afi

FILAC
Financial Inclusion Initiative for Latin America and the Caribbean

LAC, A REGION ON THE MOVE:

MIGRATION, REMITTANCES AND INCLUSIVE FINANCIAL SYSTEMS

SPECIAL REPORT

CONTENTS

ACKNOWLEDGMENTS

This special report is a product of the Financial Inclusion Initiative for Latin America and the Caribbean (FILAC) and its members.

Contributors:

We would like to extend a special thanks to Ecoequity Inclusive Finance (consultants) for their key role in developing this special report.

AFI members: 11 FILAC members.

From the AFI Management Unit: Zaira Badillo (Head, Latin America & Caribbean Regional Office), Hazell Del Cid (Policy Specialist, Latin America & Caribbean Regional Office), Mariam Zahari (Policy Specialist, Policy Analysis & Guidance), Robin Newnham (Head, Policy Analysis & Guidance) and Paula Ricaurte (Senior Manager, CEO Office & ERO Program).

We would like to thank AFI member institutions for generously contributing to the development of this publication.

This special report is supported with funds from the Ministry of Foreign and European Affairs, Defence, Development Cooperation and Foreign Trade of the Grand Duchy of Luxembourg.

Cover: Migrants from Nicaragua, El Salvador, Peru and Guatemala (John Lamparski / Alamy Stock Photo).

INTRODUCTION

This document takes on the challenge of interrelating the financial inclusion of migrants, the financial inclusion of remittance-receiving families, and the implications of remittance volatility. In fact, this report is structured around these three interrelated pillars, with a strategic vision that is essential to understanding and responding to the changes posed by human mobility and remittance dependence in the region.

The financial inclusion of people in situations of human mobility represents a key pillar to consolidate economic stability, reduce social inequalities, and advance the achievement of the Sustainable Development Goals (SDGs) in Latin America and the Caribbean (LAC). In a context marked by increasing migration flows and a high dependence on remittances in various countries — where, in nations like Honduras, El Salvador, and Haiti, remittances exceed 20,0 percent of GDP (World Bank, 2023) — it becomes essential to advance strategies that promote the integration of migrants into formal financial systems. However, despite this urgency, such strategies remain underdeveloped, underscoring the need for stronger institutional responses.

The special report published by the Alliance for Financial Inclusion (AFI) in June 2024, "Financial Inclusion of Migrants in Latin America and the Caribbean," emphasizes the need to include this population in the formal financial system to promote economic development, strengthen social resilience, and leverage the transformative potential of remittances[1]. This effort aligns with AFI's focus on inclusive economic growth and development, proportionate regulation, peer cooperation, and the empowerment of vulnerable groups through relevant and contextualized financial solutions.

In line with this vision, this report seeks to analyze the current state of financial inclusion for migrants in LAC. It combines a quantitative approach examining the relationships between migration, remittances, and the economy, with a qualitative analysis of recent migration policies, especially those promoted by the United States, and their impact in the countries served by the member institutions of the Financial Inclusion Initiative for Latin America and the Caribbean (FILAC).

The objective of this report is to identify structural barriers, opportunities, and best practices that affect the access, use, timeliness, and quality of financial services targeted at mobile populations. In doing so, it provides recommendations that seek to support the design of more inclusive policies, adapted to the cultural and legal diversity of each country and in line with guidelines promoted by AFI.

The financial inclusion of migrants is not only an economic urgency but also a deeply human one. Ignoring this dimension means missing a critical tool for social cohesion and sustainable development in the region. Therefore, the report offers specific recommendations for financial regulators and supervisors based on observed migration profiles and the need to build inclusive, stable, and sustainable financial systems.

This analysis invites a rethinking of the relationship between human mobility and financial systems by recognizing migrants as rights holders and strategic actors in regional development. Their diverse trajectories and contributions to origin, transit, and destination economies must be valued in designing proportional solutions that reduce vulnerabilities, safeguard rights, and foster full integration.

1 AFI. 2024. Inclusión Financiera de los Migrantes en América Latina y el Caribe. Available at: Financial Inclusion of Migrants in the Latin America and the Caribbean Region - Alliance for Financial Inclusion

EXECUTIVE SUMMARY

In Latin America and the Caribbean (LAC), increasing migratory pressure and a high dependency on remittances, which in countries like Honduras, El Salvador, and Haiti exceed 20 percent of GDP (World Bank, 2023), have made it essential to advance strategies that promote the financial inclusion of people in situations of human mobility. Despite its relevance, effective strategies to integrate this population into the formal financial system remain underdeveloped.

This report examines how regulatory frameworks, institutional measures, and recent, often increasingly restrictive, migration policies shape both the opportunities and barriers to migrant financial inclusion in the region. It particularly highlights the role of remittances as an initial gateway into the formal financial system, as well as their potential to expand access to savings, credit, and insurance products.

The report's key findings reveal emerging good practices such as the implementation of risk-based, tiered know-your-customer (KYC) and simplified customer due diligence (CDD) regimes, the use of interoperable digital identity platforms, and the expansion of agent and correspondent banking networks. These initiatives have demonstrated improvements in access, usage, quality, and timeliness of financial services provided to migrants. Nevertheless, significant barriers remain, including poor product adaptation to migrant needs, low frequency of use, and limited financial education among and provided to migrants.

To address these barriers, the report proposes concrete and tailored recommendations for FILAC member institutions and their countries, which aim to close financial inclusion gaps, ensure equitable and sustainable access to formal financial services, and enhance the resilience of financial systems amid migratory flows. Among the main proposed measures are risk-based proportionate regulatory flexibility, improved remittance traceability, the design of culturally appropriate financial products, and regional coordination to deliver integrated solutions.

Ultimately, advancing the financial inclusion of migrants is not only a matter of economic and social justice but also a prerequisite for macroeconomic stability and regional cohesion in the LAC region.

Megapress / Alamy Stock Photo.

SECTION 1

CONTEXT AND MOTIVATION FOR REGIONAL TRANSFORMATION TOWARD FINANCIAL INCLUSION FOR PEOPLE ON THE MOVE AND REMITTANCE RECIPIENTS

Over the past two decades, the LAC region has experienced an unprecedented intensification of intraregional migration flows. This phenomenon has generated significant transformations in the social, economic and demographic spheres, directly affecting the design of public policies linked to development, social cohesion, and financial stability.

According to recent estimates, the migrant population in the region grew from 6.2 million in 1995 to 43 million in 2023, with a relevant proportion corresponding to intraregional movements, especially of Venezuelan migrants, who by June 2023 had reached 6.1 million, mainly in Colombia, Peru, Ecuador, Chile, and Brazil (UNHCR, 2023).[2]

In parallel, remittances have become strategically important for the financial resilience of millions of households in LAC. These transfers, which are estimated at USD160,9 billion by 2024 (Maldonado & Harris, 2024), directly contribute to poverty reduction, the strengthening of productive capacities, and the fulfillment of multiple Sustainable Development Goals (United Nations, 2024). This link between migration and remittances reaffirms the need to integrate the financial dimension of human mobility into development agendas.

The implications are multiple: from pressure on labor markets and social protection systems to the creation of new financial dynamics based on cross-border mobility.

Despite advances in financial inclusion, account holdings in formal institutions in LAC increased from 54 percent in 2017 to 72 percent in 2021 (World Bank, 2022), many migrants remain excluded from the system due to regulatory barriers, strict KYC requirements, and a lack of solutions tailored to those without formal residency or identity.

In this context, remittances are consolidated as a key vehicle for financial inclusion. Receiving or sending remittances can stimulate access to products such as basic bank accounts, electronic wallets, or microcredits, opening up possibilities for saving, investing, or buying a home. Therefore, promoting flexible KYC schemes, cross-border digital identity systems, and products designed for the particularities of the migrant population is crucial to reduce informality and improve financial resilience.

As such, the purpose of this report is to analyze the link between migration, financial inclusion, and economic stability in LAC. Based on the analysis of recent migration policies and the regulatory environment of the countries of FILAC member institutions, recommendations are formulated to progress a sustainable and inclusive regional transformation.

2 Cecchini, S. and Pizarro, J.M. 2023. Migración internacional en América Latina y el Caribe: una mirada de desarrollo y derechos. CEPAL. Available at: https://repositorio.cepal.org/server/api/core/bitstreams/93d4c7e7-4186-487c-a57a-0efe774050f1/content

SECTION 2

METHODOLOGICAL APPROACH

This study adopts a mixed methodological approach, integrating qualitative and quantitative tools to offer a holistic view of the financial inclusion of migrants and remittance flows in LAC.

The first phase consisted of a systematic documentary review of primary sources, including regulatory frameworks and standards published by central banks, superintendencies, and financial commissions of the countries of FILAC member institutions. This stage was complemented by the analysis of publications from multilateral organizations such as the World Bank, the Inter-American Development Bank (IDB), the Alliance for Financial Inclusion (AFI) and the International Organization for Migration (IOM), which provide regional and international perspectives on migration, financial inclusion, and remittances.

Subsequently, semi-structured interviews were conducted with representatives of FILAC member institutions, including financial regulatory and supervisory authorities. These interviews were accompanied by a structured electronic form that addressed topics such as challenges in the implementation of KYC processes, remittance channels, interoperability of payment systems, financial education, impacts of macroeconomic shocks on remittances, and inter-institutional coordination mechanisms (AFI member interviews, several countries, 2024).

The third analytical phase focused on the impact of remittances on the stability of financial systems. To this end, macroeconomic indicators such as the volume of remittances as a percentage of GDP and their participation in the economy's liquidity were analyzed, in combination with relevant academic and technical literature on the subject.

Finally, all the results were subjected to a process of methodological triangulation, contrasting the quantitative findings with the qualitative evidence from interviews and forms, as well as with the documentary analysis. This cross-validation strengthened the consistency of the recommendations, ensuring they faithfully reflect the experiences, initiatives, and policies in force in the region.

This robust methodological approach seeks to ensure that the report's findings are both technically sound and contextualized to the institutional and regulatory realities of the countries of FILAC member institutions, thus enabling more effective and inclusive policy design.

SECTION 3

FINANCIAL SYSTEM AND REMITTANCES

3.1. LITERATURE REVIEW

Specialized literature has extensively documented the significance of remittances as a catalyst for social development, poverty alleviation, and the promotion of financial inclusion in migrants' countries of origin. However, the relationship between remittance flows and financial stability (understood in terms of liquidity, financial system depth, and macroeconomic resilience) has received considerably less attention, both in academic research and in public policy circles (World Bank, 2023; Orozco & Yansura, 2021).

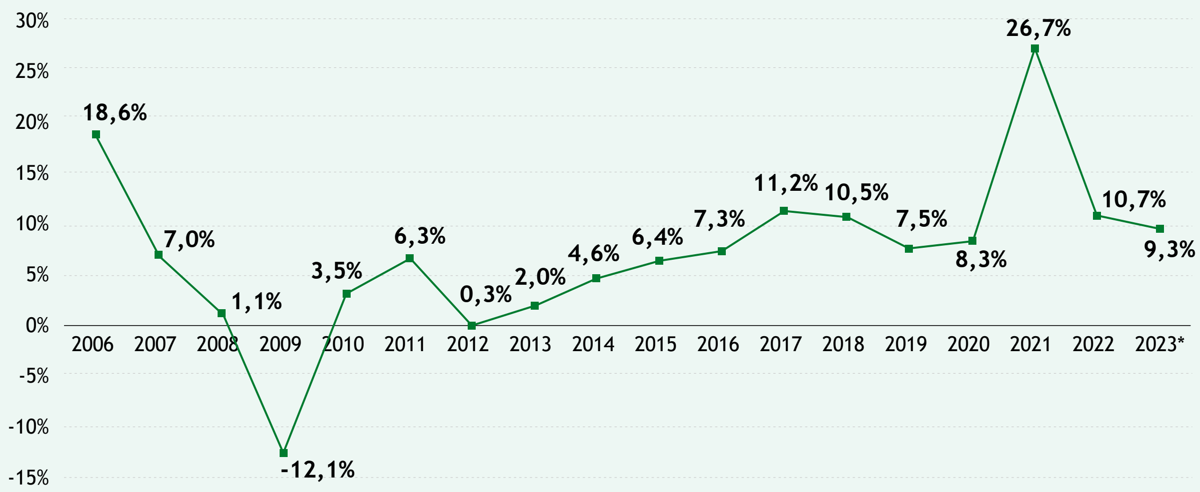
This limited exploration may be partially attributed to the historically stable behavior of remittance inflows to LAC. According to figures from the IADB (Maldonado, 2024), these flows have followed a sustained upward trend over the past two decades, with the sole exception of 2009, when a contraction was recorded as a result of the 2008 global financial crisis. In this context, and in contrast to the volatility of other external financing sources such as foreign direct investment (FDI) or multilateral loans, remittances have been perceived as a more predictable source of foreign exchange and less susceptible to external shocks, particularly in countries heavily reliant on these inflows.[3]

As a result, the economic analysis of remittances in the region has tended to focus on their social dimensions, such as poverty reduction, household consumption, or financial inclusion, while placing less emphasis on their potential impact on structural variables of the financial system and overall macroeconomic stability.

Nevertheless, some studies have begun to examine this relationship in a more systematic manner. For instance, recent research has explored how remittance flows can influence financial system liquidity, access to credit, savings behavior, and the informal dollarization of certain economies (Giuliano & Ruiz-Arranz, 2009; Demirgüç-Kunt et al., 2011). Other contributions analyze indirect effects through channels such as economic growth or resilience to external shocks, as was the case during the global financial crisis of 2008-2009.

3 Demirgüç-Kunt, A., Córdova, E., Pería, M. S. M., and Woodruff, C. 2011. Remittances and banking sector breadth and depth: Evidence from Mexico. Journal of Development Economics, 95(2), 229-241. Available at: https://doi.org/10.1016/j.jdeveco.2010.03.006

FIGURE 1. REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN – YEAR-OVER-YEAR GROWTH RATE (2006-2023)



Source: Remittances to Latin America and the Caribbean 2023, IDB, Technical Note No. IDB-TN-285, November 2023.

This section provides a review of the main existing research on the economic and financial system impacts of remittances, with a particular focus on Latin America and the Caribbean. Both theoretical contributions and empirical findings are examined, including lessons learned during the global crisis (the only recent episode in which remittance inflows to the region experienced a year-over-year decline). This review serves as a foundation for a better understanding of the macroeconomic effects of remittance flows to countries in the region.

1) THE IMPACT OF REMITTANCES ON ECONOMIC GROWTH

The effect of remittances on economic growth largely depends on how recipient households allocate these resources. Numerous studies agree that consumption expenditure constitutes the primary use of remittances, followed by spending on health and education. In contrast, financial savings and productive investment remain marginal uses within the overall pattern of remittance utilization.

A series of surveys conducted by the IDB Lab between 2012 and 2021 among Latin American migrants residing in the United States reveals that 88.1 percent of respondents sent remittances primarily for family maintenance. Other significant categories included medical expenses (57.1 percent) and education (31.4 percent). Only 13.8 percent reported using remittances also for savings or capital investment (Maldonado, 2024).

Consistently, a previous IDB study (Martin, 2019), based on surveys of 2,145 migrants originating from Mexico, El Salvador, Colombia, and the Dominican Republic (which together accounted for 67 percent of remittances sent from the US to LAC in 2017), found that only seven percent of respondents sent remittances specifically for savings purposes. Additionally, 11 percent made deposits in bank accounts in their countries of origin, of which only 37 percent (equivalent to four percent of the total) indicated that these funds were intended for savings or retirement funds.

These findings reflect a general trend: remittances are predominantly allocated to basic consumption, which limits their immediate potential as a mechanism for capital accumulation or productive investment. However, from a macroeconomic perspective, this consumption pattern is not without value. According to Keynesian theory, increased household expenditure has a direct effect on aggregate demand and, consequently, on GDP growth. Within this framework, remittances can act as an economic stimulus by boosting consumption, particularly in countries where they represent a primary source of income for a significant proportion of the population.

A notable contribution in this regard is the study by Beaton et al. (2017), published by the IMF, which analyzes the macroeconomic impact of remittances in Latin America and the Caribbean. The study starts from the premise that migration implies a loss of human capital for countries of origin, which could negatively affect growth. Nevertheless, remittance inflows can offset this loss through foreign exchange earnings, serving as a source of external financing and an economic stabilization mechanism.[4]

Using an econometric model with fixed effects and instrumental variables, the study concludes that in the countries of Central America, Panama, and the Dominican Republic (CAPRD), the net effect of remittances on GDP growth is positive. This suggests that in contexts of high remittance dependence, the benefits derived from capital inflows outweigh the losses associated with labor force emigration. Conversely, in the rest of the LAC countries, where remittances represent a smaller relative share of GDP, the net effect is negative, reflecting a reduced capacity of these flows to offset the adverse effects of emigration.

This finding highlights the need to adopt differentiated policies according to the economic and migratory profile of each country. While in some contexts remittances may serve as a growth engine, in others it is essential to complement them with strategies that promote savings, productive investment, and financial inclusion to maximize their structural impact on development.

The importance of remittances for economic growth in Central American and Caribbean countries is also evidenced in a recent study sponsored by the Central American Monetary Council (Hernández, 2025). The author, applying a two-stage least squares econometric model with instrumental variables to data from 16 countries covering the 2001–2023 period, finds a positive relationship between remittances and real GDP growth in Latin America. The study estimates that a one percentage point increase in remittance inflows could generate a 0.15 percentage point increase in GDP growth, with more pronounced effects in Central America (except Costa Rica) and the Dominican Republic.

4 Beaton, K., Cevik, S., and Di Bella, G. 2017. *Migration and Remittances in Latin America and the Caribbean: Engines of Growth and Macroeconomic Stabilizers?* IMF Working Paper No. 17/144. Available at: https://doi.org/10.5089/9781484303608.001

The effect of remittances on economic growth is also attributed to their buffering and countercyclical role during economic crises, as evidenced during the 2008 global financial crisis (discussed later) and the COVID-19 pandemic. A study on this subject (Babbi et al., 2022) analyzes the possible causes behind the behavior of remittance flows from the United States to Central America and Mexico during that period. These flows exhibited a sui-generis pattern, with a sharp contraction in the first half of 2020 due to the initial global economic impact of the pandemic, followed by a strong "rebound" from the second half of 2020 onward that led remittance growth rates to the region to surpass pre-pandemic levels and continue rising from 2021 onward. This recovery in remittance inflows was also faster and stronger than the employment recovery among Hispanics in the United States.

To explain this phenomenon, the authors applied a vector autoregression (VAR) model using data from Mexico, Honduras, Guatemala, El Salvador, and the Dominican Republic covering the 2000–2021 period. They found that until the first half of 2020, remittance increases correlated positively with the rise in Hispanic employment levels in the US and with the decline in manufacturing activity in the countries of origin. However, they found no statistical evidence that the magnitude of the remittance recovery from the second half of 2020 onward was driven primarily by economic factors. Instead, an important factor behind the increase in remittance flows during the pandemic appears to be the "altruistic" motivation of migrant workers - that is, migrants' concern for their families' living conditions in their home countries, which were adversely affected by the COVID-19 crisis, was the main cause of the rapid recovery and increase in average remittance amounts. Supporting this, granular data analysis from El Salvador showed that average remittance amounts were higher in departments with greater poverty levels and mobility restrictions.

A hypothesis proposed by Babbi et al. (2022) is that dollars sent by many migrants during the pandemic were resources that, before the pandemic, were allocated to other expenses such as family visits and gifts. Furthermore, these remittances were significantly channeled through digital platforms due to COVID-19 mobility restrictions.

Finally, beyond the economic development that remittance inflows may promote, there is also the issue of social development. García (2010) argues that migration and remittances alone are insufficient to generate development in countries of origin, and that without genuine economic and social development policies, remittances "function as a temporary palliative to poverty and marginalization". Behind migration flows are structural factors linked to the poverty conditions in origin countries, such as deficient education and healthcare systems, social inequalities, distrust in institutions, regressive tax systems, and a lack of hope for economic improvement, among others (Ordoñez, 2021).

Michael DeFreitas / Alamy Stock Photo.

2) IMPACT OF REMITTANCES ON FINANCIAL SYSTEM DEVELOPMENT

As with their relationship to economic growth, analyzing the impact of remittances on financial system development involves considerable complexity. This complexity stems, in part, from the ambiguous effects that remittance flows can exert on key variables such as formal credit and savings. For instance, if the volume of credit extended is used as an indicator of financial development, the effects of remittances become difficult to pinpoint, as they may operate in opposing directions (Fajnzylber & López, 2008).

For remittance inflows to contribute positively to financial development through credit channels, it is essential that financial institutions perceive these resources as stable over time. Only under such conditions can they be considered a viable source of loan funding and a reliable basis for repayment capacity. However, even when flows are stable, remittances may still function as a substitute for formal financing. With increased liquidity, some households may choose not to borrow, thereby reducing the demand for bank credit.

Despite these potentially contradictory dynamics, more recent studies have shown a positive correlation between remittances and financial development when the latter is analyzed from a deposit-based rather than a credit-based perspective. Binta and Mondal (2023), using panel data analysis for Bolivia, Honduras, El Salvador, and Nicaragua over the 1996–2019 period, concluded that there is a statistically significant relationship between the growth of the M2 monetary aggregate and the increase in remittances received through formal channels. This finding suggests that although remittances may not directly expand loan portfolios, they do strengthen financial intermediation by increasing deposits and the monetary base.[5]

In an early study, Martínez et al. (2008)[6] applied an econometric model with instrumental variables to assess the relationship between deposits, credit, and remittances expressed as a share of GDP in Latin America and the Caribbean between 1975 and 2003. Their analysis also identified a positive correlation between remittance growth and financial system development, although with a lower intensity compared to developing countries in other regions. The authors attribute this moderate impact to several persistent structural factors in the region, including distrust in the banking system inherited from the financial crises of the late 1990s, a preference for money transfer operators over banks as remittance channels, limited geographic coverage of financial institutions, high transaction costs, and weak credit recovery mechanisms.

What is most noteworthy is that many of these limitations, identified over a decade ago, remain present today and continue to constrain the financial system's capacity to effectively channel remittance flows into instruments that support sustainable financial inclusion. This underscores the urgent need to advance policies that effectively strengthen trust in financial institutions, improve banking infrastructure in rural areas, and promote the use of secure digital channels to capture and direct remittances toward formal savings and other financial products.

3) IMPACT OF REMITTANCES ON FINANCIAL STABILITY

One of the most commonly used indicators to assess financial system stability is the quality of the loan portfolio, typically measured through the ratio of non-performing loans (NPLs)[7], in relation to the total gross loan portfolio before provisions. Within this framework, there has been growing interest in analyzing the potential relationship between remittance flows and the behavior of the NPL ratio.

From a theoretical perspective, the effect of remittances on this indicator can be ambivalent. On the one hand, higher foreign currency inflows may stimulate credit supply and encourage loan disbursements to less creditworthy segments, thereby increasing default risk – a phenomenon known as "induced risk". On the other hand, remittances also raise the disposable income of recipient households, improving their debt repayment capacity and, consequently, reducing the likelihood of delinquency. Furthermore, the additional consumption generated by these households can have multiplier effects on the local economy, indirectly benefiting other borrowers and lowering the overall risk within the financial system.

5 Binta, I. and Mondal, S. 2023. *Remittances and Financial Development: Evidence from Selected Latin American Countries*. Journal of International Financial Markets, Institutions and Money, 84, 101762. Available at: https://doi.org/10.1016/j.intfin.2023.101762

6 Martínez, J., Guzmán, S., and Torres, R. 2008. Remesas y desarrollo financiero en América Latina. Banco Interamericano de Desarrollo, Departamento de Investigación.

7 At the international level, loans that are overdue by more than 90 days are generally classified as non-performing loans (NPL). To quantify the potential impact of remittance fluctuations on financial stability, the use of the NPL-to-gross-loan ratio is considered more appropriate than other indicators related to deposits. In several Central American countries, remittances represent a significant component of the money supply, and the use of ratios involving deposit volumes may introduce endogeneity issues. By contrast, using loan portfolio data helps to mitigate this problem, as remittances are not primarily used for loan repayment but rather for the consumption of basic goods and services.

