%	4%
Vigo	4	15	5.61	1.35	6.95	9824	982.4	9%	76%	41%	3%
Wells Fargo	4	15	4	0.5	4.5	10546	1318.25	5%	73%	76%	1%
Western Union	5	213	6.67	1.5	8.17	11315	1131.5	10%	77%	26%	6%
Xoom	4	30	2.5	1.4	3.9	16265	1807.222	10%	74%	59%	6%

**Table 4: Number of RSP payment points per country (U.S. to LAC)**

<i><b>RSPs</b></i>	<i><b>Bolivia</b></i>	<i><b>Colombia</b></i>	<i><b>D. Republic</b></i>	<i><b>Ecuador</b></i>	<i><b>Guatemala</b></i>	<i><b>Honduras</b></i>	<i><b>Haiti</b></i>	<i><b>Jamaica</b></i>	<i><b>Mexico</b></i>	<i><b>El Salvador</b></i>	<i><b>10 countries</b></i>
Alante Finacial	316									662	978
BanColombia		304									304
Bancomer Transfer Services									5328		5328
Bank of America (SafeSend)									5331		5331
Barri International									8155		8155
BHD Remesas Dominicanas			156								156
Cajero Nexxo						595					595
CAM			201				124	26			351
Cibao			252								252
Citibank		190	280								470
Delgado Travel		69		8							77
Dinero Express BBVA	13										13
Dinero Seguro USPS									3245		3245
Dolex	151										151
Dolex/Quisqueyana		527	344	318		580			8731	948	11410
Fonkoze							46				46
Giromex									7978		7978
Giros Latinos						364					275
Girosol				288							288
INTERMEX					1666				8136		9802
JNBS Money Transfer								72			72
La Nacional		358	118	706	1064						2246
MoneyGram	568	393	537	1801	1405	786	134	283	11822	955	18684
Order Express									9425		9425
Orlandi Valuta		582							5773		6355
RapidCash									3733		3733
Remesas Mi Pueblo (Pujols)			118								118
Reymesa									5005		5005
Ria		870	306	3757	2083	823	100	100	11732	690	20461
Sigue	455		439						8670		9564
Titan		22									22

<i><b>RSPs</b></i>	<i><b>Bolivia</b></i>	<i><b>Colombia</b></i>	<i><b>D. Republic</b></i>	<i><b>Ecuador</b></i>	<i><b>Guatemala</b></i>	<i><b>Honduras</b></i>	<i><b>Haiti</b></i>	<i><b>Jamaica</b></i>	<i><b>Mexico</b></i>	<i><b>El Salvador</b></i>	<i><b>10 countries</b></i>
Uniteller	135	499	183	449	2187	446			7031	141	11071
Unitransfer							235	6			241
Viamerica		603	229	614	3129	772			7670	347	13364
Vigo	646	805	425	712	2028	593	42	6	3934	633	9824
Wells Fargo	67	460	291	150	1224	355			7719	280	10546
Western Union	376	559	122	397	553	463	245	119	8153	328	11315
Xoom	461	499	314	834	1841	649		92	11058	517	16246
<b>Grand Total</b>	<b>3188</b>	<b>6740</b>	<b>4315</b>	<b>10034</b>	<b>17180</b>	<b>6426</b>	<b>926</b>	<b>704</b>	<b>148629</b>	<b>5501</b>	<b>203643</b>

