Auslandsüberweisungen

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“It’s very important for me,” she says. “I pay for the kids, I pay for the telephone and the light and the water and the cellphone and collective buses and food with it. Everything. It pays for us completely.”

Julio does not enjoy living in the US, she says, and finds his work very hard. But, she says: “Serious people force themselves to work to guarantee their future. It’s an investment in the future of his family. We hope there will be more opportunities for the kids, who are studying at college.”

Maria is far from unusual. The second city of the Dominican Republic, any Dominican will tell you, is not on the island of Hispaniola, but the island of Manhattan. More than 1m of the nation’s approximately 9m population lives outside the island, and most are congregated near the northern tip of Manhattan in New York. More are along the north-eastern corridor of the US, in Boston and Washington, DC.
The diaspora has turned itself into a potent source of foreign exchange. Dominicans received more than $2.7bn from relatives in the US last year – equivalent to 14 per cent of Dominican GDP – and that appears to have risen to $3bn last year. With the exception of El Salvador, where migrant remittances also account for 14 per cent of GDP, this makes the country by far the most dependant of any Latin American nation on the US.

There are very many people like Maria for whom remittances are the difference between going to work and staying at school. Thus the diaspora’s dollars are invested in human capital.

The Dominican Republic is not, however, taking the chance to use remittances as a motor for growth. In El Salvador, migrants’ clubs have built football stadiums and repaired bridges. In Mexico, which received $20bn last year, federal matching funds helped channel remittances into projects such as road improvements and drinking water in poor neighbourhoods, while migrant labourers can take out a Mexican mortgage, and save towards a Mexican pension. Nothing like this exists in the Dominican Republic. Instead, the money is dedicated almost entirely towards maintaining subsistence for families.

According to Lenora Suki, of Columbia University’s Earth Institute, who has made a study of remittances to the Dominican Republic for the Inter-American Development Bank, the reasons for this are largely cultural and historic. “Dominican migration is highly concentrated, and they have very active social networks,” she says. “Second, a lot of companies that operate in the north-east corridor are Dominican companies with very strong roots in the community.

“And third, from a human perspective, Dominicans are among the Latino groups with the lowest education. So people are much less likely to feel the need to use alternative financial institutions, and you generally have people remitting through companies recommended to them by friends or family.” Freddy Ortiz, president of the Dominican Association of Remittance

Companies, says the influence of independent remittance agents in the US is critical.

“The agent in New York earns more when they do it in dollars, not in pesos,” he says.

He adds that the arrangement is “truly inconvenient” for remittance companies in the Dominican Republic, as they must buy millions of dollars in cash each day. There is no system of US dollar current accounts on the island. Instead, secure transport has to be arranged to move the cash among the 560 branches the four largest Dominican remittance companies have established around the country.

By comparison, the flow of money to the other big remittance-receiving nations in the region is almost exclusively electronic. They also tend to be larger, more economic amounts. The average remittance to Mexico or El Salvador is more than $300. Dominicans send home less than $200 at a time – partly, according to Ms Suki, because they are sending to more people.

Big commercial banks have made a strenuous effort to enter other markets in the region, but the Dominican market remains dominated by remittance agencies and the couriers. According to Ms Suki, the system has developed in a way that excludes the banks, and it is difficult for them to find a way in – although some appear to be looking at expanding into the US Dominican community by buying a remittance agency.

The costly Dominican system’s survival has also been aided by the USA Patriot Act, passed after the terrorist attacks of September 11, 2001, to tighten money laundering. This has had little impact on flows to the rest of the region, dominated by big banks with large compliance departments. It has made life more difficult for the smaller companies trying to enter the market for sending money to Dominicans.