A prominent study in this area is by Ebeke et al. (2014), who analyzed data from 141 developing countries between 2000 and 2011. Using a fractional logit regression model, they evaluated the impact of variables such as GDP growth, GDP per capita, exports, institutional quality, credit expansion episodes, and the remittance-to-GDP ratio on credit quality. The most relevant findings were as follows:

- A negative and statistically significant correlation was found between the remittance-to-GDP ratio and the NPL ratio. Specifically, a four percentage point increase in the remittance ratio was associated with a reduction of between one and two percentage points in the non-performing loan ratio.
- Remittances were also observed to play a buffering role against GDP volatility. In other words, in periods of economic slowdown, countries with higher remittance inflows experienced less deterioration in credit portfolio quality. This suggests that remittances can act as a financial stabilization mechanism by reducing the banking system's exposure to negative shocks in the real sector.

These results reaffirm the importance of remittances not only as a source of household income but also as a structural component that can enhance the robustness of the financial system in economies highly dependent on these flows. Strengthening formal channels for remittance receipt and utilization therefore takes on a strategic dimension for both financial inclusion and macroeconomic resilience.

Similar results are described in research by Beaton et al. (2017), which found that remittance inflows are associated with a decrease in the NPL ratio. However, this finding is statistically significant only for countries in the Central America, Panama, and Dominican Republic (CAPRD) group[8], and not for South American countries, where other factors are more influential in the behavior of the NPL ratio.

It is worth noting that the relative stability of remittances in the past, compared to other sources of foreign exchange income such as FDI or capital flows, which tend to be more procyclical, may have had an important preventive or containment effect against external financial crises (Ambrosius et al., 2013), thereby contributing to financial stability. Unlike FDI and other capital flows, remittances have exhibited inelastic behavior in response to changes in variables that typically affect financial markets, such as interest rates, financial market size, risk appetite, treasury bond yields, arbitrage opportunities, etc. Moreover, most remittance recipients belong to the informal sector of the economy and rely on migrants' remittances as their sole or primary and relatively stable source of income. All of these factors have helped remittances stabilize expenditure levels in the economy and promote financial stability (Oliva and Khinashvili, 2024).

If this is the case, government policies should primarily aim to enhance the countercyclical and credit portfolio risk mitigation effects that empirical evidence has identified as positive aspects of remittance inflows. Such policies could include reducing transfer costs, improving payment systems, formalizing remittance inflows, expanding access to financial services for the unbanked (financial inclusion), and promoting the use of remittances for productive activities (Ambrosius et al., 2013).

At the same time, it is important for monetary and financial regulatory authorities to design risk prevention and mitigation policies in the event that remittances cease to have a stabilizing and countercyclical effect, especially considering the exposure of the Latin America and the Caribbean (LAC) region to external shocks. An abrupt, unexpected, and significant change in remittance flows could itself be considered an external shock with substantial repercussions in certain countries in the region, which would necessitates the adoption of preventive measures.

8 The econometric model yielded a result indicating that a one percentage point increase in the remittance-to-GDP ratio would imply a 0.5 percentage point decrease in the NPL ratio.

Finally, remittance flows can also have an indirect impact on financial stability through monetary transmission mechanisms (Barajas et al., 2016). Financial institutions typically extend credit using resources whose cost depends on overall funding conditions in the economy, which in turn, is influenced by the monetary policy interest rate. However, when remittances enter an economy consistently and in large volumes, they create a stable funding source that is not subject to local interest rates. This weakens the effectiveness of monetary policy, and central banks may lose the ability to influence credit and aggregate demand through their benchmark rate.

Thus, if remittance inflows generate credit and consumption expansion, the economy could experience a boom with inflationary pressures and possibly a current account deficit. In such scenarios, central banks could be limited in using interest rates as a tool to “cool down” the economy. Furthermore, if remittance inflows are significant relative to the size of the economy, they could also generate a sense of economic security that affects risk perception and fiscal discipline. The combination of these two dynamics – a reduced effectiveness of monetary policy and a decline in risk awareness – can leave countries vulnerable should remittance inflows decline substantially.

Keepics / Alamy Stock Photo.

4) CONSEQUENCES OF THE 2008-2009 GLOBAL FINANCIAL CRISIS

As mentioned at the beginning of this chapter, remittance flows to Latin America and the Caribbean have shown sustained annual growth over the past decades. However, the 2008-2009 global financial crisis marked a significant exception. In 2009, remittance inflows to the region fell by more than 12 percent year-on-year, highlighting that although remittances are more stable than other external flows, they are not immune to vulnerability from international economic shocks (Maldonado, 2024).

Despite this contraction, the impact of the decline in remittances was relatively smaller compared to the reductions observed in other financing sources, such as FDI and international loans. This partial resilience is explained by multiple economic and social factors that influenced the behavior of migrants and their families during the crisis period.

Analyzing the effects of this decline is complex, given that the crisis had multiple transmission channels from the United States and Europe to the countries in the region. For example, rising global inflation eroded the purchasing power of recipient households, while the depreciation of local currencies in several LAC countries increased the domestic currency value per dollar received. This exchange rate effect, in some cases, incentivized migrants to increase the volume of remittances, capitalizing on the currency advantage due to their prior saving capacity.[9]

In this context, García (2010), citing Orozco (2009), proposes that the economic relationship between migrants and their origin communities is maintained through the so-called “five Ts”: remittance transfers, tourism, transportation, telecommunications, and (nostalgic) commercial transactions. During periods of crisis, migrants tend to prioritize remittance sending over other forms of economic linkage, which helps explain the relative resilience of these flows in adverse economic contexts.[10, 11]

9 It should be noted that although households receiving remittances generally allocate a low percentage of their income to savings, this does not necessarily imply that migrants lack the capacity to save.

10 García, M. 2010. *El impacto de la crisis económica en las remesas y los migrantes en América Latina y el Caribe*. CEPAL.

11 Orozco, M. 2009. Remittances and the Economic Crisis: Effects on Latin American Migrant Households. Inter-American Dialogue.

Another important finding from this period was that most migrants chose to remain in their host countries despite the worsening economic environment. Various factors explain this decision, including high return costs, the risk of losing migratory status, the establishment of social and labor networks in host countries, or the perception that conditions in their countries of origin would be even more challenging (García, 2010).

The studies reviewed agree that had migrants faced forced returns during that period, the economic impact on their countries of origin would have been considerably greater. Although some return movements occurred, both voluntary and forced, the net migration balance toward the United States and Europe remained positive. However, these events highlighted the need for specific public policies aimed at the economic and social reintegration of returned emigrants.

Such policies, at both national and local levels, are especially relevant when return occurs during an economic crisis in the country of origin. In these contexts, return migration not only entails logistical and social challenges but also places additional strain on national income due to the loss of remittance inflows and increased pressure on labor markets and public services. Despite ongoing debates around return migration, this issue is seldom analyzed from the perspective of a dual shock: the external shock linked to the global crisis and the internal shock stemming from the institutional unpreparedness to absorb returned migrants under adverse economic conditions.

3.2. KEY DATA ON REMITTANCES AND THE FINANCIAL SYSTEM

The relationship between the amount of remittances and other macroeconomic variables is quite heterogeneous across the region, which is also reflected in the data presented by the countries of FILAC member institutions.

Table 1 presents the values of remittances, nominal GDP, liquidity (broad money), and GDP per capita, as well as the percentage values resulting from the relationship between these variables. The figures are consistent with various analyses conducted on the topic, indicating that in the countries belonging to the Central America and Caribbean subregion, except Costa Rica and the Bahamas, remittances represent a significant percentage of GDP and overall liquidity in the economy.

Although Mexico is the largest absolute recipient of remittances, with approximately USD647 billion received during 2024, its relative participation is lower due to the size of its economy. Similarly, countries such as Jamaica and Haiti record a lower volume of remittances compared to Ecuador and Peru, but the share of remittances in their economies is significantly higher than in the latter two countries.

TABLE 1. GDP, REMITTANCES, AND LIQUIDITY IN THE ECONOMY (MILLONS OF USD, ESTIMATED BY DEC. 2024)

Country	Remittance	GDP* (current)	Broad Money (M2+ME)**	Remittances /GDP	Remittances / Broad Money**	Broad Money / GDP
Honduras	9.824	36.359	27.207	27,0%	36,1%	75%
El Salvador	8.479	35.365	19.445	24,0%	43,6%	55%
Haiti	4.377	25.348	5.203	17,3%	84,1%	21%
Jamaica	3.492	19.442	10.442	18,0%	33,4%	54%
Dominican Republic	10.756	121.578	47.854	8,8%	22,5%	39%
Ecuador	6.540	124.676	88.485	5,2%	7,4%	71%
Mexico	64.747	1.724.101	759.171	3,8%	8,5%	44%
Suriname	160	4.719	2.765	3,4%	5,8%	59%
Paraguay	732	43.036	19.772	1,7%	3,7%	46%
Peru	4.934	294.448	134.856	1,7%	3,7%	46%
Costa Rica	459	96.789	46.869	0,5%	1,0%	48%
Bahamas (1)	63	14.698	9.458	0,4%	0,7%	64%

Source: Own elaboration based on figures published by the central banks of each country.
* Estimated GDP; figures may vary as countries update their estimates.
** Broad Money refers to money in the broad sense; includes M2 plus foreign currency deposits.
(1) Remittance data for the Bahamas corresponds to 2023.

3.3. CASE STUDIES

Based on the figures reflecting the percentage of remittances in GDP and in the liquidity of the economy (the latter measured as the ratio of broad money to GDP), the five LAC countries with percentages exceeding 10 percent in either of the two parameters have been selected: Honduras, El Salvador, Haiti, Jamaica, and the Dominican Republic (hereinafter referred to as the target group). This selection aims to conduct a descriptive analysis of the behavior of key economic variables and their relationship with remittance flows, also incorporating, for comparative purposes when relevant, the case of the Central American country with the lowest remittance participation in its economy, namely Costa Rica (hereinafter referred to as the reference country).

The analysis covers the 2000–2023 period, exploring the behavior of variables from the real sector (growth and the share of remittances in household consumption), the financial sector (financial deepening, liquidity, and credit), and the external sector (current account of the balance of payments), using data published by the World Bank in the World Development Indicators database.[12] In this context, the graphs presented below are the result of original elaboration, based on the aforementioned World Bank database.

Finally, due to the similarity in the behavior of variables within the target group, a cross-sectional analysis has been chosen, highlighting the particularities of each country where applicable.

12 Available at: https://databank.worldbank.org/source/world-development-indicators#

1) GENERAL VIEW

The countries in the target group share the characteristic of maintaining a growing trend in the volume of annual remittances received during the analyzed period, with certain accelerations at two points: at the beginning of the millennium in the cases of El Salvador, Honduras, and Jamaica, due to the migratory growth of those years; and in the years following the COVID-19 pandemic for all five countries,[13], consistent with trends observed across the region and with the hypothesis that the “altruistic” effect[14] was a determining factor for remittance sending in the post-pandemic period. From the early 2000s until the end of the second decade, growth reversed in all cases during the 2008–2009 global financial crisis, but from 2010 onward, the upward trend resumed in line with the international economic recovery.

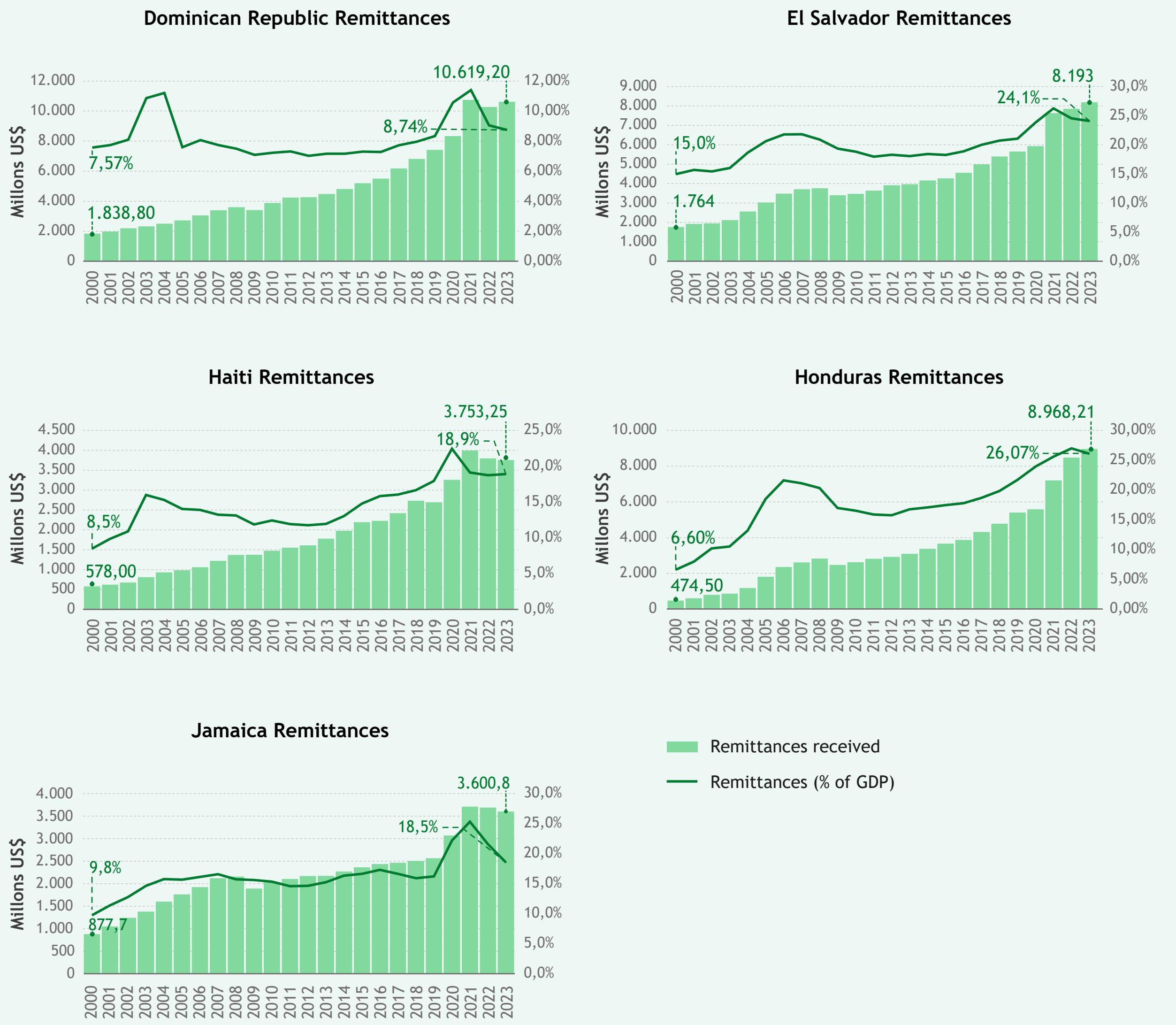
Regarding the share of remittances in GDP, a significant increase is observed at the beginning of the 2000s, driven by both a general rise in the volume of remittances received and a slowdown in GDP growth in the cases of Haiti and the Dominican Republic. The increase in this indicator during the pandemic period also stands out across the target group, due to both the contraction in GDP and the rise in remittance volumes. A similar pattern is observed during the years of the global financial crisis: a decline in the percentage of remittances relative to GDP, followed by a subsequent recovery of the variable.

13 It should be noted that the behavior of the variables for Costa Rica is not included, as this country is presented in this chapter as a proxy for a counterfactual analysis.

14 Recall that the “altruistic” factor would explain why emigrants tend to send more remittances during times of crisis in their countries of origin, driven by concern for the well-being of their families in such conditions.

Jeffrey Isaac Greenberg / Alamy Stock Photo.

FIGURE 2. REMITTANCE AMOUNTS AND REMITTANCES AS A PERCENTAGE OF GDP (FIGURES IN MILLIONS OF USD)

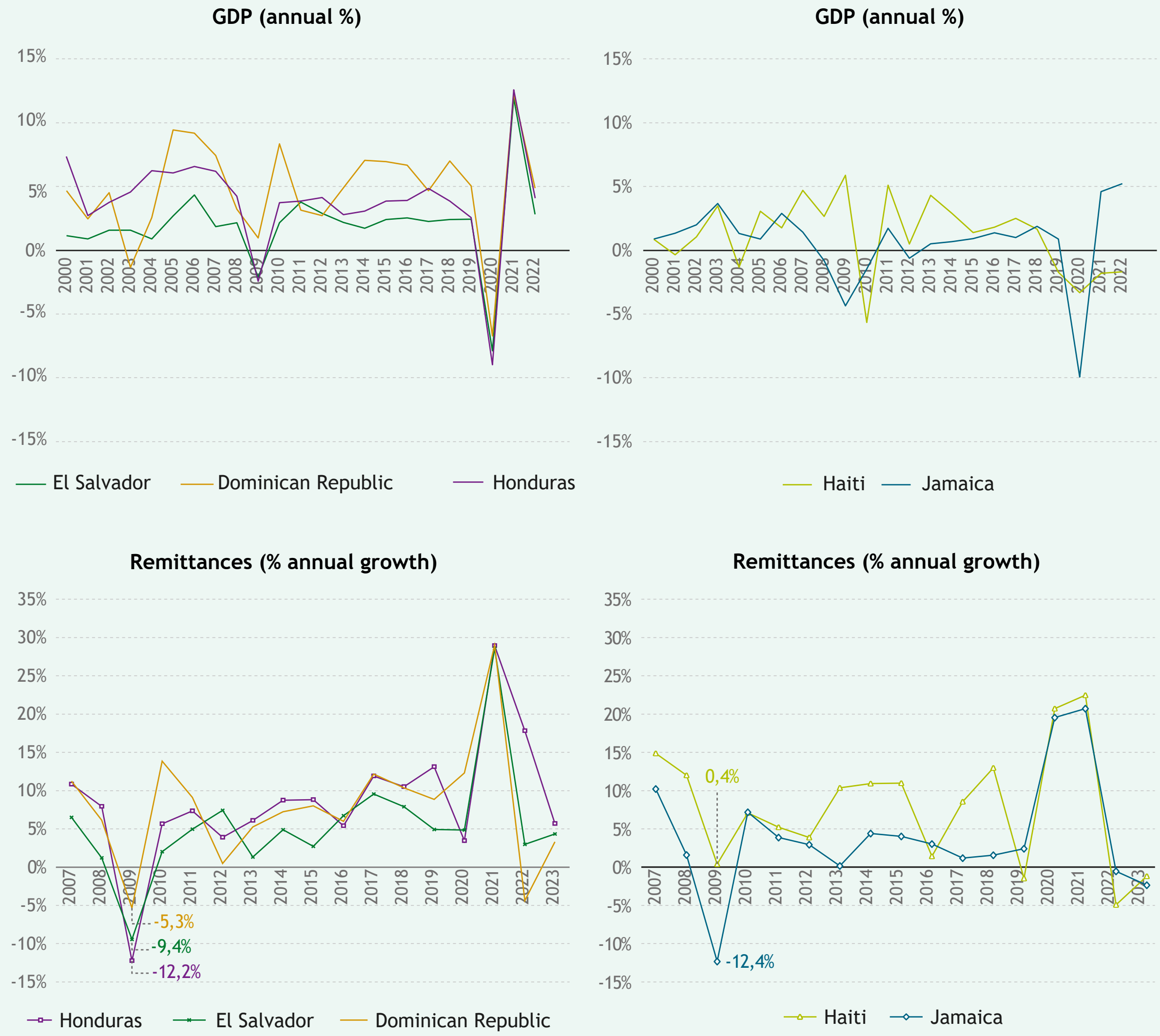


Source: Own elaboration based on data from the World Development Indicators - World Bank. Available at: https://databank.worldbank.org/source/world-development-indicators#

Given this behavior over time, remittance flows appeared to be procyclical during the years of the global financial crisis and countercyclical during the COVID-19 pandemic. However, the relationship between economic growth and remittance flows in each of the target group countries is not entirely clear. Although studies cited in the literature review section indicate a possible countercyclical effect, even during the 2008-2009 crisis, these studies incorporate control variables to isolate the effect of remittances on growth and reach general conclusions rather than country-specific ones for the region.

As will be seen later, an initial exploratory analysis does not reveal a clear direct correlation between growth and remittances for each country in the target group. This does not rule out the existence of potential positive impacts of remittance inflows in each target country but instead underscores the need for monetary authorities and financial regulatory and supervisory bodies to conduct more in-depth exploratory analyses on this topic. Such analyses become even more necessary given that remittance behavior does show some volatility in response to external shocks, as seen during the 2008-2009 global financial crisis, its rebound in 2012, and the initial months of the COVID-19 pandemic.

FIGURE 3. ANNUAL GROWTH OF GDP AND REMITTANCES



Source: Own elaboration based on data from the World Development Indicators - World Bank, https://databank.worldbank.org/source/world-development-indicators#

2) REAL SECTOR

Regarding the real sector, we will examine the behavior of remittances in relation to GDP growth and household final consumption (HFC).[15] For this purpose, an analysis of the coefficient of determination (R^2) will be applied to visualize the percentage of change in the dependent variable that could be explained by a change in the independent variable.

As is well-known, the R^2 coefficient does not establish causal relationships and should be interpreted in conjunction with theoretical, technical, and behavioral considerations of other variables. However, it can serve as an initial explanatory approximation between variables, especially when the analysis is performed comparatively.[16]

In the graphs presented below, the relative importance of remittances in relation to HFC can initially be observed for both the target group and the reference country.

15 In the case of Jamaica, HFC information in the consulted database is available only up to 2019.

16 According to World Bank data, the average ratio of household final consumption (HFC) as a percentage of GDP for the analysis period exceeds 90 percent for Honduras and Haiti, followed by El Salvador at 85 percent, Jamaica at 80 percent, and the Dominican Republic at 71 percent. It is worth mentioning that in developed countries, such as those in the G8, this indicator's average was estimated at 56 percent in 2023, due to a higher share of other GDP components. The reference country, Costa Rica, recorded an average of 66 percent.

FIGURE 4. RELATIONSHIP BETWEEN REMITTANCES AND HOUSEHOLD EXPENDITURES (%)

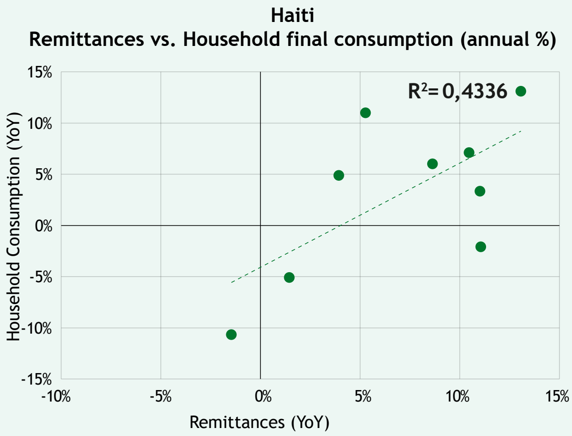
Source: Own elaboration based on data from the World Development Indicators - World Bank, https://databank.worldbank.org/source/world-development-indicators#

The country with the highest relative importance of remittances in relation to HFC is El Salvador, with an average of 23 percent for the analyzed period, followed by Jamaica at 19 percent,[17] Honduras at 18 percent, Haiti at 15 percent, and the Dominican Republic at 11 percent. The behavior of this indicator's series is consistent with that observed in the remittances-to-GDP ratio: significant growth at the beginning of the millennium, a decline and "stabilization" following the global financial crisis, and a renewed acceleration in the post-pandemic period. This trend aligns with the relatively high share of HFC in the GDP of the target group countries.