**Table 5: Number of RSP payment points as percentage of total payment points in a country (U.S. to LAC)**

<i>RSPs</i>	<i>Bolivia</i>	<i>Colombia</i>	<i>Dom. Rep.</i>	<i>Ecuador</i>	<i>El Salvador</i>	<i>Guatemala</i>	<i>Haiti</i>	<i>Honduras</i>	<i>Jamaica</i>	<i>Mexico</i>	<i>Grand Total</i>
Alante Finacial	0.10				0.12						0.11
BanColombia		0.05									0.04
Bancomer Transfer Services										0.04	0.04
Bank of America SafeSend										0.04	0.04
Barri International										0.05	0.06
BHD Remesas Dominicanas			0.04								0.04
Cajero Nexxo								0.09			0.12
Caribbean Air Mail (CAM)			0.05				0.13		0.04		0.06
Cibao			0.06								0.06
Citibank		0.03	0.06								0.03
Delgado Travel		0.01									0.01
Dinero Express BBVA	0.00										0.00
Dinero Seguro (USPS)										0.02	0.02
Dolex/Quisqueyana	0.05	0.08	0.08	0.03	0.17			0.09		0.06	0.04
Fonkoze							0.05			0.17	0.09
Giromex										0.05	0.06
Giros Latino								0.06			0.06
Girosol				0.03							0.05
Intermex						0.1				0.05	0.03
JNBS									0.1		0.04
La Nacional		0.05	0.03	0.07		0.06					0.10
Moneygram	0.18	0.06	0.12	0.18	0.17	0.08	0.14	0.12	0.4	0.08	0.06
Order Express										0.06	0.16
Orlandi Valuta		0.09								0.04	0.06
RapidCash										0.03	0.06
Remesas Mi Pueblo (Pujols)			0.03								0.02
Reymes-Wire Mexico										0.03	0.02
Ria		0.13	0.07	0.37	0.13	0.12	0.11	0.13	0.14	0.08	0.03
Signe	0.14		0.1							0.06	0.13

<i>RSPs</i>	<i>Bolivia</i>	<i>Colombia</i>	<i>Dom. Rep.</i>	<i>Ecuador</i>	<i>El Salvador</i>	<i>Guatemala</i>	<i>Haiti</i>	<i>Honduras</i>	<i>Jamaica</i>	<i>Mexico</i>	<i>Grand Total</i>
Titan											0.07
Uniteller	0.04	0.07	0.04	0.04	0.03	0.13		0.07		0.05	0.00
Unitransfer			0.04				0.25		0.01	0.05	0.06
Viamerica		0.09	0.05	0.06	0.06	0.18		0.12		0.05	0.07
Vigo	0.2	0.12	0.1	0.07	0.12	0.12	0.05	0.09	0.01	0.03	0.10
Wells Fargo	0.02	0.07	0.07	0.01	0.05	0.07		0.06		0.05	0.09
Western Union	0.12	0.08	0.03	0.04	0.06	0.03	0.26	0.07	0.17	0.05	0.05
Xoom	0.14	0.07	0.07	0.08	0.09	0.11		0.1	0.13	0.07	0.09
<b>Grand Total</b>	<b>3188</b>	<b>6740</b>	<b>4315</b>	<b>10034</b>	<b>5501</b>	<b>17180</b>	<b>1522</b>	<b>6426</b>	<b>704</b>	<b>148629</b>	<b>203643</b>

## Additional data

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

	<i># of Payers</i>	<i>Credit Union</i>	<i>Bank</i>	<i>Credit Union</i>	<i>Forex</i>	<i>MFI</i>	<i>NBFI</i>	<i>Other</i>	<i>Post</i>	<i>Retail</i>
Bolivia	3371	0.00%	36.23%	10.75%	1.13%	19.77%	5.36%	2.72%	0.04%	1.74%
Colombia	6539	0.00%	68.70%	0.26%	3.33%	0.00%	20.49%	0.15%	0.00%	3.12%
Dominican Republic	3735	0.00%	56.73%	0.70%	4.93%	0.00%	1.29%	5.70%	0.00%	3.05%
Ecuador	9648	0.00%	23.53%	17.12%	30.32%	0.00%	0.25%	8.70%	0.09%	19.98%
El Salvador	5501	0.00%	66.91%	4.70%	0.73%	1.22%	0.00%	5.95%	0.00%	20.49%
Guatemala	14454	0.00%	26.27%	4.82%	0.72%	15.78%	0.00%	24.34%	0.00%	19.88%
Haiti	5971	0.22%	77.74%	7.69%	2.61%	0.23%	0.00%	0.39%	0.00%	11.12%
Honduras	830	0.00%	13.07%	18.18%	5.40%	0.00%	4.55%	19.32%	8.95%	28.13%
Jamaica	704	0.00%	54.17%	1.62%	0.20%	0.17%	4.14%	1.08%	19.22%	18.90%
Mexico	144180	1.64%	55.55%	25.65%	1.16%	1.45%	0.02%	2.16%	0.00%	11.82%
Total	<b>194933</b>	<b>0.05%</b>	<b>54.37%</b>	<b>3.50%</b>	<b>1.96%</b>	<b>0.57%</b>	<b>3.91%</b>	<b>2.02%</b>	<b>14.60%</b>	<b>17.68%</b>