In this context, the R^2 coefficient was applied to the series "annual variation of remittances" versus "annual variation of HFC" to determine whether there is any explanatory relationship between the two variables. The results for the 2000–2023 period indicate no statistical evidence that changes in remittance flows explain changes in household final consumption, except in the case of Haiti, where an R^2 value of 0.4336 was obtained. This suggests a moderate explanatory effect and serves as a warning sign regarding the importance of remittances in final consumption for this specific country.

17 In the case of Jamaica, the consulted database provides HFC information only up to 2019.

FIGURE 5. REMITTANCE GROWTH VS. HOUSEHOLD FINAL CONSUMPTION GROWTH



Source: Own elaboration based on data from the World Development Indicators - World Bank, https://databank.worldbank.org/source/world-development-indicators#

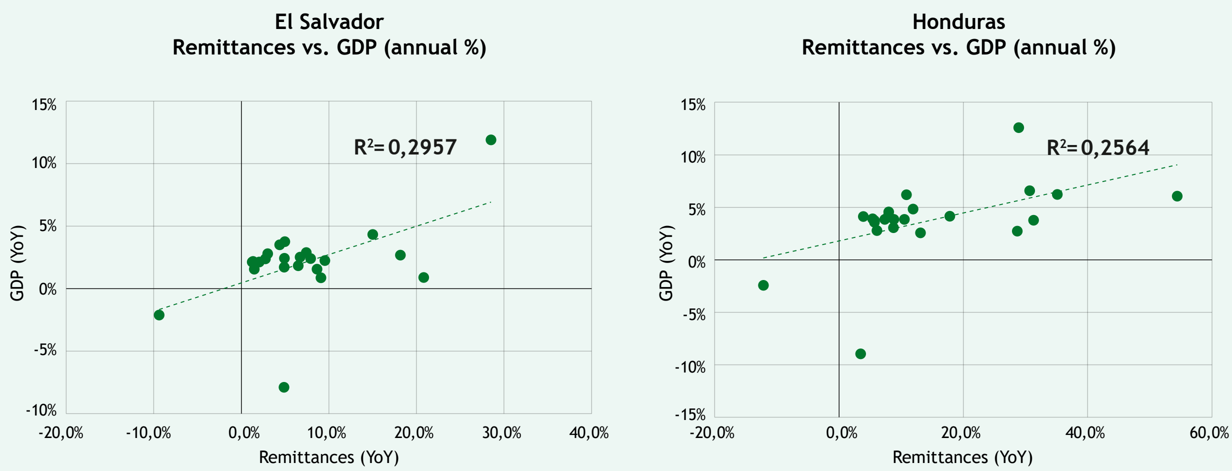
It is important to note that the results of this analysis are based on the behavior of an aggregate variable (HFC), which includes household spending without differentiating income sources. Therefore, the lack of a statistical correlation between remittance growth and HFC growth should not diminish the importance of remittances for the consumption of low-income households or for the economy more broadly.

In a separate exercise, an attempt was made to determine whether there is an explanatory relationship between the annual variation in remittances and the annual variation in GDP, as a preliminary step toward analyzing the impacts of remittance flows on economic growth. The countries whose historical series show a slightly moderate explanatory effect are El Salvador and Honduras, with R^2 values above 0.25. In the remaining countries, a positive impact of remittances on growth cannot be ruled out and may become evident through a more complex econometric analysis.[18]

18 Recall that in the study by Beaton et al. (2017), a fixed-effects panel data model with instrumental variables was employed, using historical series from 2003 to 2013. The study found statistically significant evidence of a positive effect of remittances on economic growth, specifically for the case of Central America, Panama, and the Dominican Republic.

Michael DeFreitas / Alamy Stock Photo.

FIGURE 6. REMITTANCE GROWTH VS. GDP GROWTH (%)



Source: Own elaboration based on data from the World Development Indicators - World Bank, https://databank.worldbank.org/source/world-development-indicators#

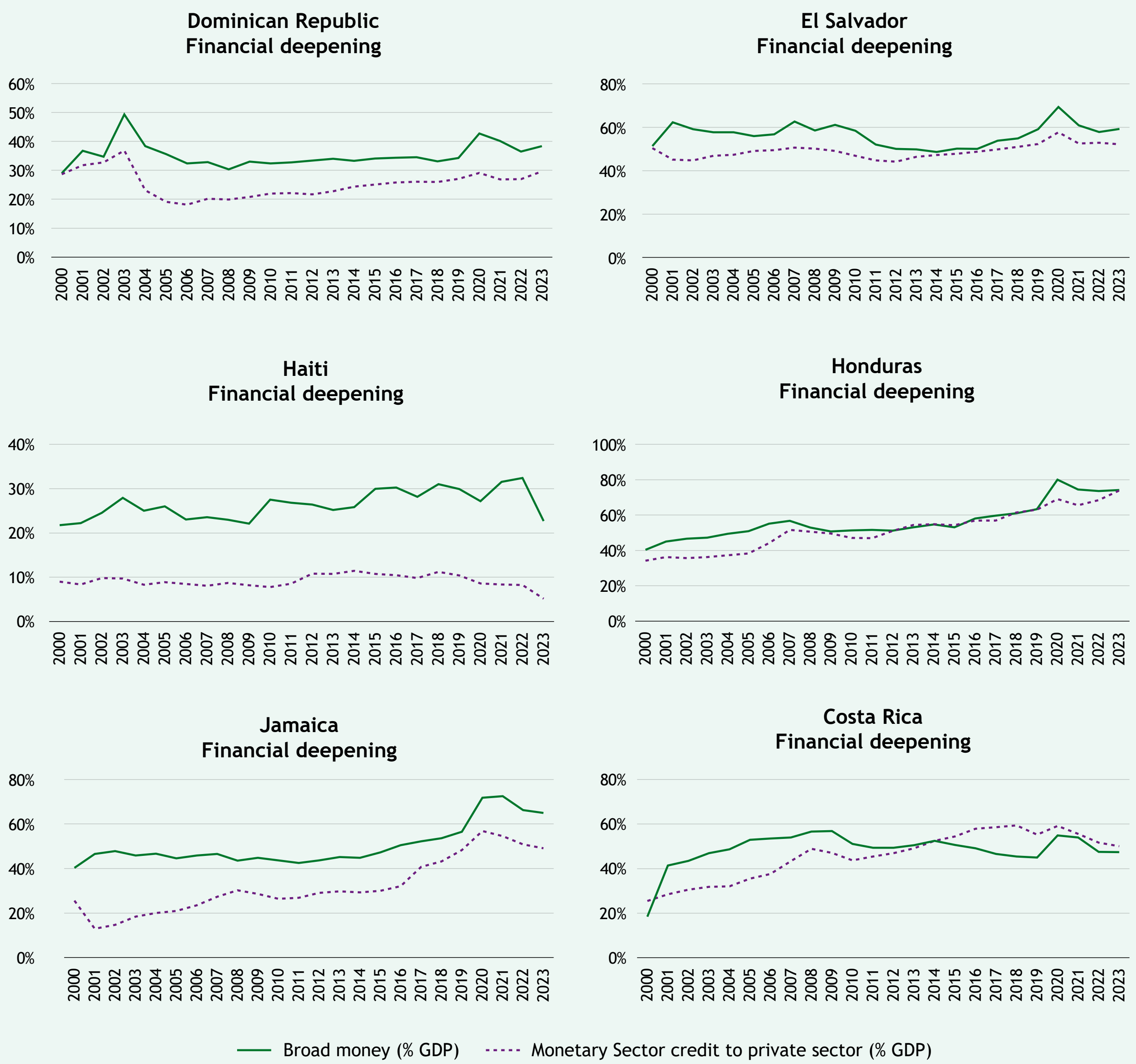
3) FINANCIAL SECTOR

- **Financial Deepening**

In the following charts, the historical behavior of financial deepening in the target group countries is shown, measured as the ratio of credit to the private sector and broad money (M2) relative to GDP. The country that has increased its financial deepening over time and records the highest indicator is Honduras, which in turn suggests significant potential for financial inclusion to positively impact its economy through improved access to savings and credit for the population incorporated into the system, including migrants.

El Salvador follows, having maintained a relatively stable trend in terms of credit and liquidity relative to GDP. Jamaica, on the other hand, shows growth in this indicator during the post-pandemic period. Conversely, Haiti appears as the country with the lowest degree of financial deepening, which poses a limitation on the ability of the financial system to channel resources, such as remittances, toward positive economic development outcomes.

FIGURE 7. FINANCIAL DEEPENING RATIOS (% OF GDP)



Source: Own elaboration based on data from the World Development Indicators - World Bank. Available at: https://databank.worldbank.org/source/world-development-indicators#

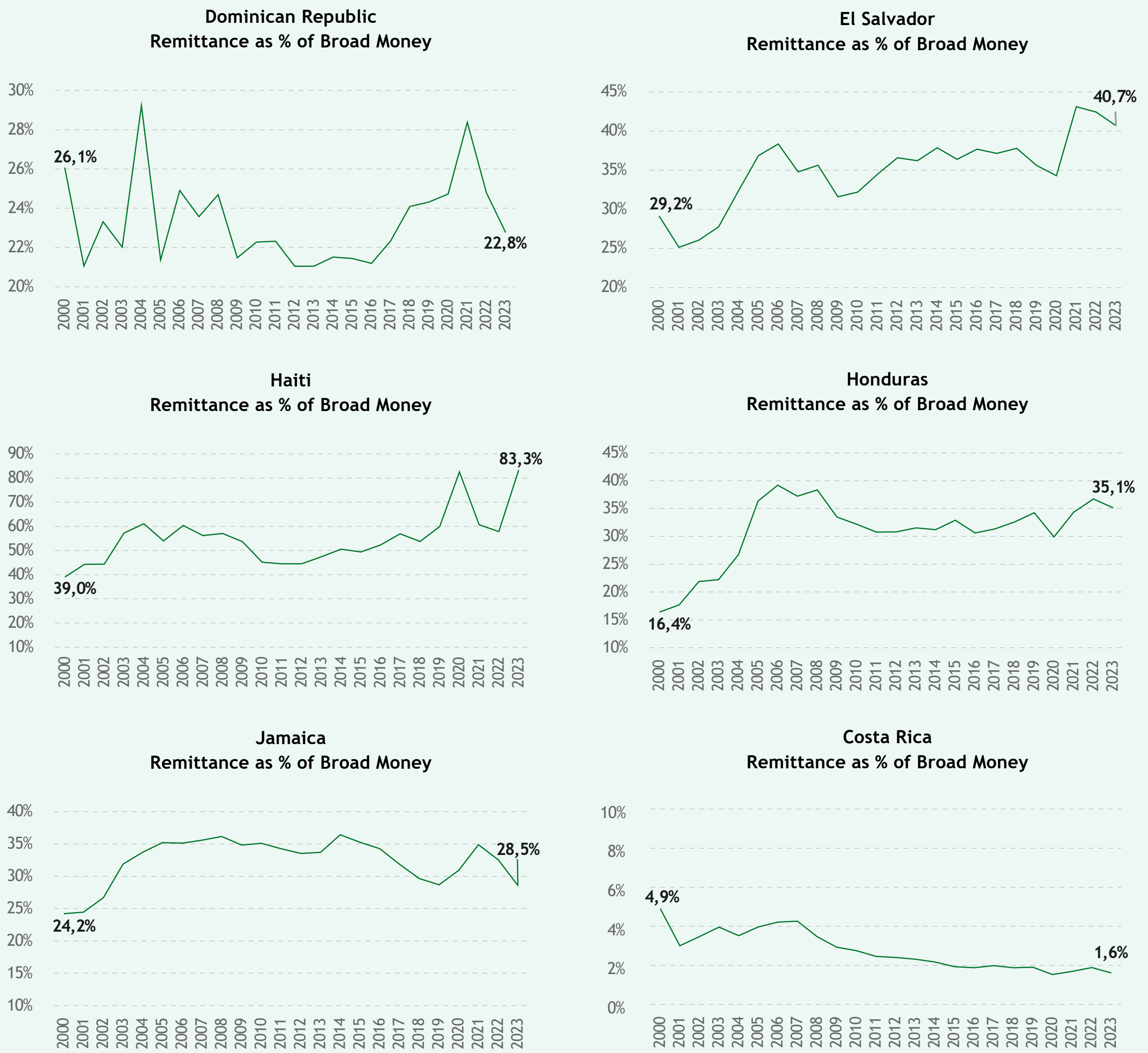
- **Share of remittances in the liquidity of the economy**

The growing flow of remittances to the region has made them an important component of liquidity in the economies of the target group. Countries such as El Salvador and Honduras have nearly doubled the ratio of remittances to M2 in recent decades, while Jamaica and the Dominican Republic have shown a more stable trend in this variable, though it remains no less significant.

In the case of El Salvador, although remittances rose from 29 percent of M2 at the beginning of the millennium to 40 percent in 2023, there was no corresponding growth in financial deepening, which remained around 60 percent in the same period. These figures suggest that remittances have not driven an increase in deposits in this country and therefore have not played an important role in the financial inclusion processes.

A special mention is warranted for Haiti, where the disconnect between remittance growth and financial deepening is more pronounced, as is the vulnerability of the country's financial liquidity to sudden changes in foreign currency inflows from emigrants.

FIGURE 8. REMITTANCES AS A % OF BROAD MONEY



Source: Own elaboration based on data from the World Development Indicators - World Bank. Available at: https://databank.worldbank.org/source/world-development-indicators#

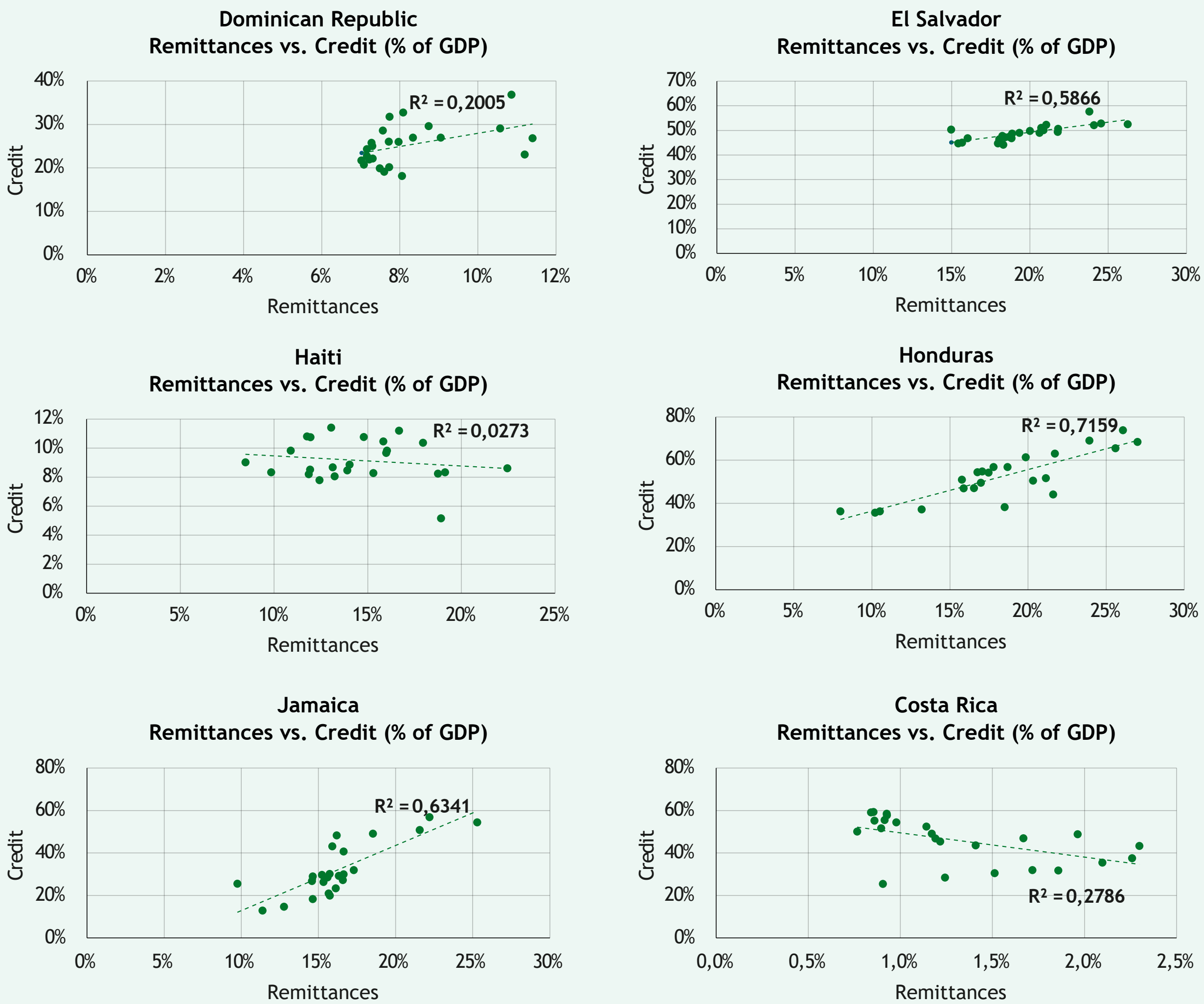
Florian Kopp / Alamy Stock Photo.

It is also worth noting that despite the importance of remittances in the liquidity in the target group economies (compared, for example, with the behavior observed in the reference country, where the remittances-to-M2 ratio does not exceed two percent), there is no evidence that monetary and financial regulatory institutions in these countries have conducted risk, sensitivity, or systemic impact studies related to a rapid and sustained decline in remittance inflows.

- **Relationship Between Remittances and Private Sector Credit**

To analyze the potential impact of remittance flows on credit, the coefficient of determination (R^2) was calculated using the historical series of remittances as a percentage of GDP and private sector credit as a percentage of GDP. The results are shown in the following graphs:

FIGURE 9. REMITTANCES VS. CREDIT (% GDP)



Source: Own elaboration based on data from the World Development Indicators - World Bank, https://databank.worldbank.org/source/world-development-indicators#

According to the values of the coefficient of determination, remittances moderately explain the behavior of credit in the case of El Salvador, and significantly so in the cases of Honduras and Jamaica. The results for the latter two countries are consistent with their degree of financial deepening and the role of remittances in the liquidity of their economies. Therefore, it is considered pertinent to further analyze these relationships using more complex econometric models to establish whether there is causality – that is, whether the relatively high R^2 values are due to remittances actually driving credit growth, or whether financial deepening is the factor causing remittances and credit to move in the same direction even if they are independent. In the case of El Salvador, it cannot be ruled out that remittances partly explain credit behavior, but further analysis is required given the low level of financial deepening in its economy.

4) EXTERNAL SECTOR

• Remittances and the Current Account Balance

Regarding the external sector, the data clearly shows that countries within the target group rely heavily on remittance inflows to mitigate external imbalances, as these transfers help offset current account deficits. The following charts illustrate the hypothetical historical trajectory of current account deficits if, ceteris paribus, there had been no remittance inflows to the target group countries. While remittances have played a stabilizing role in this context, they have also increased the external sector's sensitivity to shocks related to migration patterns or fluctuations in remittance inflows.

FIGURE 10. CURRENT ACCOUNT AND REMITTANCES (MILLIONS USD)

Source: Own elaboration based on data from the World Development Indicators - World Bank, https://databank.worldbank.org/source/world-development-indicators#

3.4. IN SUMMARY

The specialized literature widely recognizes the important role of remittances in the economic development of Latin America and the Caribbean. Various studies, based on historical data for key macroeconomic variables, provide evidence of the positive effects of remittance inflows on the region's economy, especially in Central America and the Caribbean.

Several investigations agree that remittance funds are primarily used for spending on consumer goods, followed by health and education, with a low proportion devoted to savings or investment. Nonetheless, this expenditure has had positive effects on GDP, particularly in Central America and the Dominican Republic, where academic research shows that remittances not only compensate for the loss of migrant labor but also generate a net positive effect on economic growth.

In the same vein, remittances in LAC have shown resilience during crisis periods such as the COVID-19 pandemic or the 2008 financial crisis. This resilience is explained by the altruistic motivations of migrants toward their families in their countries of origin. For this reason, remittances are considered a relatively stable income stream for recipient households, helping to mitigate the negative effects of shocks on an economy's aggregate demand.

Regarding the relationship between remittances and financial development, this topic has been less explored but remains of academic interest. Financially, the effect of remittances is more complex to evaluate and quantify; their contribution to the development of the financial system conceptually depends on factors such as trust in institutions, the degree of banking penetration, transfer costs, and overall financial inclusion – all elements that remain weak in much of the region despite being identified long ago.

Rafael Rodriguez / Alamy Stock Photo.

In terms of financial stability, the literature provides evidence that higher remittance inflows are associated with lower non-performing loan (NPL) rates in banking systems, and their relative stability compared to other external flows, such as foreign direct investment, positions remittances as a mitigating factor against GDP volatility. However, when remittance inflows become a significant part of the economy, they can weaken traditional monetary policy tools and create an environment of false economic security, increasing the risk that economies may enter recessions if there is a sudden drop in these external income flows due to a lack of preventive economic policies. For this reason, the growing dependence on remittances should be a strong incentive for monetary authorities and financial regulators to develop contingency frameworks to address potential disruptions, considering the high exposure of Latin American and Caribbean countries to external shocks in host countries, as demonstrated during the 2008 financial crisis and the early months of the COVID-19 pandemic.

On the other hand, it should not be overlooked that remittances originate from migration, which is often driven by poverty and marginalization. This means that disruptions in remittance flows would also have severe repercussions on vulnerable sectors of the population. The figures show that in some recipient countries of migrant labor income, poverty levels remain relatively high.

The behavior of key variables in the LAC region, specifically in countries with the highest remittance shares in their economies (El Salvador, Honduras, Haiti, Jamaica, and the Dominican Republic), is largely consistent with findings reported in the literature on the subject. The data demonstrate the resilient behavior of remittances during the COVID-19 pandemic; highlight the significant role of remittances in final household consumption, particularly in Haiti; show that in countries with the highest remittances-to-GDP ratio, namely Honduras and El Salvador, remittance growth explains approximately 25 percent of GDP growth; reveal that remittances significantly explain private credit behavior in Honduras and Jamaica (countries that also exhibit the highest level of financial deepening within the target group, although Honduras also has the highest poverty index among its peers), and moderately so in El Salvador (the country with the greatest remittance share in economic liquidity); and finally, they underscore the stabilizing role that remittance inflows play in the current account of the balance of payments.

Despite these initial approximations of remittance effects on economic variables in specific LAC countries, which show the importance of remittances for growth, credit, and external sustainability, AFI members who responded to the survey conducted for this document agreed that impact and sensitivity analyses of remittance flows are still lacking in their respective countries. Conducting such analyses is crucial to robustly identify the effects of remittances on the overall economy and the financial sector in particular. This, in turn, would provide the necessary inputs to design and implement policies that both enhance the positive effects while preventing risks arising from adverse shocks to remittance inflows.

TABLE 2. POVERTY INDICATORS IN THE COUNTRIES OF FILAC MEMBER INSTITUTIONS

Country	Poverty index (1)	GDP per capita - USD (2)	Remittances % GPD (3)
Honduras	51,9%	3.232	27,0%
El Salvador	24,8%	5.391	24,0%
Haiti	n/d	1.706	17,3%
Jamaica*	13,9%	6.840	18,0%
Dominican Republic**	21,3%	10.718	8,8%
Ecuador	29,6%	6.610	5,2%
Mexico	20,8%	13.790	3,8%
Suriname**	17,5%	5.494	3,4%
Paraguay	17,6%	6.276	1,7%
Peru	34,2%	7.907	1,7%
Costa Rica	12,7%	16.942	0,5%
Bahamas	n/d	35.897	0,4%

Source: Data World Bank - 2023
(1) Percentage of individuals with incomes below USD6.85 per day.
(2) Source: DataMIG, IDB - 2023
(3) Own estimates based on central bank data, as of December 2024
* Poverty Indicator data corresponds to 2021
** Poverty Indicator data corresponds to 2022

SECTION 4

CHANGING MIGRATION POLICIES AT THE INTERNATIONAL LEVEL

Between 2020 and 2025, several countries in the LAC region experienced significant impacts due to changes in international migration policies. Given the high dependence on remittance flows, any modification in immigration laws, such as the termination of Temporary Protected Status (TPS), a tightening in deportation policies, and the revocation of humanitarian permits, has direct economic and institutional consequences (AFI, 2024). This section includes the main national responses and the observed effects of these changes, based on regulations, remittance trends, and other key factors.

4.1. EFFECT OF MIGRATION POLICIES IN COUNTRIES OF FILAC MEMBER INSTITUTIONS (2020-2025)

Remittances in US dollars sent by migrants are a source of income for many countries, accounting for a significant percentage of GDP. The tightening of migration policies at the beginning of 2025 has already begun to show tangible consequences.

As shown in Table 3, these policies have had varying impacts in LAC countries, which has led to the creation or strengthening of specific regulations to promote the integrity of transfers, the development of more robust frameworks to facilitate the reintegration of returned migrants, the diversification of channels (mainly digital platforms), and the establishment of social support mechanisms.

Jim West / Alamy Stock Photo

In the context of growing migratory pressure and mass deportations, receiving countries such as Costa Rica and Panama have also begun to adapt their policies to face the operational, legal, and humanitarian challenges associated with these flows. These changes reflect a dynamic regional response to the extraterritorial consequences of migration policies.

TABLE 3. EFFECTS OF MIGRATION POLICIES IN THE COUNTRIES OF FILAC MEMBER INSTITUTIONS

Country/ Regulator	Relevant Standard/ Regulation	Remittances (2020-2024 data)	Impact of US Migration Policies
El Salvador (BCR)	Financial Inclusion Law (2015), Electronic Money Provider Companies (SPDE), supervised by the Superintendence of the Financial System[19]	2022: ~USD7.74 million[20] 2024 record: USD8,479.7 million (~25% GDP)	Mass deportations, imposing burdens on the local prison system, reducing protections for Salvadoran migrants in the US[21]
Honduras (CNBS)	Regulation for Services Offered by Electronic Payment Service Providers (EPSPE), Law for the Protection of Honduran Migrants and their Families (Decree No. 106-2013)[22]	2022: ~USD8.49 million (growth +26.8%) ~28% of GDP	The United States was the origin of ~90% of Honduran remittances. The end of TPS (July 2024). Worries about a possible future decline in shipments. Increase in deportations, restrictions on asylum, and protection programs (Temporary Protection Program)
Costa Rica (SUGEF)	SUGEF regulates entities operating financial institutions remittances (banks, cooperatives), with a strong emphasis on AML compliance and fast interbank mobility.	2023: USD662.1 million (approx.) in remittances received (estimated projection) <2% GDP.	Adapting internal policies to handle the increase in deportations and migrants in transit affects Costa Rica by increasing its role as a recipient and manager of deported migrants, generating legal, operational, and humanitarian challenges
Jamaica (BOJ)	The BOJ tenders and supervises the "changes" in remittances and requires AML/CFT compliance and the adoption of a modern payments infrastructure [23]	2022: USD3.556 million (approx.) (peak 2021, slight decrease in 2023) ~21% GDP	Increased deportations and restrictions on asylum, which have created challenges for returns management and influenced the orientation of Jamaican migration policies towards greater international cooperation and irregular migration control
Haiti (BRH)	The BRH does not require remit-tance machine transfers to be processed through commercial banks due to high informality and actively promotes digital remit-tances (e.g. via telecable)	2022: USD3.951 million (almost 20% of GDP), sales resisted multiple crises.	Revocation of Temporary Protected Status (TPS) and humanitarian parole, pressure on Haitian immigration policies, increase in mass deportations
Bahamas (CB Bahamas)	Flexible remittance regulation due to their importance, with oversight of foreign exchange flows	2023: ~USD62.7 million (↑8.3% vs 2022). <0.5% GDP (BOP data)	Pressure on the Bahamas to accept migrants deported from the United States, but the Bahamian government has rejected this proposal due to the lack of resources and capacity
Suriname (Centrale Bank)	Suriname's central bank supervises banks and remittance offices, though it lacks clear AML/ CFT oversight Measures in place include customer verification, transaction monitoring, SAR, and enhanced due diligence for international transactions	2022 (Q1): USD308 million (↑36%in one year). around 8% GDP	Suspension and limitation of temporary protection programs (TPS). Suriname faces challenges in managing the return and reintegration of deportees, which involves efforts in social services, employment, and security

19 Available at: https://www.fundacionmicrofinanzasbbva.org/revistaprogreso/pasos-hacia-la-inclusion-financiera-en-el-salvador/

20 Available at: https://blogs.iadb.org/migracion/es/remesas-hacia-america-latina-y-el-caribe-en-2022-el-crecimiento-llego-a-su-techo/#:~:text=El%20Salvador%20

21 Available at: https://www.bbc.com/mundo/articles/cm2j9z8d6mlo

22 National Emergency Strategy for the Protection of Honduran Migrants

23 Available at: https://www.cfatf-gafic.org/es/documentos/4%C2%AA-ronda-de-informes-de-seguimiento/jamaica-5/14969-jamaica-3%C2%BA-informe-de-seguimiento-intensificado-recalificaci%C3%B3n-de-cumplimiento-t%C3%A9cnico/file

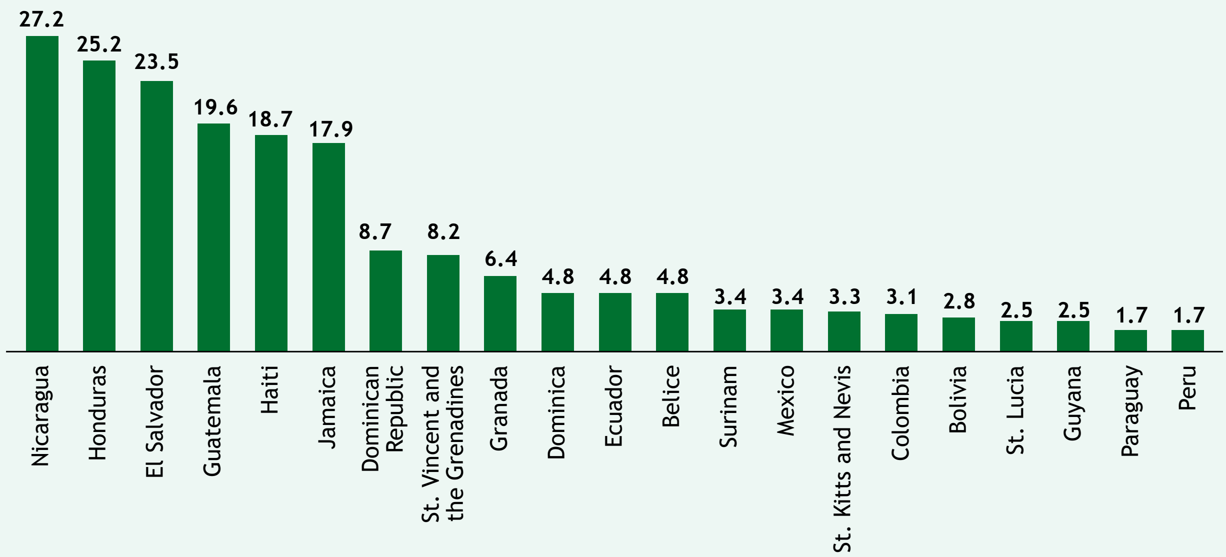
Country/ Regulator	Relevant Standard/ Regulation	Remittances (2020-2024 data)	Impact of US Migration Policies
Dominican Republic (SB)	The SB and BCRD ensure transparency in remittance commissions, supervise electronic transfers, and regulate formal remittance exchange rates between Dominican pesos and US dollars	2022: USD10.278 million (↑9.1%). 2025 Q1: USD2.962.8 million (↑12.4% YoY) ~10,0% GDP	Deportations and stricter migration have impacted remittance flows, which represent about 8.7% of the Dominican Republic's GDP The tightening of deportation measures in the US also affects Haitian migration to the Dominican Republic, with more than 250,000 Haitians deported from the country in 2023
Mexico (CNBV/ Banxico)	Banxico regulates international bank-to-bank remittance transfers, while the CNBV oversees remittance machines (e.g. requires transparency in rates). The FinTech Law and new rules facilitate innovation in payment systems	2022: USD61.120 million (↑12.9%), ~3.0% of GDP, second largest remittance recipient	Over 95,0% of shipments come from the US Executive orders have had a temporary impact (e.g. a 10,8% decline in Jan. 2025) While legal Mexican migrants number remain, anti-immigrant actions generates uncertainty
Ecuador (SEPS)	The SEPS regulates savings cooperatives that offer currency exchanges.The central bank supports projects aimed at financial inclusion for migrants	2022: USD4.748 million (↑4.1%), ~5% of GDP	The Ecuadorian government has announced the creation of "packages" to receive returnees, although it has not yet issued a clear official position on mass deportation plans[24] Ecuador faces the need to strengthen its policies and programs for the reintegration of deportees, including economic, legal, and social assistance
Peru (SBS)	The SBS supervises banks, non-bank financial institutions such as Financieras and Cajas Municipales de Ahorro y Crédito, and specifically, Empresas de Transferencia de Fondos (ETF) The Anti-Money Laundering Law requires the identification of remitters Users of social programs receive conditional transfers as defined in each social program,[25] it is worth noting that some recipients of conditional transfers may also receive remittances	2022: USD3.708 million (↑1.5%), ~1.5% of GDP	Peru faces challenges in managing the return and reintegration of deportees, including social, labor, and security needs
Paraguay (BCP)	The BCP requires identification for currency exchange at exchange houses. Progress has been made in digital payments (SWIFT) with AR Participation from informal rural cooperatives remains limited	2022: ~USD490 million. 2023: grew +20.3% (c. USD740 million estimate),1.2% of GDP.	Increased deportations (Operation Aurora), intensified raids, restriction on applying for asylum making it harder for Paraguayan migrants to obtain legal protection in the US USA

24 Available at: https://www.primicias.ec/sociedad/repatriaciones-deportaciones-masivas-migrantes-ecuatorianos-estados-unidos-88473/

25 Available at: https://www.swissinfo.ch/spa/per%c3%ba-acuerda-con-eeuu-un-procedimiento-para-el-%22retorno-r%c3%a1pido%22-de-nacionales-deportados/89146206

Source: Author's elaboration based on interviews with AFI members, central banks, and financial regulators (AFI member interviews, various countries, 2024). Remittance data: Central banks of each country and World Bank (2023).

FIGURE 11. REMITTANCES AS A PERCENTAGE OF GDP IN LATIN AMERICAN AND CARIBBEAN COUNTRIES, 2024 (%)



Note: Some island countries were not included in the figure.
Source: BBVA Research based on data from the World Bank, 2022.

Figure 11 shows that in many Central American and Caribbean countries, a significant proportion of remittances come from the United States. In Honduras, Belize, El Salvador, and Guatemala, between 82 percent and 91 percent of total remittances received originate from that country.[26]

The high concentration exposes recipient economies to the risk of abrupt changes in US migration policy.

According to analysis in the BBVA Research Mexico report,[27]the imposition of a tax on remittances contradicts international commitments, including the 10th Sustainable Development Goal (SDG), which focuses on reducing inequalities between and within countries, as it makes transfers more expensive and reduces their positive effect on recipient economies. In addition, it is a regressive measure, as it disproportionately impacts migrants in vulnerable situations, especially those with lower incomes or without documentation, who have fewer alternatives to avoid this charge.

In conclusion, recent changes in international migration policies have had direct repercussions on the economies of LAC countries. Vulnerability to unilateral migration measures reinforces the need to strengthen regional cooperation and consolidate financial inclusion strategies for migrants and returnees. It is also essential to integrate these risks into financial stability frameworks and develop institutional mechanisms for a coordinated response to mitigate the impact of future migratory shocks.

26 Available at: https://www.bbvaresearch.com/publicaciones/mexico-un-impuesto-a-las-remesas-seria-injusto-regresivo-y-con-impactos-limitados/

27 A tax on remittances would be unfair, regressive, and contrary to international commitments, but would have limited effects and would not significantly affect the balance of payments, prepared by Juan José Li Ng and Carlos Serrano (19 May 2025).

SECTION 5

REGIONAL OVERVIEW ON MIGRATION, REMITTANCES, AND FINANCIAL INCLUSION

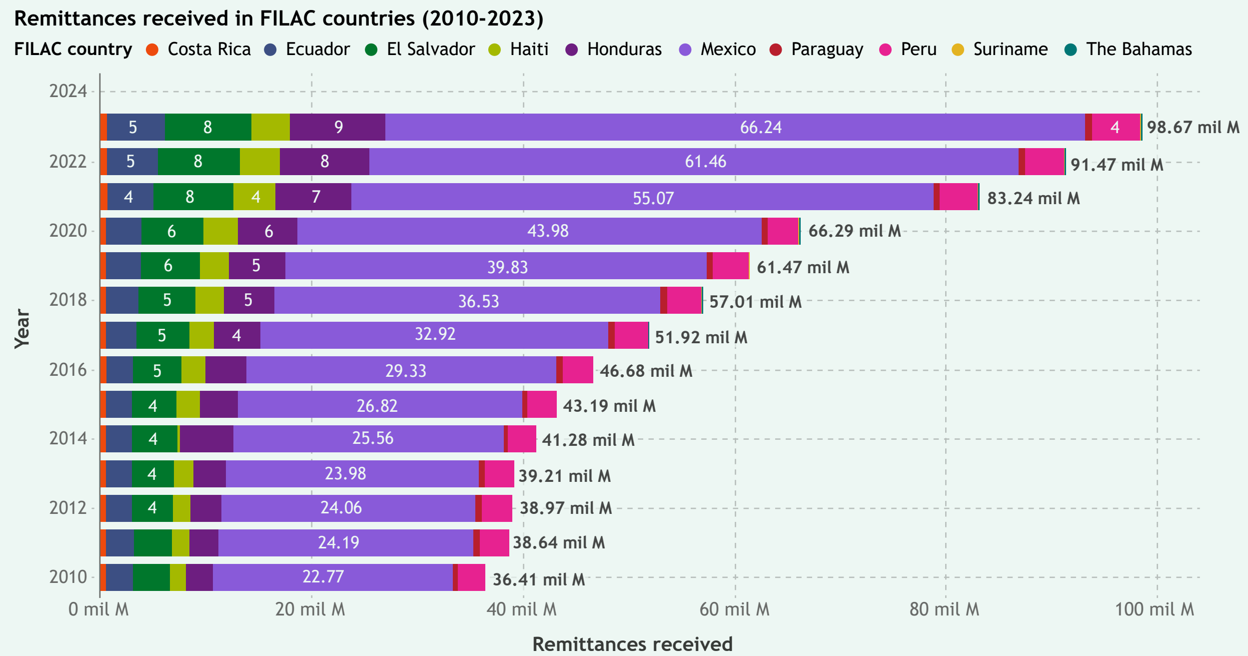
The LAC region faces a dynamic migratory landscape, characterized by increasing intraregional flows, a high dependence on remittances in several countries, and uneven levels of financial inclusion. Currently, the region is home to over 43 million migrants, representing 15 percent of the global total, according to data from the International Organization for Migration (IOM, 2023). This mobility has been driven by economic, political, humanitarian, and security factors, shaping a diverse reality that calls for differentiated public policy approaches.[28]

The economic role of migrants is undeniable - they contribute to economic growth, stimulate labor markets, and enhance the social fabric of host countries (ECLAC, 2019; Martínez & Cano, 2022).[29] In particular, remittances represent a vital source of income for countries such as Mexico, El Salvador, Honduras, and Haiti. These transfers, mostly sent from the United States, have grown steadily, reaching USD156.8 billion in 2023 for the region (World Bank, 2024). Figure 12 shows the amount of remittances received by the countries of FILAC member institutions during the 2010-2024 period.

28 Available at: https://www.cidob.org/publicaciones/gobernanza-migraciones-sur-global-analisis-comparativo

29 Available at: https://repositorio.cepal.org/server/api/core/bitstreams/93d4c7e7-4186-487c-a57a-0efe774050f1/content

FIGURE 12. ANNUAL REMITTANCE INFLOWS FROM 2010-2023



Source: Author's elaboration with data from the World Bank, 2024.

The evolution of remittances is closely tied to both historical and recent migration patterns. In countries such as Mexico, El Salvador, Honduras, and Haiti, remittances have become a structural component of household income, shaped by decades of migration to North America and Europe.

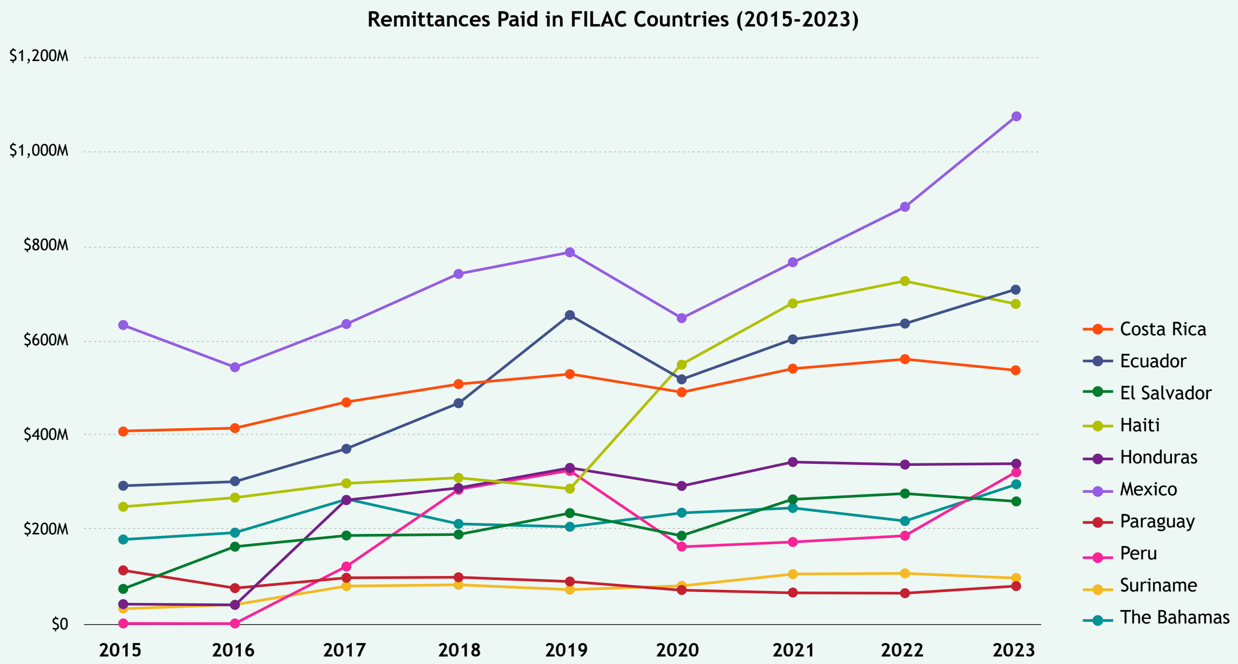
This growth has been supported by the expansion of digital channels, with FinTech companies and banking partnerships playing a key role, although progress varies across countries. Mexico and El Salvador lead in technology adoption, while Haiti and Suriname face greater infrastructure and access challenges.

Between 2015 and 2023, LAC countries have shown a significant increase in remittance outflows, with Mexico, Ecuador, Costa Rica, and Haiti among the main contributors (World Bank, 2024). Figure 13 illustrates this growth, with Mexico leading at over USD6.7 billion in accumulated outflows, followed by Ecuador, Costa Rica, and Haiti, which together account for the majority of flows. This accelerated increase, particularly since 2021, reflects a growing reliance on remittances as a household income source, driven by the post-pandemic economic recovery, increased migration, and greater adoption of digital money transfer channels.

Countries represented by FILAC member institutions account for a significant share of remittance inflows in the LAC region and are largely net recipients. Remittances play a critical socioeconomic role as a means of income support, especially in the contexts of poverty, exclusion, or institutional crisis. The challenge lies not only in facilitating these flows but in maximizing their positive impact, an effort that requires coordination across migration policies, financial inclusion strategies, and territorial development, all guided by a long-term vision that reflects the region's sociocultural diversity.

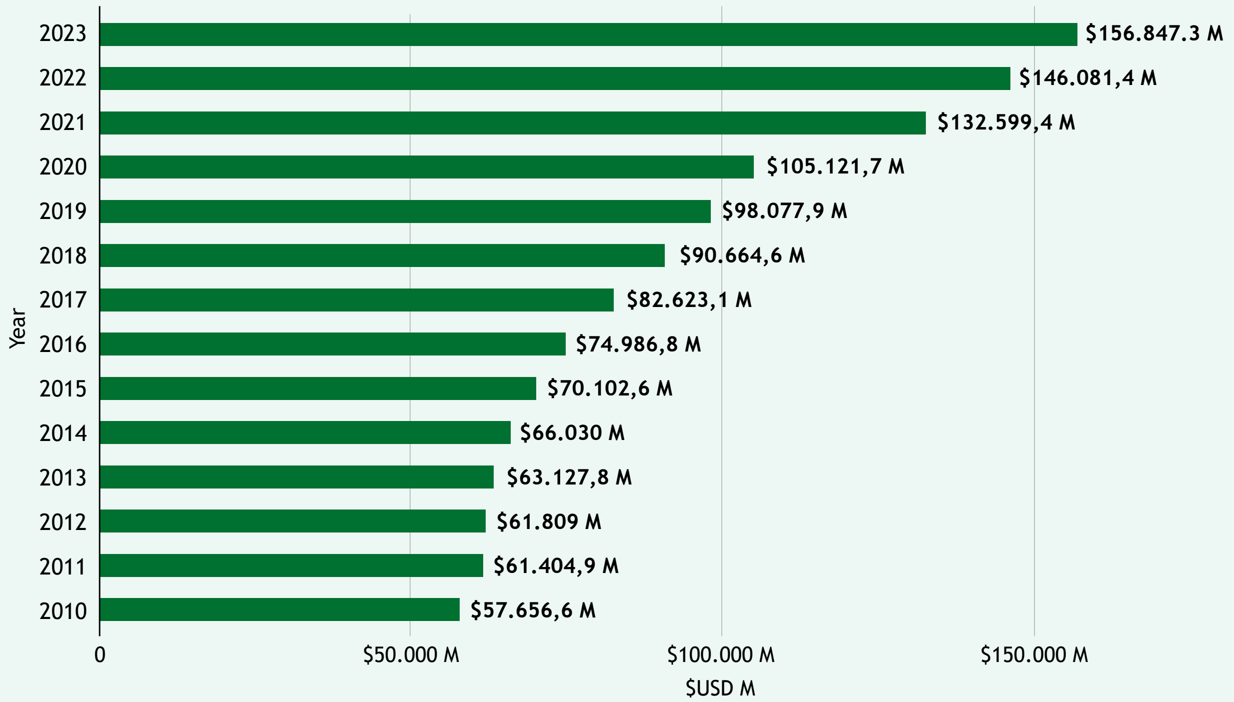
Growth intensified from 2020 onward in the context of the COVID-19 pandemic. Contrary to initial expectations of contraction, remittances rose significantly in 2021 and 2022. This trend can be attributed to the rapid recovery of employment in destination countries (primarily the United States), the resilience of migrants during the crisis, and the accelerated adoption of digital channels for sending money.