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

<i>RSP</i>	<i>Payment point</i>	<i>(%)</i>
Ria	19733	10%



<i>RSP</i>	<i>Payment point</i>	<i>(%)</i>
MoneyGram	18203	9%
Xoom	14109	7%
Viamerica	13090	7%
Dolex/Quisqueyana	11457	6%
Wells Fargo	10955	6%
Uniteller	10860	6%
Vigo	10399	5%
Western Union	10052	5%
Order Express	9125	5%
INTERMEX	8428	4%
Barri International	8155	4%
Giromex	7965	4%
Sigue	7602	4%
Orlandi Valuta	5936	3%
Bank of America (SafeSend)	5331	3%
Bancomer Transfer Services	5328	3%
Reymesa	5004	3%
RapidCash	3443	2%
Dinero Seguro USPS	3245	2%
La Nacional	2314	1%
17 Others	4199	2%

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

<i>Row Labels</i>	<i>Bank</i>	<i>NBFI</i>	<i>MFI</i>	<i>Credit Union</i>	<i>Retail</i>	<i>Forex</i>	<i>Post Office</i>	<i>Other</i>	<i>Grand Total</i>
MTO	50.68%	3.91%	0.43%	3.40%	17.47%	1.95%	12.35%	3.33%	93.52%
Bank	2.41%	0.00%	0.06%	0.10%	0.15%	0.00%	0.75%	0.01%	3.48%
Post Office	0.85%	0.00%	0.04%	0.00%	0.00%	0.00%	1.50%	0.01%	2.40%
Other	0.44%	0.00%	0.04%	0.06%	0.06%	0.00%	0.00%	0.00%	0.60%
<b>Grand Total</b>	<b>54.37%</b>	<b>3.91%</b>	<b>0.57%</b>	<b>3.55%</b>	<b>17.68%</b>	<b>1.96%</b>	<b>14.60%</b>	<b>3.35%</b>	<b>100.00%</b>

Table D: Number of remittance service providers

	2001	2002	2003	2004	2005.12	2009	2010	2012
Bolivia			18	18	14		11	10
Colombia	4	16	37	37	29	13	15	15
Dominican Republic	30	36	34	31	25	15	18	16
Ecuador		13	34	18	19	12	14	12
El Salvador	21	26	24	29	15	11	16	10
Guatemala	22	30	32	30	14	7	14	10
Haiti	5	10	18	14	7		7	7
Honduras		16	20	20	12	11	14	11
Jamaica	7	7	8	13	6	9	9	8
Mexico	25	49	69	51	56	19	21	21

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

	2001	2002	2003	2004.01	2004.11	2005.12	2006	2007	2008	2009	2010	2011	2012
Bolivia			10.1	8.2	6.7	5.6	6.1	4.3					
Colombia	10.1	8.7	6	6.5	5.9	5	6.8	4.4	5.2	4.4	5.8	5.82	5.8
Dominican Rep.	9.4	8.4	7.2	8.8	7.1	6.4	8.2	8.4	5.9	6	5.7	5.68	6
Ecuador		5.7	5.1	5.4	4.4	3.9	3.8	3.8	4.2	3.7	3.8	3.90	3.9
El Salvador	6.7	6.2	5.8	5.7	5	5.2	4.8	5.2	4.3	4.5	4.5	4.67	4.7
Guatemala	7.4	7.3	7.8	7.1	6.3	5.6		6.2	5.8	5.6	5	5.52	6.01
Haiti	9	8.1	10.4	8.9	7.9	6.7	7.2	7.3	5.2	7	6.4	4.95	4.9
Honduras		6.9	6.9	7.2	6.2	5.8	5.8	3.6	4.84	5.7	4.3	7.09	5.65
Jamaica	9.8	10	12.7	10.2	8.8	8.2	7.1	7.8	6.4	6.7	6.4	6.52	6.03
Mexico	8.8	9.3	7.5	7.5	6.2	6	6.2	5.7	6.6	5.6	6.2	6.00	5.71

Note: cost includes fee and commission.