FIGURE 13. ANNUAL REMITTANCE OUTFLOWS IN THE COUNTRIES OF FILAC MEMBER INSTITUTIONS (2014-2023)



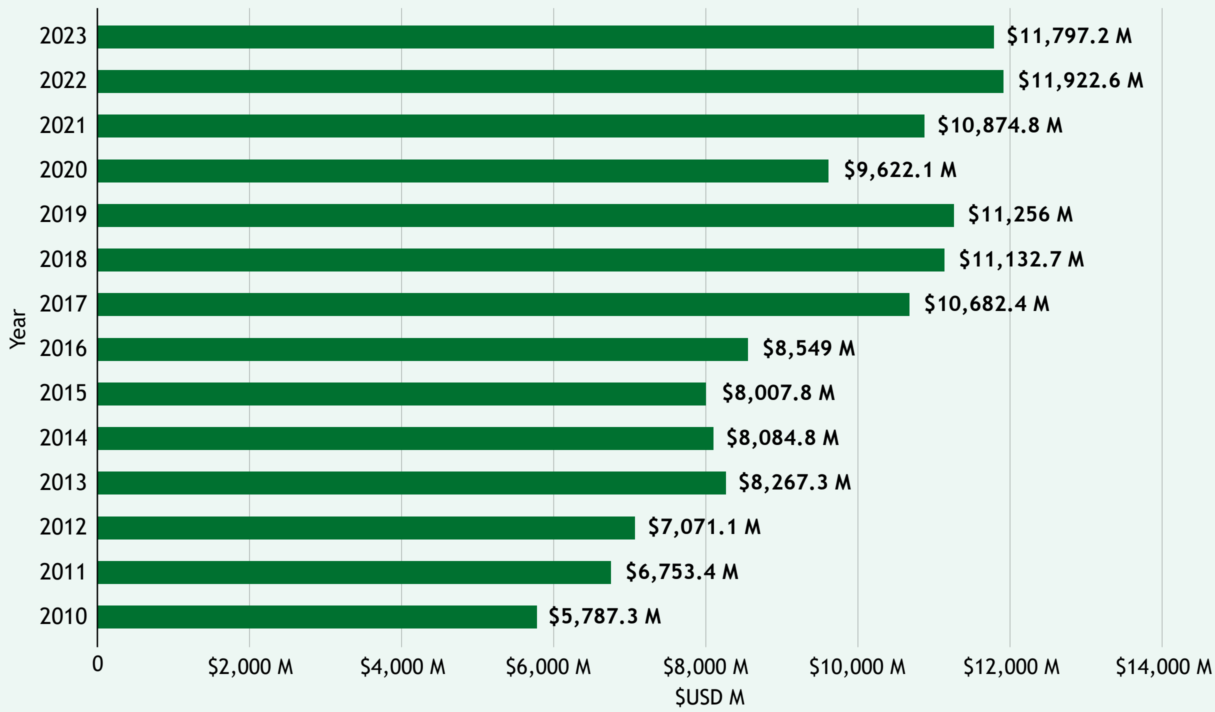
Source: Author's elaboration with data from the World Bank, 2024.

FIGURE 14. REMITTANCES RECEIVED IN LATIN AMERICA AND THE CARIBBEAN (2010-2023)



Source: Author's elaboration with data from the World Bank, 2024.

FIGURE 15. REMITTANCES PAID IN LATIN AMERICA AND THE CARIBBEAN (2010-2023)



Source: Author's elaboration with data from the World Bank, 2024

Between 2010 and 2023, the LAC region experienced sustained growth in personal remittance inflows, rising from USD57.6 billion in 2010 to USD156.8 billion in 2023, as shown in Figure 15 - an accumulated growth of 172 percent. In parallel, remittances sent from countries within the region also increased, though at a slower pace, growing from USD5.7 billion to USD11.8 billion over the same period.

For the LAC countries analyzed, total remittance inflows reached approximately USD442.2 billion between 2010 and 2023, representing around 33 percent of the total remittances received in the region during that time. This significant gap highlights the structural condition of these countries as net recipients of remittances, with strong economic dependence in several cases, particularly in Haiti, Honduras, and El Salvador.

Remittance flows to Latin America and the Caribbean are driven by the labor and income generated by millions of migrants in destination countries. As reflected in interviews conducted for this study, these resources are primarily used to cover the daily expenses of recipient households.

For analytical purposes, a comparison of eleven LAC countries is presented below, using the most relevant indicators of financial inclusion, remittances, migration flows, and domestic credit (Table 4), along with a ranking of the region's main remittance-receiving countries (Table 5).

TABLE 4. RELEVANT REGIONAL DATA ON FINANCIAL INCLUSION AND REMITTANCES

Country	People with savings accounts (%)[1]	People with credits (%)[1]	Remittances (% PIB)[2]	Inward migration (% of the population)[2]	Outward migration (% with respect to the population)[2]
El Salvador	31	11	24.0	4.5	10.0
Honduras	34	10	27.0	3.2	12.5
Costa Rica	68	17	0.5	8.1	4.0
Haiti	28 (2017)	13 (2017)	17.3	1.2	3.5
The Bahamas	N.D.	N.D.	0.4	2.5	7.2
Jamaica	73	12	18.0	1.8	6.4
Mexico	46%	16	3.8	5.0	3.3
Peru	56	22	1.7	2.2	2.8
Paraguay	27	12	1.7	1.5	5.7
Dominican Republic	50	22	8.8	4.0	3.9
Surinam	N.D.	N.D.	3.4	1.0	4.1

Source: (1) Global Findex Database 2021, World Bank.
(2) Central banks of the region, estimates as of December 2024.

TABLE 5. PRINCIPAL COUNTRIES RECEIVING REMITTANCES IN LATIN AMERICA

Ranking Position 2000-2023

Country	2000	2005	2010	2015	2020	2023	Ranking change
Mexico	1°	1°	1°	1°	1°	1°	↑1
Guatemala	5°	5°	3°	2°	2°	2°	↑2
Dominican Republic	2°	3°	2°	3°	3°	3°	→-1
Colombia	4°	4°	4°	4°	4°	4°	→0
Honduras	7°	6°	6°	5°	5°	5°	↑2
El Salvador	3°	2°	5°	6°	6°	6°	↓-3
Nicaragua	8°	8°	8°	8°	8°	7°	↑1
Haiti	6°	7°	7°	7°	7°	8°	↓-3

Source: Central Bank of Honduras (2025), Report: Semiannual Survey of Family Remittances, January 2025.[30]

30 Banco Central de Honduras. 2024. Informe Encuesta Semestral de Remesas Familiares: 2024. Available at: https://www.bch.hn/estadisticos/EME/Resultados%20Encuesta%20Semestral%20de%20Remesas%20Familiare/Informe%20Encuesta%20Semestral%20de%20Remesas%20Familiares%20Agosto-2024.pdf

As shown in Table 4, the region has experienced strong growth in international migration. According to recent data, between 2020 and 2024, the number of international migrants in the LAC region grew from approximately 14.3 million to 17.5 million.[31]

In addition to migration flows toward North America, intraregional migration within Latin America and the Caribbean also stands out, such as the movement of Central Americans toward Mexico and the United States, as well as migration to Europe, particularly Spain, a common destination for Colombians and Peruvians.

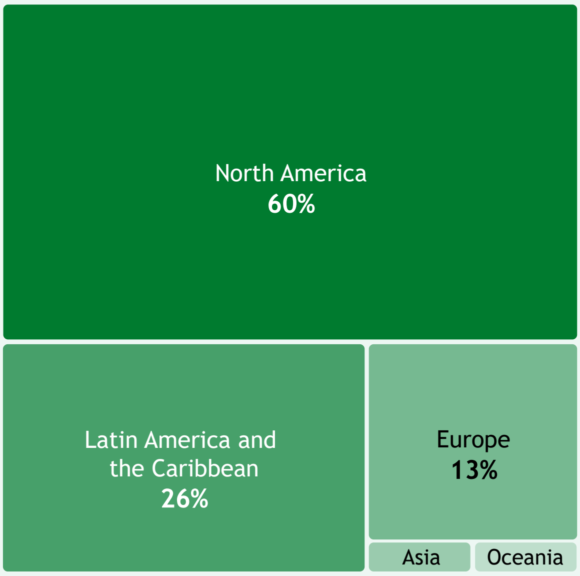
Among countries in the region, Colombia and Venezuela have the largest diasporas, with over two million and 7.9 million people, respectively. In contrast, Costa Rica and Panama have emerged as key destination countries, mainly receiving migrants from Central and South America.

31 UNHCR. n.d. Venezuela Situation. Available at: https://www.unhcr.org/us/emergencies/venezuela-situation#:~:text=Nearly%207,Latin%20American%20and%20Caribbean%20countries

As shown in Figure 16, most emigrants from Latin America and the Caribbean reside in North America, which accounts for 60 percent of the total - more than 25 million people. However, intraregional migration is also significant, with 26 percent of migrants relocating within the region itself, particularly due to the Venezuelan exodus to countries such as Colombia, Peru, Ecuador, Brazil, and Chile. Europe represents 13 percent of destinations, while Asia and Oceania have minimal shares. This distribution reflects both the historical trend of migration toward the North and the recent increase in displacement within Latin America.[32]

32 International Organization for Migration. 2024. Migration governance indicators: Data for the implementation of the Global Compact for Migration in Latin America and the Caribbean. Available at: https://publications.iom.int/books/migration-governance-indicators-data-implementation-global-compact-migration-latin-america

FIGURE 16. DESTINATION OF EMIGRANTS FROM LAC COUNTRIES IN MID-2020-2024



Source: International Organization for Migration (IOM, 2024)

In economies with a high dependence on remittances, a migration shock such as mass deportations or the imposition of fees on transfers can create significant stress on credit coverage and the liquidity of the regional banking system. Additionally, as discussed in the following sections, there is a direct link between remittances and financial inclusion: access to basic accounts by recipients facilitates money transfers and can open the door to the use of financial products such as small loans.

The Regional Outlook shows that countries with higher levels of financial inclusion tend to have stronger credit dynamics and relatively lower dependence on remittances. In contrast, those with higher rates of financial exclusion and heavy reliance on remittances face greater risks of macroeconomic and financial vulnerability.

These findings highlight the importance of promoting and consolidating initiatives that foster financial inclusion for migrants. This includes the development of proportionate regulatory frameworks, interoperability between payment systems, and the design of financial products tailored to the needs of this population. Strengthening these areas can improve resilience to external shocks.

Given that remittances serve as a crucial lifeline for millions of households in the region, their continuous monitoring and analysis are essential to understanding their behavior and impact on the population's quality of life.

Jeffrey Isaac Greenberg / Alamy Stock Photo

SECTION 6

BARRIERS TO FINANCIAL INCLUSION FOR PEOPLE IN HUMAN MOBILITY IN COUNTRIES OF FILAC MEMBER INSTITUTIONS

6.1. BARRIERS TO ACCESSING AND USING FINANCIAL PRODUCTS AND SERVICES FOR IMMIGRANTS AND EMIGRANTS FROM COUNTRIES OF FILAC MEMBER INSTITUTIONS EXIST ACROSS SUPPLY, DEMAND, AND REGULATORY DIMENSIONS

This section examines the main barriers faced by migrants in accessing and using financial products and services in the LAC countries analyzed. The analysis covers obstacles from the supply side, user demand, and current regulatory frameworks, which affect immigrants and emigrants in different ways.

To develop this section, an exhaustive review of specialized literature and data collection was conducted, complemented by contributions obtained through virtual interviews held between May 19 and 29, 2025, as well as responses to electronic forms submitted by representatives of financial regulatory and supervisory bodies that participated in this process.[33] These sources provided key qualitative evidence, reflecting the perspectives of those directly involved in policymaking, regulation, and service delivery in the financial sector.

In this context, Annex 1 of this document provides a detailed analysis of countries with FILAC member institutions, while Annex 2 presents specific considerations and recommendations for each.

Within the broader regional analysis of financial inclusion for people in situations of human mobility, it is essential to identify each country's specific migration and financial characteristics. To this end, a classification has been developed that groups twelve LAC countries according to two main dimensions: the share of remittances in GDP and their migration profile (sending, receiving, or transit country). This classification facilitates the design of more specific and contextualized policies, recognizing that the challenges and opportunities of financial inclusion vary across the region.

The proposed classification considers both the intensity of remittance flows (received or sent) and migration patterns (emigration, immigration, or transit), allowing for the distinction of three groups of countries. This segmentation draws on country-level data, interviews, and institutional surveys, and serves as input to guide differentiated strategies in regulation, financial education, and the development of financial products.

GROUP 1: REMITTANCE-RECEIVING COUNTRIES AND COUNTRIES WITH TRANSIT OR RETURNING MIGRANTS

This group includes countries with a high dependency on remittances (greater than eight percent of GDP) and a significant presence of mixed migration flows, either as countries of origin or as transit routes to other destinations, mainly the United States. This group includes **El Salvador, Honduras, Haiti, Jamaica, the Dominican Republic, and Mexico,** where remittances are a structural source of income for millions of households.

A) IMMIGRANTS

1. Supply-side Barriers

In Haiti and the Dominican Republic, the limited coverage of financial services outside urban areas affects immigrants' access to financial products and services.

33 As of 2025, the SEPS of Ecuador is no longer part of the AFI network; however, its inclusion in this report is due to its participation in the 2024 Special Report titled "Financial Inclusion of Migrants in Latin America and the Caribbean". In the case of Jamaica, the information presented is based on the analysis of the available literature.

2. Demand-side Barriers
Immigrants face stigmatization, lack of information, and distrust toward financial institutions due to their migration status.

3. Regulatory Framework Barriers
Countries in this group apply Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) regulations that require formal residency and national documentation, which excludes many immigrants. In Haiti, no specific regulatory framework exists that explicitly allows immigrants to access and use the financial system. In Jamaica, there are no mechanisms to validate alternative documents, nor are there concrete actions or policies aimed at immigrants.

B) EMIGRANTS

1. Supply-side Barriers
In countries such as El Salvador, Honduras, and Mexico, financial institutions offer few products designed specifically for their citizens living abroad. In addition, there is a lack of services tailored to the needs of remittance sending or investment from abroad. Limited digital channels for accessing national financial services from abroad also hinder continued engagement with the home country's financial system.

2. Demand-side Barriers
Low financial literacy and limited knowledge of available services in the country of origin restrict effective use by emigrants. For example, in Haiti and Jamaica, emigrants express distrust in the national financial system and face difficulties in accessing financial products from abroad.

3. Regulatory Framework Barriers
Regulatory frameworks in countries such as Mexico require specific documentation that emigrants often lack or cannot easily renew. There are no tailored rules that facilitate remote account opening or that recognize consular identifications as valid.

The development of inclusive digital financial solutions, financial education campaigns or programs, flexible KYC mechanisms, and proportionate regulatory frameworks can help strengthen financial resilience and social cohesion by creating viable alternatives for both immigrants in the countries mentioned and emigrant diaspora abroad.

GROUP 2: MIGRANT-RECEIVING COUNTRIES WITH MINIMAL REMITTANCE INFLOWS

This category includes Costa Rica, Ecuador, Peru, and Paraguay - countries that have become destinations for intraregional migration, while their own diasporas abroad send significant remittances. In these countries, remittances received do not exceed five percent of GDP. At the same time, they face challenges integrating immigrants into their financial systems and thus require more inclusive legal and regulatory frameworks, document interoperability, and specific financial education strategies for immigrants.

A) IMMIGRANTS

1. Supply-side Barriers
Although simplified accounts exist, many financial institutions do not accept alternative migration documents for account opening.

2. Demand-side Barriers
Immigrants face barriers such as lack of knowledge about their financial rights, distrust in the system, and a preference for cash. Language barriers (in some cases) or unfamiliarity with local banking procedures also limit their participation in the formal financial system.

3. Regulatory Framework Barriers
The regulatory framework in most cases requires official identification and a valid migration identification number. This excludes immigrants in the process of regularization and those who only have provisional documentation. Regulatory alternatives, such as the use of biometrics or consular identification, are not considered, as regulations prioritize compliance with anti-money laundering standards.

B) EMIGRANTS

1. Supply-side Barriers

These countries have limited offerings for their citizens abroad. Despite having advanced technological infrastructure in some cases (e.g. SINPE Móvil), the services available to emigrants are not well publicized or adapted to their savings and investment needs from abroad. In many cases, legal representatives are required in their countries of origin.

2. Demand-side Barriers

Even where some services exist, there is also low awareness of the financial services that could be offered by their countries of origin. The lack of campaigns targeting emigrants and scarce financial education about the available channels reduce demand for these services from abroad.

Among the countries mentioned, it is common to find cases where immigrants face difficulties in accessing and using financial products in their host countries due to regulations on required documentation. In some cases where alternatives have existed, they are unknown to most of the immigrant population. Similarly, for emigrants, the supply of financial products in their countries of origin is limited, both because of low awareness and the absence of specific policies and regulations that facilitate access to and use of financial products and services for the diaspora abroad.

GROUP 3: COUNTRIES WITH LOW LEVELS OF REMITTANCES AND MIGRATION

Suriname and the Bahamas fall into this third category, characterized by relatively low levels of remittances (less than four percent of GDP) and less intense migration flows. Although in both cases there is emigration (mainly to the Netherlands or the United States), the macroeconomic impact is limited compared to the rest of the region. In these countries, financial inclusion of migrants could be approached from a preventive and sustainability perspective by strengthening digital channels, simplifying account opening processes for non-residents, and promoting greater regional financial integration through institutional cooperation and bilateral agreements.

A) IMMIGRANTS

1. Supply-side Barriers

In Suriname and the Bahamas, there is low availability of financial services in areas where immigrants reside. Financial institutions lack clear protocols and trained personnel to serve the immigrant population.

2. Demand-side Barriers

In these countries, immigrants tend to operate informally and do not use financial services due to lack of trust or awareness. Language, cultural, and technological barriers also contribute to their exclusion from the formal financial system.

3. Regulatory Framework Barriers

The Bahamas and Suriname do not recognize alternative migration documents, preventing many immigrants from accessing financial products. Regulations require local documentation or complex validations.

B) EMIGRANTS

1. Supply-side Barriers

In the Bahamas and Suriname, there are no relevant initiatives directed at their citizens abroad. The lack of financial products focused on the diaspora, such as online accounts or savings mechanisms from abroad, limits the financial inclusion of emigrants in their countries of origin.

2. Demand-side Barriers

Emigrants from these countries face low awareness of available financial services and limited promotion of secure digital channels from their countries of origin. There are no active policies for financial engagement of the diaspora.

3. Regulatory Framework Barriers

Regulatory requirements regarding national identification, in-person validation, and residency make it difficult for emigrants to be included in the formal financial system.

SECTION 7

BEST PRACTICES IN FINANCIAL INCLUSION FOR IMMIGRANTS AND EMIGRANTS IN LAC

Despite the barriers to accessing and using financial products and services for both immigrants and emigrants, there are initiatives identified in this research that stand out for their potential to be analyzed more extensively and adapted to local realities by considering the social, economic, political, cultural, and security conditions of each country. Below are some relevant practices for both immigrants and emigrants.

IMMIGRANTS

1. Access to the financial system for immigrants - Peru

Peru stands out for implementing, through the National Financial Inclusion Policy (PNIF), coordinated actions via its Financial Inclusion Advisory Committee for refugee and migrant populations, as well as for disseminating documents on migrant access to the financial system and making regulatory modifications to promote the offering of basic accounts and simplified electronic money accounts that consider various migration documents. These actions by the state and supervisory and regulatory bodies have enabled financial system actors to develop alternatives for this population.

As an example, the “Confianza sin Fronteras” program by Financiera Confianza allows immigrants to use various forms of identification, facilitating the opening of bank accounts, access to microinsurance, and financial education through the ‘Academia Confianza’ platform.

Municipal savings and loan institutions such as Caja Arequipa and Caja Huancayo also support the financial inclusion of immigrants, especially Venezuelans, by accepting alternative documents such as the Foreigner Identification Card or the Temporary Stay Permit.

2. Proactivity in access and digital financial inclusion - Dominican Republic

The Dominican Republic has adopted a National Financial Inclusion Strategy (ENIF) 2022-2030 emphasizing digital inclusion, financial education, and innovation. Notable initiatives include the relaxation of documentation requirements for Venezuelan citizens, allowing expired or alternative documents. Additionally, the strategy promotes financial digitization through platforms which facilitates payments, transfers, and microcredits via mobile devices, alongside financial education campaigns tailored to different cultures and languages to help overcome barriers of distrust and documentation.

3. Cross-border payment systems - Costa Rica

Costa Rica stands out for its National Electronic Payment System (SINPE), particularly through SINPE Móvil, which simplifies immediate transfers via mobile phones linked to bank accounts. This system also facilitates fast and secure cross-border payments between Costa Rica and other Central American countries. The digital platform CiNKO complements this offering by enabling international transfers via SINPE Móvil, integrated with services such as PayPal and MoneyGram.

EMIGRANTS

1. Expansion of services for Peruvians abroad

Peru’s Banco de la Nación promotes and disseminates financial inclusion for Peruvians abroad by offering specific services such as the opening of savings accounts and personal, mortgage, and vehicle loans. The exemption from the General Sales Tax (IGV) on remittances, which applies to banks, finance companies, and municipal savings and loan institutions, among others, encourages the use of formal channels. Additionally, digital platforms such as Págalo.pe enable the remote payment of obligations and public procedures, complemented by tools such as the Mobile Wallet and BN App to further facilitate access.

2. Promotion of inclusion abroad – Mexico
Mexico promotes the financial inclusion of its diaspora through specific programs led by the Institute for Mexicans Abroad (IME) and the National Commission for the Protection and Defense of Financial Services Users (CONDUSEF)[34] These include financial counseling and financial education through events such as Financial Education Week (SEF). CONDUSEF also provides specialized service modules in consulates, offering financial counseling and credit reports personalized.

34 One example is the FINABIEN card from Financiera para el Bienestar: https://portales.segob.gob.mx/es/PoliticaMigratoria/Inclusion_financiera#tar_finabien

Summary: The challenges faced by immigrants and emigrants regarding access to and use of financial products and services have been clearly identified and require coordinated action among regulators, supervisors, and financial system actors. Such coordination can help create regulatory conditions favorable to developing inclusive financial products tailored to these needs, accompanied by corresponding financial education campaigns.

Eyepix Group / Alamy Stock Photo.

SECTION 8

THE STRATEGIC ROLE OF FILAC IN MIGRANT FINANCIAL INCLUSION AND IN SUPPORTING COORDINATED ACTIONS TO PROTECT FINANCIAL STABILITY FROM MIGRATION RISKS AND REMITTANCE SHOCKS

In Latin America and the Caribbean, migration has intensified as a structural phenomenon, generating deep implications for financial systems. The financial inclusion of migrants and the need to channel remittance flows toward the financial well-being of recipients have emerged as key dimensions - not only from a rights perspective but also for macro-financial stability.

In this context, the FILAC initiative can play a strategic role in developing coordinated policies, regulatory solutions, and technical innovation to address the challenges posed by the intersection of migration, remittances, inclusion, and stability.

This approach is supported by the fact that migration has multidimensional effects on the financial system:

- Financial exclusion due to regulatory and documentation barriers.
- High costs and low remittance traceability, which limit productive use.
- Dependence on remittance income, creating macroeconomic vulnerability.
- Impact on financial stability of intermediaries exposed to concentrated risk from remittance-based credit.

The lack of financial inclusion for migrants not only undermines individual well-being but also increases financial fragility in both origin and destination countries.

Furthermore, mass migration, restrictive migration policies, and declining remittance flows represent emerging financial risks in Latin America and the Caribbean, manifesting both directly and indirectly:

- **Direct impact:** Reduced foreign currency inflows, lower aggregate consumption, and diminished savings and investment in recipient communities.
- **Indirect impact:** Increased credit risk for financial institutions highly exposed to remittance-dependent households, deterioration in portfolio quality, and pressure on local financial system liquidity.

As highlighted in this document, countries such as El Salvador, Haiti, and Honduras, where remittances exceed 20 percent of GDP, face high macro-financial vulnerability to variations in remittance flows. This dependence can compromise the stability of cooperatives, microfinance institutions, and banks with a strong presence in migrant-populated areas.

Recent geopolitical shifts over the past twelve months underscore the significant impacts not only on population movements but also on the economies of remittance-receiving households.

A forward-looking perspective on this reality calls for a global knowledge-sharing effort aimed at concrete action to transform this divide into an opportunity.

CONCLUSION

The financial inclusion of remittance recipients represents much more than expanding access to financial products and services: it is a tangible way to acknowledge the decisive role remittances play in supporting households, boosting consumption, and strengthening the social capital of regional economies. Failing to incorporate this population into formal financial systems equates to marginalizing a portion of GDP.

Furthermore, the strong correlation between remittance flows and macroeconomic stability in several Latin American and Caribbean countries - where remittances exceed 20 percent of GDP - shows that financial inclusion of migrants must no longer be treated solely as an act of solidarity or social integration. It is, in fact, a structural imperative that recognizing their economic contribution means facilitating their access to financial services tailored to their mobility, identity, and residency conditions.

As a result of this study, countries of FILAC member institutions have generally shown significant progress in the financial inclusion of migrants and remittance recipients, reflecting recognition of their economic and social relevance. These advances underscore not only the importance of continued efforts by supervisors and regulators, but also the need for specific, intentional, and sustained strategies, differentiated analyses, and flexible mechanisms to ensure continued and deepened progress.

At the regional level, there is growing commitment to overcoming specific barriers, particularly by relaxing requirements for account opening. These initiatives allow broader access to formal financial systems for migrants in diverse situations and have revealed valuable opportunities to enhance financial inclusion among migrants in the countries of FILAC member institutions.

The regional analysis identified structural patterns that limit full financial inclusion for migrants in the countries of FILAC member institutions, such as persistent documentary and regulatory barriers, and the lack of interoperable identification mechanisms that restrict cross-border financial mobility, among others.

The expansion of digital and financial solutions targeting migrants emerges as a critical factor for financial inclusion - particularly digital wallets, simplified accounts, and digital channels that support inclusion and cross-border transfers.

There is also a widespread opportunity to develop tailored financial products, such as savings accounts for migrants and remittances, housing loans, and microinsurance. Adapting these products to reflect migration flows can directly contribute to the economic stability of recipient households.

Pacific Press / Alamy Stock Photo.

Interinstitutional coordination also emerges as a strategic element across multiple countries. Strengthening governance through inclusive national strategies and improving data collection and analysis on migration and remittances are essential for designing effective, targeted public policies.

In this same vein, financial education aimed at migrants and remittance recipients is gaining increasing relevance. These efforts enhance financial resilience, promote responsible use of digital financial services, and promote the economic inclusion of migrant communities.

Additionally, it is essential to address the gap in policy design to promote financial system development and stability, stemming from the lack of macroeconomic impact assessments of remittance movements, especially in economies highly dependent on remittances. Such analysis would help maximize positive effects and mitigate the risks of sudden shifts in remittance inflows.

Partnerships with international organizations, such as the World Bank, CGAP, Inter-American Development Bank (IDB), Development Bank of Latin America (CAF), ADA Luxembourg, and other multilateral entities, should be consolidated to co-finance impact studies, promote digital interoperability, and mobilize technical and financial resources to strengthen national regulatory, supervisory, and monitoring capabilities that support the financial inclusion of migrants and remittance recipients.

In light of the above, FILAC member institutions are uniquely positioned to lead a technical, systemic, and politically cohesive response to migration challenges in Latin America and the Caribbean. Through a people-centered, evidence-based, and regionally coordinated approach, they can catalyze deep institutional transformation that links financial inclusion with the sustainability and resilience of regional financial systems.

FILAC's initiative can serve not only as a platform for financial inclusion, but also position its members as key stakeholders in protecting macro-financial stability in the face of migration risks. Its role could involve timely and effective management of coordinated, technical, and preventive actions to help members:

- Reduce systemic exposure to informal remittance flows.
- Increase the resilience of the most vulnerable institutions.
- Avoid delayed or pro-cyclical regulatory responses.

FILAC member institutions, under AFI leadership, can help transform the reality of millions of uprooted people. For them, financial inclusion may become the gateway to rebuild their lives and improve the well-being of their families.

RECOMMENDATIONS

Based on the commitment of FILAC member institutions to financial inclusion as a transformative force for the economic and social reality of all people, and considering the progress made in financial inclusion for people in situations of human mobility and remittance recipients, clear opportunities arise to support this group through actions that are absolutely essential. The recommendations are structured into three distinct subsections, outlined below:

1. RECOMMENDATIONS FOR FILAC INITIATIVE

FILAC, as an AFI regional initiative, plays a strategic role in coordinating regional efforts, mobilizing resources, and facilitating technical spaces that encourage cooperation and learning among countries. The report highlights that challenges resulting from migration flows and remittance dependency require a coordinated, multisectoral, and long-term regional approach, with FILAC acting as a catalyst for joint solutions.

- **Build capacity and promote peer-learning among FILAC member institutions:** Organize technical workshops for FILAC member institutions, aimed at exchanging lessons learned and best practices in the formulation of policy and designing proportional regulatory solutions that facilitate the financial inclusion of migrants. These spaces should enable the joint design and piloting of inclusive digital financial solutions for people in situations of human mobility, while allowing FILAC member institutions to adapt policy and regulatory frameworks in response to the evolving regional migration context. Given the constantly evolving landscape of migration in the region, these workshops should take place regularly to ensure financial policymakers and regulators remain up-to-date and able to implement relevant solutions.

- **Create a permanent regional forum on remittances:** Promote, through FILAC member institutions, the establishment of a standing forum encouraging active participation from countries most vulnerable to external shocks, particularly those highly dependent on remittances. The forum should encourage dialogue and the exchange of strategies among stakeholders, while also seeking synergies and collaboration with existing regional platforms and initiatives such as the Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL), the Executive Secretariat of the Central American Monetary Council (SECMCA), and the Center for Latin American Monetary Studies (CEMLA), in order to avoid duplication, leverage existing knowledge, and enhance regional coordination.

- **Build and reinforce strategic alliances with multilateral organizations:** Through the FILAC initiative, establish partnerships with multilateral organizations to fund impact studies, promote digital interoperability, and mobilize technical and financial resources to strengthen national regulatory and supervisory frameworks supporting the financial inclusion of migrant and remittance recipients.

- **Design a regional roadmap for the financial inclusion of migrants and remittance recipients:** Under AFI's leadership, design a roadmap that identifies priorities, strategic actions, goals, implementation milestones, and periodic monitoring and evaluation mechanisms. This should align with both the 2026–2028 critical path and the specific actions proposed herein.

2. RECOMMENDATIONS FOR FILAC MEMBER INSTITUTIONS (REGULATORS, SUPERVISORS, AND POLICYMAKERS)

Financial regulators, supervisors, and policymakers play a key role in ensuring that regulatory frameworks are proportional, flexible, and aligned with international standards such as those of the FATF. The report reveals that regulatory and operational barriers still prevent migrants from accessing the formal financial system, and there is limited integration of migration-related risks in financial stability analyses.

- **Promote the adoption of differentiated national strategies that reflect each country's specific economic and migratory profile:** In contexts where remittances represent a significant driver of economic growth, efforts should focus on reinforcing financial infrastructure and regulatory support. On the other hand, in countries where remittances primarily serve as household subsistence, complementary strategies should be prioritized, such as financial literacy programs, incentives for formal savings, and mechanisms to channel remittances toward productive investment. This tailored approach will help maximize the long-term development impact of remittances and build financial resilience among migrant households.

- **Design and implement public policies that strengthen the countercyclical role of remittances and mitigate the risk of credit portfolio deterioration, particularly in times of economic stress:** FILAC member institutions should focus on enhancing the positive financial effects associated with remittance inflows by reducing transfer costs, modernizing and improving the interoperability of payment systems, and formalizing remittance channels. Additionally, efforts should focus on expanding financial inclusion among remittance-receiving households and promoting the productive use of remittances through financial education, investment incentives, and tailored financial products, as these measures can enhance macroeconomic stability and support long-term development in remittance-reliant economies.

- **To advance migrant financial inclusion and financial system resilience in Latin America and the Caribbean, financial institutions should implement a multidimensional strategy spanning systemic and political levels:** At the regulatory level, countries must align legal frameworks to facilitate migrant onboarding through simplified, risk-based KYC procedures, promote proportional AML/CFT adjustments, integrate migration-related risks into macroprudential analysis, and advance regional remittance interoperability.

  At the systemic level, actions should focus on monitoring remittance flows, assessing institutional exposure to migration-related risks, designing tailored prudential buffers, and avoiding procyclical regulations.

  Politically, it is crucial to elevate migrant financial inclusion as a regional priority by coordinating a shared agenda, engaging in dialogue with multilateral bodies, advocating in global forums such as the G20 and GPFI, and building bilateral and multilateral alliances to expand cross-border access to financial services.

- **Promote migrant access to financial services:** Encourage discussion forums and case studies allowing the countries of FILAC member institutions to evaluate mechanisms for validating foreign-issued migration documents, in line with the FATF risk-based approach for customer due diligence and onboarding of clients in situations of human mobility.

- **Provide assistance for the design or integration of remittance-related risks into macroprudential policy and financial system risk management frameworks:** Take advantage of the opportunities to exchange information and best practices among FILAC member institutions to strengthen the integration of remittance dynamics into existing macroprudential and risk management frameworks. This includes facilitating the development of impact and sensitivity analyses to assess potential vulnerabilities in the event of disruptions in remittance flows, with the aim of enhancing financial system resilience in remittance-dependent economies.

- **Include migrants in national financial education policies and programs**: Share access to national financial education programs and encourage FILAC member institutions to offer their platforms to migrants so they can immediately use multilingual, culturally adapted content. These efforts can be complemented by developing targeted materials such as videos, apps, and interactive modules.

- **Incorporate a migration-sensitive perspective into macroprudential analysis:** Central banks and financial supervisory authorities should systematically integrate migration and remittance-related indicators into their financial stability monitoring frameworks. This includes the development of stress testing scenarios that reflect potential shocks arising from sudden changes in migration patterns or remittance flows. Additionally, FILAC member institutions should promote the design and implementation of countercyclical macroprudential buffers that are specifically tailored to the vulnerabilities of remittance-dependent economies, helping to mitigate systemic risks and enhance the resilience of financial systems in the region.

- **Enhance financial sector oversight in the context of human mobility:** FILAC member institutions should implement risk-based supervision practices. This involves evaluating systemic risks that may arise from geographic concentration or overreliance on remittance-derived income within specific financial institutions or regions. FILAC member institutions can also develop early warning systems to detect signs of vulnerability, particularly in cooperatives and microfinance institutions (MFIs) that serve a high proportion of migrant clients or remittance recipients. Furthermore, financial supervisors should promote the adoption of differentiated supervisory approaches tailored to the unique risk profiles of entities significantly exposed to migrant populations, ensuring more effective and proportionate regulatory oversight.

- **Improve preparedness and response to migration-related financial shocks:** It is necessary to establish a Regional Coordinated Response Mechanism that strengthens coordination among member countries by promoting the adoption of standardized data-sharing protocols to monitor migration trends and remittance flows in real time. It should also support the development of joint risk management guidelines that enable coherent and timely responses to common vulnerabilities. In addition, FILAC member institutions can establish and maintain dialogue channels between countries of origin, transit, and destination, encouraging cross-border collaboration and enabling the design of coordinated policies that mitigate the financial impact of sudden or large-scale migration events.

- **Implement a roadmap for the 2026-2028 period:** Structure a specific plan and actions that include the following elements:

Specific Plan

Phase	Action	Outcome Indicator
2026	Regional regulatory guide for migrant financial inclusion	Publication and endorsement by 5 countries
2026	Regional remittance interoperability pilot	Alliance between 2 fintechs and 2 cooperatives
2027	Network of supervisors on migration and inclusion	10 participating entities
2027	Proposal in global forum (e.g., GPFI)	Adoption of technical document
2028	Regional Observatory on Financial Migration	Active platform with data and reports

Specific Actions

Action	Role of FILAC	Expected Outcome
Develop a Financial Stability and Migration Guide	Regional technical coordination	Inclusion of migration variables in prudential monitoring
Create a Supervisors' Network on Remittance Risks	Technical exchange among FILAC member institutions	Common protocols for differentiated supervision
Develop an early warning tool for remittance-exposed financial institutions	Technical support to supervised sectors, microfinance networks, and supervisory bodies	Crisis prevention due to delinquency or liquidity loss
Systematize good practices for migration shock response	Documentation and dissemination	Regional reference for countercyclical policies
Pilot a prudential buffer for remittance-exposed banks	Coordination with central banks and supervisors	Improved institutional resilience

3. RECOMMENDATIONS FOR PRIVATE SECTOR AND STAKEHOLDERS

The private sector and stakeholders serve as the direct channel for inclusion of people in situations of mobility. The report emphasizes that many products are not adapted to the needs of this population, that discriminatory practices persist, and that remittances are underutilized as an entry point to the financial system.

- **Design financial products adapted to migrants:** Financial Institutions should promote the development and dissemination of countercyclical financial products designed to help mitigate income volatility and financial vulnerability among migrant populations and their families. By encouraging financial institutions to tailor products to the specific cash flow patterns of migrants, these solutions can reduce the risk of over-indebtedness and support long-term financial resilience. Such instruments can play a critical role in smoothing consumption, promoting asset accumulation, and enhancing overall economic stability in migrant households.
- **Train financial institution personnel:** Financial institutions should invest in comprehensive training programs to sensitize their staff to the specific rights, needs, and vulnerabilities of migrant clients.

ANNEX 1

BARRIERS IN SUPPLY, DEMAND, AND REGULATORY FRAMEWORKS AFFECTING ACCESS TO AND USE OF FINANCIAL PRODUCTS AND SERVICES FOR IMMIGRANTS AND EMIGRANTS FROM FILAC MEMBER COUNTRIES

The main inputs obtained from financial regulatory and supervisory entities and literature are presented below.

GROUP 1: REMITTANCE-RECEIVING COUNTRIES AND COUNTRIES OF TRANSIT OR RETURN MIGRATION (EL SALVADOR, HONDURAS, HAITI, JAMAICA, THE DOMINICAN REPUBLIC, AND MEXICO)

EL SALVADOR

A) IMMIGRANTS

1. Supply-side barriers

- **Lack of financial products adapted to immigrants**
  Financial institutions in El Salvador do not offer products specifically designed for immigrants, such as savings accounts for non-residents or remittance services with preferential fees.

- **Financial infrastructure in areas with a high concentration of immigrants**
  In some regions of the country with a high concentration of immigrant populations, financial infrastructure remains limited.

2. Demand-side barriers

- **Lack of proper documentation**
  Many immigrants in El Salvador lack the necessary documentation to access financial services.

- **Lack of knowledge about available financial services**
  The lack of information and financial education among the immigrant population contributes to the low use of formal financial services, as many are unaware of the available options and the benefits services can offer.

3. Regulatory framework barriers

- **Requirements for access to financial products**
  Current regulations require specific documentation to open bank accounts, excluding many immigrants who do not possess the necessary documents.

- **Specific policies for the financial inclusion of immigrants**
  There are no strategies or regulatory frameworks that explicitly promote the financial inclusion of immigrants.

B) EMIGRANTS

1. Supply-side barriers

- **Financial products adapted to emigrants**
  Financial institutions in El Salvador offer limited options for emigrants to manage their finances from abroad. Most services focus on remittances, without offering comprehensive solutions such as savings or investment accounts accessible from other countries.

- **Financial infrastructure in countries of residence**
  The presence of Salvadoran financial institutions abroad is scarce, making it difficult for emigrants to access financial services that allow them to maintain economic ties with their country of origin.

2. Demand-side barriers

- **Information and financial education**
  Many Salvadoran emigrants are unaware of the options available to access financial services in their country of origin, limiting their participation in the Salvadoran financial system.

- **Lack of knowledge about the benefits of maintaining financial ties with El Salvador**
  The lack of information about the benefits of maintaining bank accounts or investments in El Salvador may discourage emigrants from using these services.

3. Regulatory framework barriers

- **Requirements for opening bank accounts from abroad**
  Regulations require specific documentation to open bank accounts, which can be an obstacle for emigrants who lack the necessary documents or face difficulties obtaining them from abroad.

- **Specific policies for the financial inclusion of emigrants**
  There are no strategies or regulatory frameworks that promote the financial inclusion of Salvadorans living abroad.

HONDURAS

A) IMMIGRANTS

1. Supply-side Barriers

- **Lack of financial products adapted to immigrants**
  Honduran financial institutions do not offer specific options for foreign citizens residing in, or in situations of human mobility within, the country. Most services are focused on the local population. Products such as the basic account do not take into account the conditions and particularities of foreign immigrants.

2. Demand-side Barriers

- **Information and financial education**
  Immigrants often lack sufficient knowledge about how the Honduran financial system operates. Foreign residents or people in mobility in Honduras prefer using cash, informal systems, or relying on family members to manage their resources.

3. Regulatory Framework Barriers

- **Requirements to open bank accounts**
  Current regulations require a valid national ID (DNI or residence card), proof of address, and, in many cases, a National Tax Registry number (RTN) to open a bank account. These requirements exclude most immigrants in an irregular situation or with invalid foreign documents.

B) EMIGRANTS

1. Supply-side Barriers

- **Financial products adapted to emigrants**
  Although there are Honduran financial institutions that offer savings accounts and transfer services for citizens abroad, there is no specific offering and dissemination to address the needs of emigrants.

- **Infrastructure and financial education**
  In many regions of Honduras, especially rural areas, financial infrastructure is limited, and the availability and awareness of products targeted at emigrants is not well-known by the population or their families. This makes it difficult for remittance-receiving families to access formal banking services, which in turn, limits the ability of emigrants to channel their resources efficiently and safely.

2. Demand-side Barriers

- **Information and financial education**
  Many Honduran emigrants lack information about the available options to access financial services both in their country of residence and in Honduras. This lack of awareness may lead to lower usage of formal services and a reliance on informal channels for remittances.

- **Lack of knowledge about the benefits of financial products**
  The lack of information about the benefits of maintaining bank accounts or investments in Honduras may discourage emigrants from using these services. This limits investment and savings opportunities that could contribute to the country's economic development.

3. Regulatory Framework Barriers

- **Requirements for opening bank accounts from abroad and dissemination**
  Despite existing regulations, such as those concerning basic accounts, the procedures tied to due diligence and the dissemination of these options to Hondurans abroad may create barriers to accessing financial products.

- **Specific policies for the financial inclusion of emigrants**
  While basic account regulations exist, there is a lack of comprehensive strategies that include greater outreach and financial education to promote the financial inclusion of Honduran emigrants residing abroad.

HAITI

A) IMMIGRANTS

1. Supply-Side Barriers

- **Financial infrastructure**
  After the 2010 earthquake, more than one-third of bank branches in Haiti disappeared. This, combined with the current security and displacement crisis, has drastically reduced access to financial services.

- **Digital offerings**
  Although there are digital wallets supported by financial institutions that have promoted digital access through SMS messaging, their reach still does not fully cover immigrants, especially those in internally displaced areas.

- **Specific products for immigrants**
  There are no financial products in Haiti adapted for foreigners, such as accounts for non-residents or remittance services, leaving these groups without formal options to meet their transnational needs.

2. Demand-Side Barriers

- **Levels of financial inclusion**
  Only 16 percent of the population reportedly has a bank account. This low level of financial inclusion contributes to mistrust and limited awareness of available financial options among the immigrant population. This adds to the security and governance crisis, limiting efforts to deepen the financial system.

- **Culture of formal financial services**
  The most vulnerable population relies on informal mechanisms to save or receive money; immigrants also tend to integrate into these mechanisms.

3. Regulatory Framework Barriers

- **AML/KYC regulations**
  Anti-money laundering regulations in Haiti require documentary verification, with no exceptions for non-residents. This prevents immigrants from accessing formal financial services.

- **Public policy for financial inclusion of immigrants**
  There are no strategies specifically targeting undocumented or legal immigrants.

B) EMIGRANTS

1. Supply-Side Barriers

- **Financial products adapted to emigrants**
  Haitian financial institutions offer limited options for emigrants to manage their finances from abroad, with most services focusing on remittance transfers.

- **Financial infrastructure in countries of residence**
  The presence of Haitian financial institutions abroad is minimal, making it difficult for emigrants to access financial services that allow them to maintain economic ties with their country of origin.

2. Demand-Side Barriers

- **Information and financial education**
  Many Haitian emigrants are unaware of the options available to access financial services in their country of origin, which limits their participation in the Haitian financial system.

3. Regulatory Framework Barriers

- **Requirements for opening bank accounts from abroad**
  Regulations require specific documentation to open bank accounts. Without the necessary documents, emigrants cannot access financial products in their country of origin.

- **Specific policies for the financial inclusion of emigrants**
  There are no strategies or regulatory frameworks that promote the financial inclusion of Haitians residing abroad.

JAMAICA

A) IMMIGRANTS

1. Supply-Side Barriers

- **Financial infrastructure and documentation**
  Financial infrastructure in rural areas is limited for both locals and immigrants. In the case of immigrants, this barrier is worsened by the lack of products and specific processes to serve this population.

- **Service channels and products**
  Although efforts are underway to modernize the remittance sector (licensing and supervision by the Bank of Jamaica), there are still challenges in expanding accessible financial services tailored to the needs and realities of the immigrant population.

2. Demand-Side Barriers

- **Migration status and informality**
  Irregular migration status or the lack of necessary documentation discourages immigrants from approaching financial institutions. This is compounded by informality and a preference for using cash.

- **Financial education**
  Due to the limited availability of services, barriers to financial literacy persist, which leads to a lack of knowledge and trust among the immigrant population in accessing formal financial institutions.

3. Regulatory and Public Policy Framework Barriers

- **Migration policies and documentation**
  Access to financial products is limited by documentation restrictions that complicate the risk assessment for the migrant population seeking entry into the financial system.

- **Specific strategies and policies**
  There are no specific policies or strategies in place to promote the financial inclusion of the immigrant population, which prevents financial system actors from offering clear and intentional services.

B) EMIGRANTS

1. Barriers from the Financial Supply Side

- **Remittance channels**
  While Jamaica is making progress in developing strategies, policies, and systems to attract remittance flows to formal channels, these alternatives are still underdeveloped and not well known by the emigrant population abroad.

- **Offering by financial institutions**
  There are few products designed for Jamaicans abroad. Existing products are not known by the emigrant population and require specific documentation and procedures.

2. Demand-Side Barriers

- **Financial education and awareness of the offerings**
  Jamaican emigrants have low levels of financial education and limited awareness of the financial products available in their country of origin, which restricts their ability to access savings, credit, or investment services.

- **Financial inclusion of relatives**
  Relatives of migrants lack effective access to the Jamaican financial system or are unaware of products that could meet their needs related to remittance flows.

3. Regulatory Framework Barriers

- **Policy for the financial inclusion of emigrants**
  There is no specific strategy or policy that enables access to and use of financial products and services for emigrants residing abroad. Despite progress in remittance transfer channels, there are no alternatives

or regulatory frameworks that explicitly facilitate this access. Existing initiatives are focused on remittances and are not connected to other services such as savings, credit, or investment.

DOMINICAN REPUBLIC

A) IMMIGRANTS

1. Supply-side Barrier

- **Rigorous documentary requirements**
  Documentation and information are required for both nationals and foreigners, which presents an obstacle, especially for migrants with irregular or in-process migration status.

- **Risk and market segmentation**
  Financial institutions may view certain groups of immigrants (particularly those with irregular status or low income) as high risk or low profitability, limiting the development of suitable products or proactive servicing.

- **Service channels and products**
  There is little availability of financial services in foreign languages, along with a lack of products that consider cross-border realities and the small-scale savings or credit needs of many immigrants.

2. Demand-side Barriers

- **Migration status**
  The main barrier for many immigrants, especially Haitians, is irregular migration status and fear of deportation, which discourages them from approaching formal financial institutions.

- **Income levels and labor informality**
  Many immigrants work in the informal sector with low and irregular incomes, making it difficult to meet institutional requirements and maintain financial products.