## **Conceptualizing the Marketplace**

A marketplace of remittance intermediation includes remittance service providers (outbound payments) and payers (inbound transfers). The key competitors in the outbound and inbound sides of the transfers are identified by the number of RSPs, payers, their institutional typology and geographic concentration inside and outside of the country's main cities.

The types of RSP are classified into the following groups: money transfer operators, banks, credit unions, post offices, and other non-banking financial institutions. On the payout side, the types of institutions included are banks, microfinance institutions (including credit unions), retail stores, and, post offices.

In analyzing a company's participation in the market (RSP or payer) individual payout locations were used as measure of analysis. Two measures of market share for inbound payers are used: *percent of payout locations* and *payer market participation by RSP partner*. The first measure refers to the share of the market, in terms of the number of payment points that a payer has compared to all other payers payment points.

The second measure, *payer's market participation by RSP partner* measures the payer's locations multiplied by all the RSPs it serves and relative to all other payers across companies they serve. This latter metric measures a payer's leverage of its branches across the RSP market.

### **❖ Average Remittance Transactions**

The data presents the average amount of money transferred per transaction over time compared to the regional average for Latin America and the Caribbean.

### **❖ Cost of Remitting by RSP**

The data is based on pricing data collected over time. It includes the fee and the commission on the exchange rate.

### **❖ Partner Competition**

We use the term "partner competition" to refer to the partnership combination between the type of RSP and payers. Each mix shows a corridor's payment market share and offers clues about the potential for financial service options to migrants and their families.

### **❖ Geographic Presence**

The country profile displays the concentration of payers and RSPs inside and outside of the main cities in the country and is compared to the country's geographic distribution. This component also provides important clues about financial access in a country. The definition of a main city is based on traditional classifications of a metropolis, with over half a million people living in the city and over a million in the larger metropolitan area.

## **Methodology**

Remittance service providers are identified from immigrant market surveys, interviews with competitors in the corridors, mystery shopping, and previous country studies. Nevertheless, the list is not exhaustive and thus 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.

Like any research project, our work was limited by the quality of the available data. Through our rigorous and exhaustive data collection, we discovered a number of inconsistencies regarding payers and the number, category, and location of payout points.

With regards to identifying payers, our approach depended on the amount of information that companies were willing to provide. Some RSPs have websites with mapping functions or lists of payers. In order to confirm these partnerships, we called RSPs and we called their payers. We found that new partnerships had emerged, while some of the older ones had been discontinued. For RSPs without informative websites, we relied on their customer service call centers to provide us payer information. Some were able to give us extensive and consistent data. Others were less willing to cooperate, or had less knowledgeable operators. Our scorecard data represents hundreds of phone calls to such companies in an effort to get the most accurate data possible.

We found that many RSP websites were not up to date, and therefore did not reflect their full number of payment points. Whenever possible, we corrected the number of payers listed on the RSP website with the number of payers listed on payer websites, which tended to be more current, and to list a greater number of branches and locations.

With regards to payer classifications, we found that some RSPs listed payer corporations, whereas others listed the businesses that physically host these corporations. We listed payers as they appeared on the RSP website. This may lead to inconsistencies among payer data. Some RSP websites listed only abbreviations for payers. Working with their customer service department, we were able to find the full names for most but not all of them.

Finally, payer locations represented a challenge in our data collection. Many RSP websites listed multiple variations of town names (i.e., Oaxaca, Oaxaca de Juarez, and Oaxcaa). We filtered out misspelled and duplicated town names, since this would have inaccurately increased the number of payers for a given RSP. In addition, some RSPs double listed municipalities and provinces. Wherever possible, we filtered out provinces and listed payout points by municipality only.