- **Distance from financial products and services**
  A lack of familiarity with the financial system, distrust based on past experiences or perceived exclusion, and language barriers contribute to reduced access.

3. Regulatory Framework and Public Policy Barriers

- **Focus on the National Financial Inclusion Strategy (ENIF)**
  Although the Dominican Republic's ENIF seeks to expand access, more targeted strategies are needed to overcome the specific barriers faced by immigrants, especially the most vulnerable.

B) EMIGRANTS

1. Supply-side Barriers

- **Access to financial services abroad**
  Many Dominicans face challenges accessing financial services that link their foreign income with products in their country of origin. The main barriers include:

  > Requirements for physical presence or local documentation to open accounts or access credit in Dominican banks.

  > Lack of platforms adapted for use from abroad.

- **Costs and remittance channels**
  Although the Dominican Republic is one of the main remittance receivers in Latin America, many transfers are still made through traditional, high cost channels. In rural areas of the receiving country, there are access gaps to digital platforms, as some Dominicans abroad distrust these platforms or are unfamiliar with how to use them to send remittances safely and efficiently.

- **Financial offerings**
  There are some products designed for Dominicans abroad; however, they are not sufficiently promoted or known, and usually require complex procedures.

- **Presence or intermediaries**
  Many Dominican financial services require in-country, in-person opening, which limits direct use by migrants. Electronic signature or remote biometrics for contracting products from abroad have not yet been fully developed.

2. Demand-side Barriers

- **Financial education and use of digital channels**
  Many Dominican emigrants have low levels of financial literacy, limiting their ability to identify appropriate products, plan savings, or utilize investment and credit mechanisms from their country of origin.

- **Financial inclusion of family members**
  Despite high remittance flows, a significant portion of recipient households lack access to bank or savings accounts.

- **Lack of knowledge of available Dominican financial products from abroad**
  Many emigrants are unaware that they can access or contract Dominican financial products while living abroad.

3. Regulatory Barriers

- **Comprehensive policy for emigrant financial inclusion**
  Although progress has been made in recognizing the role of emigrants, there is no articulated national financial inclusion strategy for this population. Existing initiatives are isolated or remittance-focused.

- **Documentary and legal obstacles**
  Contracting financial products from abroad may require valid local documentation or the physical presence of the holder in the country. Regulations do not explicitly provide digital validation mechanisms for non-resident Dominicans.

MEXICO

A) IMMIGRANTS

1. Supply-side Barriers

- **Documentary requirements**

Entities require documentation that is difficult for immigrants to obtain quickly. In addition, there is a lack of financial products specifically designed for their needs and risk profiles.

3. Regulatory Framework and Public Policy Barriers

- **Identification requirements (KYC/AML)**
  Anti-money laundering regulations require identification that, although necessary, can be complex for immigrants with foreign documents or those in the process of regularizing their residence, making it harder to open bank accounts.

- **Specific focus on inclusion policies**
  The National Financial Inclusion Policy 2020-2024, although robust, lacks sufficiently detailed strategies and goals to explicitly address the particularities and needs of the diverse immigrant population residing in the country.

B) EMIGRANTS

1. Supply-side Barriers

- **Access to financial services abroad**
  Although a large portion of Mexicans abroad are economically active, many face barriers accessing financial services both in their country of residence and in their country of origin. This is due to:

> Documentation requirements that mandate physical presence or proof of address.

> Lack of personalized support or advice from financial institutions for customers abroad.

- **Costs and remittance channels**
  Despite being one of the world's top remittance receivers, the costs associated with sending and converting remittances remain a barrier to the efficient use of funds. Informal channels are still used in certain areas, exposing users to security risks and financial loss.

- **Presence of financial institutions abroad**
  Few local financial institutions have offices, representatives, or strategic alliances in countries with a high concentration of Mexican emigrants, which makes it difficult to:

> Open financial products from abroad.

> Promote and support migrant-focused financial solutions.

2. Demand-side Barriers

- **Financial inclusion of family members**
  Remittance use is affected if recipients in Mexico are unbanked or do not understand how to efficiently use financial products. Without access to financial services, the impact of remittances on family economic well-being is reduced.

- **Distrust in the financial system**
  Negative experiences create distrust toward Mexican financial institutions. Additionally, the legal status of family members abroad influences their decision on whether or not to invest or save in Mexico.

3. Regulatory Barriers

- **Specific policies for Mexican emigrants**
  Although programs exist, there is no comprehensive financial policy aimed at emigrants neither in the country of origin nor in the country of destinationthat combines savings, investment, housing, health, and financial education.

- **International coordination**
  Despite the scale of Mexican migration to the US, there are few binational agreements facilitating financial system interoperability or identity recognition for cross-border financial transactions.

- **Specific regulation for emigrant financial servicing**
  There are no clear regulations incentivizing financial institutions to design and offer products targeted at the emigrant population.

GROUP 2: MIGRANT-RECEIVING COUNTRIES WITH LOW LEVELS OF REMITTANCE RECEPTION (COSTA RICA, ECUADOR, PARAGUAY, AND PERU).

COSTA RICA

A) IMMIGRANTS

1. Supply-side Barriers

- **Financial products adapted to immigrants**
  Financial institutions offer products such as simplified file accounts that allow immigrants with "official identity documents", including passports or DIMEX, to access the financial system. However, there is no expanded offering of products specifically designed for immigrants. Access barriers such as the in-person requirement for account opening can pose limitations for this population.

- **Financial infrastructure in the territory**
  In some regions of the country, financial infrastructure is limited to public banking. Despite this limitation, digital financial services are available, though some banking processes and procedures for immigrants require in-person management, making access to banking and financial services more difficult. Once immigrants gain access to the system, they can use digital channels.

2. Demand-side Barriers

- **Appropriate documentation**
  Despite alternatives such as simplified file accounts that allow foreigners to access accounts in the financial system with identifications like DIMEX, irregular migratory status can limit access for immigrants who lack this documentation or the ability of appearing in person to regularize it.

- **Knowledge of available financial services**
  The lack of information and financial education among the immigrant population contributes to the low use of formal financial services, with many unaware of the available options and their benefits.

3. Regulatory Framework Barriers

- **Requirements for opening bank accounts**
  Current regulations require official identification to open bank accounts, which excludes immigrants who lack the necessary documentation.

- **Specific policies for the financial inclusion of immigrants**
  There are no strategies or regulatory frameworks that explicitly promote the financial inclusion of immigrants.

B) EMIGRANTS

1. Supply-side Barriers

- **Financial products adapted to emigrants**
  Financial institutions do not offer products specifically designed for their citizens living abroad.

- **Digital and technological infrastructure**
  Although the country's financial system has implemented technological advancements such as regional payment systems, limitations remain in digital infrastructure, like low-cost and real-time products in countries where Costa Rican reside abroad, which hinder access to and use of financial services from overseas.

2. Demand-side Barriers

- **Information and financial education**
  Many Costa Rican emigrants are unaware of the available options to access financial services in their country of origin.

- **Lack of awareness of the benefits of maintaining financial ties with Costa Rica**
  The lack of information about the benefits of maintaining bank accounts or investments in Costa Rica may discourage emigrants from using these services.

3. Regulatory Framework Barriers

- **Requirements for opening bank accounts from abroad**
  Regulations require official identity documents and an in-person process to open a bank account for the first time, in line with current anti-money laundering regulations, which can create obstacles for emigrants who lack the necessary documents or face difficulties obtaining them from abroad.

- **Specific policies for the financial inclusion of emigrants**
  There are no strategies or regulatory frameworks that specifically promote the financial inclusion of Costa Ricans residing abroad.

PERU

A) IMMIGRANTS

1. Supply-side Barriers

- **Degree of regulatory development**
  Peru has made progress in formulating financial inclusion policies, such as the National Financial Inclusion Policy (PNIF). However, there are no specific regulatory guidelines in the financial system for the migrant population, as the issue is addressed across multiple sectors. The Regulation for the Management of Money Laundering and Terrorism Financing Risks provides more detail on customer

due diligence, which is aligned with migration authority regulations by considering documents enabled by them, and takes into account the regular migratory status of foreigners, as defined by Peruvian migration authorities.

- **Level of institutional offerings**
  Financial entities offer products that are poorly adapted to the needs and risk profiles of migrants. In addition, financial education programs specifically aimed at migrants remain scarce.

2. Demand-side Barriers

- **Financial needs and product use**
  Immigrants have limited knowledge of and access to services such as remittance transfers, savings accounts, and credit.

- **Perceptions of discrimination**
  Immigrants may encounter barriers at banking institutions due to lack of documentation, leading to distrust and increased use of cash or informal services.

- **Use and trust in digital channels**
  Immigrants show distrust and low familiarity with digital platforms. They prefer using cash for daily financial transactions, partly due to technological barriers and limited exposure.

3. Regulatory Framework Barriers

- **Current regulations and documentation requirements**
  Although accounts can be opened with a Temporary Stay Permit (CPP), many institutions do not accept it in practice, restricting access even for regularized migrants.

- **Public policies and national strategies**
  The PNIF (2019–2030) acknowledges the need to include vulnerable populations but does not explicitly mention migrants. However, the Financial Inclusion Advisory Committee for Refugee and Migrant Populations was created, under which annual work plans were developed in 2024.

- **Alignment with human rights frameworks**
  While Peru has adopted migration protection principles in its broader policies, financial inclusion is not fully guaranteed as a right, as it depends on formal legal requirements that exclude those without migratory documentation.

B) EMIGRANTS

1. Supply-side Barriers

- **Access to financial services abroad**
  Emigrants often face difficulties accessing financial services in their countries of residence due to strict documentation requirements, language barriers, and unfamiliarity with local financial systems.

- **Costs and remittance channels**
  The costs associated with sending remittances through formal channels and limited financial education lead emigrants to use informal methods, which undermines trust in existing offerings.

- **Presence of financial institutions abroad**
  Most banks lack branches or representatives in countries with large emigrant populations, making it difficult to promote and manage financial products.

- **Dependence on legal representatives in Peru**
  Some financial products require the intervention of a legal representative in Peru for contracting, creating obstacles for emigrants who do not have such representation.

2. Demand-side Barriers

- **Financial education and use of digital channels**
  Digital financial service adoption among emigrants is limited due to low financial literacy, distrust in digital platforms, and technological barriers.

- **Financial inclusion of relatives in Peru**
  The effectiveness of remittances also depends on the recipients' access to financial services in Peru. Limited product or service availability or awareness among families limits this inclusion.

- **Lack of knowledge about available offerings**
  Many emigrants are unaware of the financial products they can access from abroad, limiting their access and usage.

3. Regulatory Framework Barriers

- **Specific policies for emigrants**
  There is a lack of specific policies to address the needs of emigrants, including tailored financial products and financial education initiatives.

- **International coordination**
  The absence of bilateral or multilateral agreements hampers the financial inclusion of emigrants, limiting access to financial services in countries of residence.

- **Specific regulation for serving emigrants**
  Despite recent progress, there is still no detailed regulation that establishes specific procedures and requirements to serve emigrants in the financial system.

ECUADOR

A) IMMIGRANTS

1. Supply-side Barriers

- **Financial products tailored to immigrants**
  Financial institutions offer limited products specifically designed for immigrants, despite regulations easing documentation requirements for opening accounts.

- **Financial infrastructure in the territory**
  In some regions of the country with high concentrations of immigrant populations, limited financial infrastructure hinders access to banking and financial services.

2. Demand-side Barriers

- **Adequate documentation**
  Despite existing regulations, many immigrants lack the necessary documentation to access financial services, preventing them from opening bank accounts or applying for credit.

- **Lack of knowledge about available financial services**
  The lack of financial information and education among the immigrant population contributes to the low use of formal financial services, with many unaware of the available options and their benefits.

3. Regulatory Framework Barriers

- **Lack of specific policies for financial inclusion and education of immigrants**
  Despite existing regulations and efforts in financial education, access to financial services for migrants remains limited.

B) EMIGRANTS

1. Supply-side Barriers

- **Financial products tailored to emigrants**
  While some financial institutions have developed initiatives related to remittances, the overall offering of financial products specifically designed for emigrants remains limited.

- **Financial infrastructure in countries of residence**
  The limited presence of Ecuadorian financial institutions abroad restricts the financial inclusion of emigrants.

2. Demand-side Barriers

- **Information and financial education**
  Many emigrants are unaware of the options available to access financial services in their country of origin, limiting their participation in the financial system.

- **Lack of knowledge about the benefits of maintaining financial ties with Ecuador**
  The lack of information about the benefits of maintaining bank accounts or investments in Ecuador may discourage emigrants from using these services.

3. Regulatory Framework Barriers

- **Requirements for opening bank accounts from abroad**
  Regulations require specific documentation to open bank accounts, which may pose a barrier for emigrants who do not have the necessary documents or face difficulties obtaining them from abroad.

- **Lack of specific policies for the financial inclusion of emigrants**
  Although international agreements allow emigrants to contribute to Ecuador's social security system, there are still too few strategies or regulatory frameworks that support their broader financial inclusion.

PARAGUAY

A) IMMIGRANTS

1. Supply-side Barriers

- **Documentary requirements and risk profile**
  Financial institutions require documentation or a credit history to access financial products.

- **Products and geographic coverage**
  The offering of financial products is not adapted to the specific needs of immigrants.

2. Demand-side Barriers

- **Knowledge of the system and financial education**
  Many immigrants, especially from non-bordering countries, may not be familiar with the Paraguayan financial system and its product offerings. Limited financial education further reduces their ability to make informed decisions.

- **Preference for cash and informal channels**
  High levels of economic informality and cultural habits may lead to a preference for using cash and informal networks, especially if formal services are perceived as costly or complex.

3. Regulatory and Public Policy Barriers

- **Valid migration documentation**
  Although there are processes for granting documentation to foreigners, these may be perceived as complex, delaying access to financial services.

- **Implementation of the inclusion strategy**
  While policy development and strategies have advanced, their impact could be enhanced through a more explicit focus and specific goals for the immigrant population, considering their diversity and vulnerability.

B) EMIGRANTS

1. Supply-side Barriers

- **Access to financial services abroad**
  Although a significant portion of emigrants are integrated into the labor market, there is a lack of tailored products for them and limited presence of financial institutions from the country of origin abroad.

- **Costs and remittance channels**
  The use of informal methods to send remittances remains common, which involves higher risks and costs. Traditional remittance companies dominate the market, while digital options are not well known.

- **Contracting financial products from outside the country**
  Some financial products require the intervention of a legal representative in Paraguay, which is an obstacle for emigrants without such a representative in the country.

2. Demand-side Barriers

- **Financial education**
  Low levels of financial literacy among emigrants and their families in Paraguay limit the adoption of financial services and affect decisions related to saving, investing, and the efficient use of remittance channels.

- **Financial inclusion of family members**
  Remittances are often received in cash and spent immediately, limiting opportunities for saving or investment.

Some households lack bank accounts or are unaware of the financial products available to them.

- **Lack of knowledge about products available from abroad**
  Many emigrants are unaware of the financial offerings they could access from outside the country, whether for saving, investing, or sending money at lower costs.

3. Regulatory Framework Barriers

- **Public policies aimed at emigrants**
  Although general financial inclusion programs exist, there is no specific policy for the emigrant population encompassing products, education, or consumer protection abroad.

- **Bilateral agreements for financial inclusion**
  Institutional cooperation between Paraguay and migrant-receiving countries is limited, restricting the development of tailored, cross-border financial services.

- **Restrictive documentation requirements**
  Opening accounts or contracting financial products from abroad requires documentation, and in many cases, in-person procedures.

Electronic signatures and digital identity verification are not yet fully enabled or widely accessible for cross-border processes.

GROUP 3: COUNTRIES WITH LOW LEVELS OF REMITTANCES AND MIGRATION (BAHAMAS AND SURINAME)

SURINAME

A) IMMIGRANTS

1. Supply-side Barriers

- **Documentary requirements and compliance (KYC/CDD)**
  Banks in Suriname apply Know Your Customer (KYC) and Customer Due Diligence (CDD) policies that require valid residency documents, proof of address, and verification of source of funds, which pose challenges for immigrants, especially those in irregular situations or who are newly arrived.

- **Lack of specialized products for immigrants**
  The range of financial products may be limited and not adapted to the specific needs of various immigrant groups.

- **Costs**
  Transaction fees may be perceived as high, discouraging immigrants from using formal financial intermediaries.

2. Demand-side Barriers

- **Financial literacy and lack of awareness**
  There is limited understanding of how Suriname's formal financial system works and of the benefits it can offer.

- **Preference for informal channels and cash**
  Due to access difficulties and distrust, many immigrants prefer using informal and cash channels, especially for remittances.

- **Migration status**
  Immigrants with irregular or precarious status avoid interacting with formal institutions out of fear of detection and deportation.

3. Regulatory and Public Policy Barriers

- **Identification framework**
  Access to formal financial services depends on the ability to obtain valid identification documents.

- **Oversight and monitoring of financial flows**
  Regulations exclude access to financial products and services for those unable to fully meet all formal requirements.

B) EMIGRANTS

1. Financial Supply-side Barriers

- **Access to financial services abroad**
  Although many emigrants are economically active, they face barriers in accessing financial services in Suriname due to:

> Strict migration documentation requirements.

> Lack of cross-border financial services offered by Surinamese banks.

- **Remittance costs and channels**
  Despite the volume of remittances in Suriname, sending costs can be high, especially when using informal channels. Digital options are still emerging or not well known.

- **Contracting financial products from abroad**
  There is generally no infrastructure in place that allows the remote contracting of financial services. A lack of digitalization and the limited availability of electronic signatures prevent emigrants from accessing products virtually.

2. Demand-side Barriers

- **Limited financial education and language barriers**
  Although part of the diaspora is integrated into developed countries, limited financial education remains a barrier.

- **Financial inclusion of family members**
  Many remittance-receiving households are unbanked or lack regular access to digital channels. Remittances are withdrawn in cash and spent quickly, limiting opportunities for savings or investment.

- **Lack of awareness of available financial products**
  Due to insufficient information, many emigrants are unaware of the financial products they can contract from abroad or how to safely channel resources to their country of origin.

3. Regulatory Barriers

- **Specific policies targeting the diaspora**
  There is no structured national policy for emigrants that includes financial, educational, and social components. No formal financial products are designed for emigrants, nor are there incentives for their adoption.

- **Bilateral agreements or effective regional cooperation**
  There are no robust bilateral financial agreements with countries that host large portions of the migrant population.

- **Documentary and in-person obstacles**
  The requirement for valid national documentation hinders emigrants' access to financial services from abroad. Standardized digital validation or remote verification processes for non-residents are not in place.

BAHAMAS

A) IMMIGRANTS

1. Supply-side Barriers

- **Banking concentration and high costs**
  The limited offerings in the banking sector keep interest rates high, making credit access more expensive and creating a barrier to financial inclusion.

- **Bank branches in rural areas**
  There has been a reduction in bank branches on less populated islands, leaving some communities without access to financial services and also affecting immigrants living in those areas.

- **Microfinance institutions**
  There is a lack of a developed microfinance sector, which limits financial service options for small entrepreneurs, including immigrants.

2. Demand-side Barriers

- **Documentation**
  Many immigrants, especially those in irregular situations, do not possess the documentation required to open bank accounts.

- **Financial education**
  Although there is general awareness of basic financial products, adoption and effective use of these services remain limited.

- **Trust in the financial system**
  Lack of familiarity and possible negative past experiences generate a sense of distrust among immigrants toward formal financial institutions.

3. Regulatory Barriers

- **Due diligence requirements**
  Regulations to prevent money laundering and terrorist financing require identification documents that many immigrants cannot provide, which excludes them from the financial system.

- **Specific policies for immigrants**
  There are no specific regulations facilitating immigrants' access to financial services, resulting in exclusion from the formal financial system.

B) EMIGRANTS

1. Supply-side Barriers

- **Financial products**
  Financial institutions do not offer products specifically designed for emigrants. Most offerings are geared toward local residents and offshore services for international clients.

- **Digital banking for non-residents**
  Although initiatives such as the "Sand Dollar" have been implemented to promote financial inclusion, they are mainly aimed at local residents and do not address the needs of emigrants. Furthermore, the digital banking infrastructure is not yet fully adapted to facilitate remote access.

2. Demand-side Barriers

- **Trust in the local financial system**
  Some emigrants may distrust the financial system, especially if they have had negative past experiences or perceive a lack of institutional support.

- **Documentation and identity verification**
  Due diligence (CDD) and Know Your Customer (KYC) requirements can be difficult for emigrants to meet, especially if they do not have updated documents or access to remote verification processes.

3. Regulatory Barriers

- **Specific policies**
  There are no specific regulatory frameworks or strategies in local banks that promote financial inclusion for emigrants.

Rafael Rodriguez / Alamy Stock Photo.

ANNEX 2

CONSIDERATIONS AND RECOMMENDATIONS BY FILAC MEMBER COUNTRIES

Taking into account the analysis and conclusions of this study, it is strategic to highlight the opportunity to promote the inclusion of migrant populations and monitor the behavior of remittances and their interaction with national economies, based on the following considerations and recommendations for each FILAC member country.

GROUP 1: REMITTANCE-RECEIVING COUNTRIES AND TRANSIT OR RETURN MIGRANTS (EL SALVADOR, HONDURAS, HAITI, JAMAICA, DOMINICAN REPUBLIC, AND MEXICO)

EL SALVADOR

Importance of remittances as an engine of economic development. Remittances represent 23 percent of El Salvador's GDP, providing a fundamental income for thousands of households and strengthening national liquidity. This steady flow - with positive growth rates even after the pandemic - demonstrates the resilience of families and the strategic role played by migrants.

Growing banking penetration and access to simplified accounts. El Salvador has a diversified range of deposit products, including accounts with simplified requirements that facilitate the incorporation of new users into the formal financial system. However, important gap remains: there is a need to promote products designed specifically for migrants or remittance recipients, such as savings accounts with benefits linked to income flows from abroad or microcredits adapted to this population segment.

Diversification of payment channels and growing digital adoption. The introduction of digital wallets and interoperability through payment systems such as Transfer365 and SIPA has started to provide viable options for transfers and low-value payments. These channels allow receiving families and small businesses to make faster and more secure transactions. However, the level of digital wallet adoption among migrants and recipient households is not yet widespread.

Favorable demographic profile for financial inclusion. The 2024 census indicated that the majority of Salvadoran emigrants are between 20 and 30 years old, an age range with a greater willingness to adopt financial technologies and maintain digital ties with their country of origin.

Institutional framework with relevant information on Salvadorans abroad. The Central Reserve Bank of El Salvador has extensive experience in the analysis of migration statistics, including surveys of Salvadorans in the United States and georeferencing census data.

Advances in financial education for migrants. Financial education programs promote modules aimed at remittance-receiving households, helping more families understand the advantages of using digital financial services.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL INCLUSION	Lack of traceability in the use of financial products by migrants	Design a segmented monitoring system of simplified accounts for migrants and returnees	BCR
IDENTITY AND INTEROPERABILITY	Verification of the identity of migrants	Creation of a mechanism to validate identity and simplify financial onboarding	Coordination between the BCR and the Ministry of Foreign Affairs
FINANCIAL STABILITY	High dependence on remittances in certain regions and institutions	Include in the systemic risk matrix the risk associated with remittances in the event of declines in flows or changes in migration policy	BCR
FINANCIAL STABILITY	Periodic report on external vulnerabilities linked to remittance	Publish annual reports on external vulnerabilities by the geographic concentration of remittances and mitigation strategies	BCR

Sabena Jane Blackbird / Alamy Stock Photo.

HONDURAS

Importance of remittances and their channeling into the financial system. Honduras stands out for receiving one of the largest volumes of remittances in the region relative to its GDP, representing approximately 27 percent. This sustained flow of foreign currency has boosted domestic consumption and strengthened balance of payments stability.

Advances in banking products and services for migrants. Through GRD Resolution No. 764/05-12-2022, the opening of basic savings deposit accounts for non-domiciled Hondurans was enabled, with minimum requirements (passport, ID, consular registration, etc.) and monthly deposit limits of up to USD2,000. In addition, state-owned banks offer specific lines of credit for people abroad and agricultural products aimed at returned migrants. These initiatives have helped channel remittances directly into formal accounts and have allowed migrants to obtain small loans with only proof of remittance.

Financial education and use of digital channels. The CNBS has strengthened financial education programs, including a virtual classroom with free courses - highlighting "The Good Functioning of Remittances" - and partnerships with social inclusion institutions (Ciudad Mujer, FUNDER, and CDE-MIPYME-SOCODEVI, among others). In addition, the option to open basic accounts via electronic channels has improved access without requiring proof of a local address.

Financial infrastructure and geographical coverage. The Payment Interconnection System (SIPA) facilitates cross-border interoperability with Central America and the Dominican Republic, improving the inclusion of migrants. In areas with a high concentration of migrant populations, the network of banking agencies and cooperatives facilitates access to formal financial services.

Regulatory framework and gender sensitivity. Honduras has recognized the importance of gender in financial inclusion: more than 35 percent of remittance recipients are mothers, and 71.8 percent of remittance-receiving households use these funds mainly to cover basic needs such as food, health, and education [35]. The **Standards for the Strengthening of Financial Education** (2024 Reform) require institutions to design specific programs for migrants, women, and other segments, using differentiated methodologies and impact monitoring.

35 Remesas a Honduras crecen un 19,7 % entre enero y febrero por política migratoria de EEUU - SWI swissinfo.ch

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
OPENING ACCOUNTS FOR IMMIGRANTS	General regulations do not detail specific procedures or documents for immigrants	Issue specific guidelines establishing simplified procedures and adapted requirements for the opening of bank accounts by the immigrant population, complementary to the C021-2022	CNBS
PROPORTIONAL SUPERVISION AND BANKING	Remittances treated in uniformly, with no incentives for banking	Implement a proportional supervision scheme that establishes incentives for both remittance companies and remittance recipients to promote banking penetration	CNBS
FINANCIAL EDUCATION	Specialized program for migrants	Institutionalize a Financial Education Program for Migrants with face-to-face modules on savings, investment, fraud, and financial products, including strategic partners	CNBS
FINANCIAL STABILITY	Macroprudential models do not consider migratory variables	Conduct migration stress tests, prepare exposure maps by geographical area, and include a subcategory of migration risk in the financial stability index	Central Bank

HAITI

Growth and relevance of remittances as an economic engine. Remittances are a critical source of income for millions of Haitian households, contributing significantly to the financing of education, housing, and basic needs. In recent years, especially after the activation of the humanitarian program in the United States, there has been a sustained increase in remittance flows.

Bart Pro / Alamy Stock Photo.

Expansion of digital and financial solutions for migrants. The implementation of products such as savings accounts, digital wallets, and cross-border payment services has expanded formal channels for migrants and their families to manage their resources.

Improvements in financial education. Financial education programmes have been developed to teach migrants and remittance recipients how to plan their resources, prepare budgets, and take advantage of savings instruments. These initiatives reflect a growing commitment by the authorities to financial literacy.

Relative ease in opening accounts for regularized migrants. For migrants in regular status (with a valid passport, immigration visa, or IOM certificate), financial institutions offer simplified bank account opening processes and access to digital services, which has allowed a growing number of foreigners to enter the formal financial system.

Coordination of public and private actors. Leadership by the central bank has made it possible to design a National Financial Education Plan that, as of 2020, integrates modules into school curricula and competitions for young entrepreneurs, encouraging the formalization and opening of business accounts.

Documentation requirements. There is no specific policy or guideline for undocumented migrants, which limits their ability to open accounts and fully integrate into the financial system.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL INFRASTRUCTURE	Accessibility to financial products	Promote alternative channels such as the extended use of mobile wallets and mobile agent networks to ensure access to financial services	Banque de la République d'Haïti (BRH)
REGULATORY FRAMEWORK	AML/KYC regulations do not include proportionate mechanisms or exceptions for undocumented immigrants or displaced persons	Establish a simplified KYC regime for migrants and displaced persons, using minimal biometric verification or document simplification	BRH
FINANCIAL EDUCATION	Lack of knowledge about personal finances, especially among displaced people	Expand the Financial Education Plan, including multilingual materials and campaigns in displacement camps, rural areas, and schools	BRH
FINANCIAL RESILIENCE	Lack of studies and stress tests on the impact of a sharp drop in remittances	Carry out stress tests on remittance flows and incorporate migration crisis scenarios	BRH

Abacapress / Alamy Stock Photo.

JAMAICA

Remittances made up approximately 21 percent of Jamaica's GDP, reaching more than USD4.2 billion. This dependence reflects the importance of transfers from Jamaican communities in the United States, the United Kingdom, and Canada.

The Bank of Jamaica has implemented a robust real-time payments system and partnerships with digital platforms that allow remittance recipients to receive funds immediately. In addition, the implementation of AML/CFT standards has strengthened traceability, reducing illicit financing risks without compromising efficiency.

Regulatory and documentary barriers continue to affect migrants in irregular situations, who face identification requirements they cannot meet. Transaction costs further deter migrants from using formal channels, leading them to rely on informal methods.

Mass deportations have increased the number of returnees, who often lack support networks. Economic reintegration programs that include job training and access to microcredit are essential to prevent the financial and social exclusion of this vulnerable group.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
PAYMENT INFRASTRUCTURE	Limited coverage of payment systems in rural areas	Expand the network of rural correspondents and partnerships with mobile FinTechs to improve access	Bank of Jamaica
DOCUMENTARY BARRIERS	Identification Requirements	Implement alternative KYC schemes with local documents and biometric verification	Bank of Jamaica
TRANSACTION COSTS	Remittance rates higher than the regional average	Encourage competition between suppliers and offer partial subsidies to reduce commissions	Bank of Jamaica
REINTEGRATION PROGRAMS	Returnees without work and social support	Develop technical training programs and access to specific microcredits for returnees	Bank of Jamaica and Microfinance

DOMINICAN REPUBLIC

Formalized remittance channels. The Dominican Republic has a formal remittance market, in which most remittances and receipts are channeled through supervised institutions (remittance companies and banks), ensuring traceability, security, and compliance with KYC/AML standards. This formality strengthens financial stability and reinforces the confidence of immigrant households and fund recipients.

Banking access for immigrants with passports and flexible documents. As a result of the "life and identity" instruction issued by the Superintendency of Banks, immigrants can open savings accounts and access basic banking services by presenting a passport and identity card from their home country. This measure has promoted greater banking penetration of the migrant population, while encouraging their integration into the formal financial system.

Diversification of products and opportunities for the migrant population. The Dominican financial system offers savings and credit account products available to all residents, including foreigners. Smaller financial institutions highly linked to remittances have developed specific channels for the digital reception of remittances into accounts, which facilitates the financial inclusion of migrants and their families.

Consolidated interoperability and payments infrastructure. The Dominican Republic has multiple digital platforms that receive remittances and an ecosystem of regulated agents, making it possible to access remittance services and carry out fast, secure transactions even in remote areas.

Financial education and potential for productive use of remittances. In recent years, the Superintendency of Banks has considered promoting productive remittances in its financial inclusion strategy, with exercises to encourage recipient households to channel part of these funds to savings and investments in microenterprises or businesses.

Progressive and inclusion-oriented regulatory environment. The National Financial Inclusion Strategy and the circulars issued to make identity requirements more flexible have demonstrated an institutional commitment to include migrants. This regulatory framework has generated a stable, transparent, and trustworthy environment for both migrant and local users.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL INCLUSION	Establish a regulation on financial inclusion for migrants and returnees	Issue a specific standard on financial inclusion of migrants, establishing criteria for simplified accounts under a proportional KYC approach that facilitates remote account opening	Superintendency of Banks
FINANCIAL INCLUSION	The National Financial Inclusion Strategy does not contemplate specific actions for migrants	Integrate a specific line of action for migrants and returnees into the National Financial Inclusion Strategy, including the monitoring of results	Superintendency of Banks
MONITORING AND REMITTANCES	Homogeneous supervision of remittance companies without considering differences in size or risk	Establish a proportional supervision scheme with the segmentation of remittances by size and level of risk	Superintendency of Banks
MONITORING AND REMITTANCES	Lack of information on remittance machines	Create a digital public registry of authorized remittance companies, interoperable with AML/CFT systems	Superintendency of Banks
FINANCIAL STABILITY	Financial stress tests do not consider the potential impact of drops in remittances	Include scenarios of declining remittances in the national financial system's stress tests	Coordination of the Central Bank and Superintendence of Banks
FINANCIAL STABILITY	Lack of systematic monitoring of the concentration of remittance income in a few institutions.	Monitor the institutional concentration of remittance income at the portfolio and liquidity levels	Coordination of the Central Bank and Superintendence of Banks

MEXICO

Mexico, as a recipient of remittances, maintains a prominent and stable position. For years, the country has been among the world's leading recipients in terms of total remittance volume, and although their share of GDP (approximately 3.2 percent) is lower than in some Central American countries, they still represent a sustained contribution to domestic liquidity (around 12 percent of M2) and reinforce economic resilience.

The constant flow of remittances has demonstrated its countercyclical nature: even during periods of global volatility, remittances to Mexico have grown positively year after year, serving as an anchor of stability for millions of households.

Accessible financial products for migrant profiles. Through the "Level 1 Account", anyone - regardless of immigration status - can open an account by submitting only their full name and date of birth, without the need for official identification. These accounts allow monthly deposits of up to approximately USD330 and facilitate the receipt of remittances in Mexico, promoting greater banking access for those in transit.

For those starting a regularization process (temporary or permanent residence), the "Level 2 Account", linked to the Unique Temporary Population Registry Code (CURP) which is current, allows expanded access (deposits of up to approximately USD1,330 per month and international services). This opens the door to migrants seeking to settle in the medium-term, offering them the possibility of fully integrating into the local financial system.

The National Financial Inclusion Policy has a clear and broad mandate. The National Financial Inclusion Policy 2020-2024, with the Executive Secretariat of the National Financial Inclusion Council, outlined measures to improve the coverage of formal financial services, supports correspondent mechanisms (banking agents), and promotes proportional KYC rules for low-risk segments, such as "Level 1 Accounts". However, migrants are not explicitly identified. Work is currently underway on a new National Financial Inclusion Policy for the 2025-2030 period.

Advances in digital banking and opportunities for FinTechs. The interbank payment system (SPEI) and multiple digital wallets provide infrastructure that migrants can leverage to receive remittances and make everyday payments without needing to visit a physical branch.

John Mitchell / Alamy Stock Photo.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL PRODUCTS	Remittances used mainly for consumption, without investment or savings instruments	Facilitate the design of financial products for migrants that leverage remittances as savings and investment mechanisms	CNBV
FINANCIAL EDUCATION	Absence of specific educational materials for migrants	Launch a national program with digital materials, itinerant workshops, and migrant mentors, in coordination with consulates and associations	CONDUSEF and IME
FINANCIAL STABILITY	Macroprudential models do not consider migratory risk scenarios	Include migratory shocks in stress tests: falling remittances, mass deportations, and devaluation	Coordination between Banxico and CNBV

GROUP 2: COUNTRIES RECEIVING MIGRANTS AND SENDING REMITTANCES (COSTA RICA, ECUADOR, PARAGUAY, AND PERU)

COSTA RICA

Institutional Progress Facilitating Financial Inclusion for Immigrants. Costa Rica has made significant progress in financial access for the immigrant population, especially through the use of the DIMEX document, which enables migrants to open bank accounts and access financial services under conditions similar to those of nationals. However, there remains an opportunity to develop specific products for migrants, particularly those who have not yet regularized their status or who reside in areas with limited financial infrastructure.

Functional regulatory frameworks with the potential for greater inclusion. The country has simplified account opening mechanisms that have expanded access even with minimal documentation. Nevertheless, the regulatory system could be further strengthened with policies that explicitly promote the financial inclusion of migrants and emigrants, which are not yet comprehensively addressed in current regulations or in the national financial inclusion strategy under development.

Use of formal channels and the competitive environment in the remittance market. The participation of formal remittance companies, such as Western Union, has made it safer to send remittances by building trust over years of operation and promoting competition among providers. Opportunities remain to strengthen the efficiency of the system, such as the development of a specific regulation for remittance companies that establishes minimum operating requirements and the revision of the commissions charged, which would improve competitiveness and access to more affordable services.

Possibilities for interoperability and the use of financial technology (FinTech). The country benefits from a robust payment infrastructure, such as SINPE, managed by the Central Bank of Costa Rica, which represents a valuable platform to facilitate the digitization of transactions.

Growing commitment to strategic planning and financial education. Although still in progress, the country is moving toward a more structured National Financial Inclusion Strategy and Financial Education Strategy.

Wolfgang Kaehler / Alamy Stock Photo.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL PRODUCTS	Existence of simplified accounts (basic file) without a national strategy for personalization of products according to migrant profiles	Launch a strategy of tiered financial products for migrants, focusing on financial stability, cross-border family savings, microcredit, and productive mobility	The Central Bank and SUGEF could contribute with technical guidelines to support prudential risk management in these products
REGULATION AND SUPERVISION	Establish clear guidelines for products aimed at migrants	Issue a Technical Guide for Migrant Financial Inclusion to provide supervised entities with guidance on prudential risk management when serving migrants, covering proportional due diligence, opening of simplified accounts, and assessment of operational and credit risks, among other considerations.	SUGEF
DATA AND INFORMATION	Generate statistical visibility on the migrant population	Consolidate the traceability and efficiency of remittance channels through an Interoperability and Proportional Control Strategy, and incorporate a section on migratory indicators in its bulletins	Central Bank
FINANCIAL INTEGRITY	Remittance companies operate without a specific regulatory framework that sets minimum operating and supervisory requirements	Evaluate the incorporation of remittance companies as regulated entities under a specific regulation that defines minimum operating requirements, monitors flows, applies proportional due diligence, and trains agents in rural areas	UIF and SUGEF Coordination
FINANCIAL STABILITY	Macroprudential matrix without migratory scenarios	Incorporate migratory scenarios in macroprudential analyses	Central Bank

ECUADOR

Ecuador received USD4.7 billion in remittances, equivalent to about five percent of GDP, with an average annual growth of eight percent. Most came from the United States and Spain, reinforcing the resilience of households in provinces with high emigration.

Migrants without formal documentation face barriers to opening accounts due to the lack of interoperable identity. The implementation of digital cards and biometrics-based know-your-customer schemes could improve access, but they require inter-institutional coordination and data protection guarantees.

Returnees often lack stable employment, and social programs have tested technical training and microcredit models to reduce economic vulnerability. However, the scale of these initiatives remains limited given the volume of returnees.

Despite advances in digital financial services, their use is limited. Promoting digital literacy through community workshops and partnerships with NGOs is critical to increase the adoption of low-cost tools that improve long-term financial inclusion.

Tony Waltham / Alamy Stock Photo.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
SUPERVISION OF COOPERATIVES	Limited coverage of non-bank correspondents in rural areas	Expand financial correspondents and strengthen the supervision of agents	Superintendence of Banks and SEPS
IDENTITY INTEROPERABILITY	Migrants without a digital ID cannot open accounts	Implement interoperable digital ID and KYC based on biometrics	Superintendence of Banks and SEPS
REINTEGRATION PROGRAMS	NGOs with limited reach compared to the volume of returnees	Scale job training and microcredit initiatives through SMEs	Ministry of Economic Inclusion and NGOs
DIGITAL LITERACY	Migrant population makes little use of FinTech or mobile banking services	Organize digital skills workshops and partnerships with community centers	Superintendence of Banks and SEPS

PARAGUAY

Stability of remittance flows and their contribution to family well-being. Remittances, which come mainly from Argentina, represent a solid source of income for many Paraguayan households. Although they account for around 1.7 percent of GDP, interviews conducted with FILAC member institutions indicate that these funds are effectively used to sustain families on a daily basis and improve their housing (for example, extensions or construction), providing financial stability to those who depend on these resources.

Advances in local financial inclusion and opportunities for migrants. The development of simplified, low-risk accounts and a robust digital payments network has enabled remittance beneficiaries to access formal services more easily. These solutions help recipient families move beyond exclusive cash use and improve their ability to carry out daily transactions. In contrast to the lack of equivalent alternatives for payments and transfers in the region, local channels offer a clear pathway to progressively incorporate those who receive international resources into the formal financial ecosystem.

Documentary and regulatory requirements for opening accounts. Low-risk accounts can be opened with minimum requirements, subject to limits on amounts and local use. While there are no restrictions on receiving remittances, the documents required to open traditional accounts (permanent ID or proof of income) still pose barriers for migrants in transit or without permanent residency.

Potential of the national financial inclusion strategy. The process of updating the National Financial Inclusion Strategy provides an opportunity to explicitly incorporate the migrant population, identifying their needs and designing ad hoc products, such as accounts that automatically receive remittances in foreign currency.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
NATIONAL FINANCIAL INCLUSION STRATEGY	Paraguay's ENIF does not explicitly contemplate migrants and their families as a priority segment	Include migrants as a priority segment in the new version of the ENIF, with measurable objectives such as the percentage of migrants with formally channeled accounts and remittances	Central Bank
INTER-INSTITUTIONAL COORDINATION	Lack of coordination mechanisms between relevant actors for the financial inclusion of migrants	Create spaces for discussion coordinated by the Central Bank, with the participation of other key actors	Central Bank
FINANCIAL PRODUCTS	There are no specific products for migrants or remittance recipients	Develop financial products such as loans guaranteed by remittances and savings accounts for migrants with remote opening, which include life, repatriation, or health insurance	Central Bank
FINANCIAL STABILITY	There are no impact studies on migratory shocks or falling remittances	Include macroprudential stress simulations, monitoring of remittance flows with disaggregated data, and contingency plans for mass returns	Central Bank
FINANCIAL EDUCATION	There are no campaigns aimed at migrants or their families	Develop campaigns with multilingual and digital materials	Central Bank

PERU

Advances in regulatory adaptability and recognition of migratory documentation. Peru has taken significant steps by incorporating various migratory documents (Foreigner's Card, CPP, Certificate of Refugee Application) in the official list of identification accepted by financial institutions. This flexibility, consolidated in SBS Resolution No. 908-2025, makes it easier for regular resident migrants to open basic savings accounts and simplified electronic money accounts without the need for a Peruvian ID card or a foreigner's card (a migratory document that has gained greater acceptance over time among financial system entities).

While this regulation took effect in June 2025, dissemination workshops had already been held (training more than 1,200 workers) on the characteristics of migrants and their various migratory documents, and two versions of the "Practical Guide to Financial Inclusion" were published in coordination with Migration, Foreign Affairs, and the Superintendency of Banking, Insurance, and AFP (SBS), one in 2023 and the other in 2024. These efforts have helped reduce knowledge gaps and decreased unjustified rejections due to a lack of valid documents.

Growing financial inclusion of the migrant population and strengthening of the supply of services. The creation of "simplified file account" products, which have limits on balances and transactions, has enabled migrants to open accounts with minimal identification requirements. While not specifically designed for migrants, these accounts have served as an entry point for many users, who then begin using other services (digital transfers, small lines of credit, etc.).

Strengthened inter-institutional coordination and the "National Financial Inclusion Policy (NIFP)". In 2023, a Consultative Committee on the Refugee Migrant Population was formed within the National Financial Inclusion Policy, formally recognizing migrants as a vulnerable group. This committee has supported evidence generation, information dissemination, and joint actions between SBS, Migration, the Ministry of Foreign Affairs, and financial associations.

The National Financial Inclusion Policy 2019-2030 includes migrants as a target population through one of the policy measures of its Multi-sectoral Strategic Plan.

Access to digital channels and improved financial resilience. The increase in the adoption of digital financial services in the country (56 percent of adults using digital channels) has gradually spread to regular migrants. Although some initial mistrust remains, basic transactions (balance consultation, internal transfers, payments for services) are already possible with the simplified account or with mobile wallets linked to bank accounts.

Remittances received in Peru (USD4,332 million Uin 2024, with year-on-year growth of 11 percent) have reinforced the motivation of migrants and recipients to formalize their relationship with the banking system.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL PRODUCTS	Lack of specific instruments to encourage savings and investment for migrants	Consider in the regulations the creation of accounts with incentives for the use of remittances, loans backed by remittance flows and diaspora bonds, through guidelines that promote financial products adapted to the profiles of migrants and their families, simplified digital access, and encourage inter-institutional alliances for implementation	SBS
FINANCIAL EDUCATION	There is no program with a migrant approach	Implement a Financial Training Program for Migrants that includes virtual modules, traveling promoters, and financial mentors	SBS
FINANCIAL STABILITY AND DATA	Financial resilience models do not analyze migratory shocks or disaggregated data	Include migratory scenarios in stress tests, require reports by migratory status, and build a migrant vulnerability index	BCRP and SBS Coordination

GROUP 3: COUNTRIES WITH LOW LEVELS OF REMITTANCES AND MIGRATION (BAHAMAS AND SURINAME)

BAHAMAS

Potential of the Sand Dollar to strengthen digital inclusion. The Sand Dollar offers a promising tool for the digitization of payments and the financial inclusion of migrants. Although adoption among this population remains low, awareness campaigns, digital financial education, and data protection guarantees can help overcome risk perceptions and increase its use as a safe and accessible channel.

Opportunity to connect with the Bahamian diaspora. The development of financial products targeting Bahamians abroad represents a strategic opportunity to strengthen economic ties with the diaspora. Through housing loans, digital accounts for non-residents or transnational investment mechanisms, resources can be channeled to the country and promote the financial inclusion of this still underserved segment.

Building institutional capacity and improving data. he central bank and other institutions have shown openness to improving the collection of disaggregated data and strengthening inter-institutional governance. This makes it possible to design more effective and targeted financial policies for different population groups, including migrants, whose realities are not yet fully reflected in current statistics.

Commitment to a national financial inclusion strategy under development. The ongoing formulation of a National Strategy for Financial Inclusion and Financial Education provides a solid foundation for addressing existing gaps. The explicit inclusion of the migrant population in these efforts reflects a growing institutional commitment to financial equity and the modernization of the country's payment ecosystem.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL INCLUSION	Migrants face barriers to opening accounts due to a lack of proof of address	Develop a guide that allows the opening of basic accounts by simplifying the required documentation	Central Bank
DIGITAL PAYMENTS	Adoption of the Sand Dollar by migrants	Launch a targeted campaign in multiple languages, link subsidies to the use of the Sand Dollar, expand recharging and pickup points in migrant areas	Central Bank
FINANCIAL PRODUCTS	Products adapted for Bahamians abroad	Design products for the diaspora with online opening, consular validation, and preferential rates	Central Bank
FINANCIAL STABILITY	Current models do not consider migratory risks or the impact of remittances	Conduct migration stress tests and create maps of exposure to remittances	Central Bank

SURINAME

Recognition of the relevance of remittances. Remittances account for approximately four percent of Suriname's GDP[36]. Although much of the flows arrive informally, recent measures by the central bank are laying the groundwork to progressively channel these resources through formal mechanisms, thus improving traceability and domestic liquidity.

Progress in opening accounts and banking access for non-residents. Documentation requirements ("Know Your Customer") for Surinamese citizens residing abroad have been relaxed, allowing them to open bank accounts even from the Netherlands. The most innovative financial institutions offer mobile apps or "wallets" that facilitate digital transactions for those outside the country, marking a notable advance in including the Surinamese diaspora.

Expanding digital payments infrastructure. The national payments system facilitates low-value transactions between accounts, and some local FinTechs are experimenting with more user-friendly interfaces.

36 It refers only to formal remittance flows. Inflows via informal channels are not currently measured or estimated and are therefore not included in the reported data.

National financial inclusion strategy with a view to expanding coverage. The National Financial Inclusion Strategy is in the process of being drafted and, although it does not explicitly mention migrants, its broad focus on inclusion – along with future financial education guidelines – will create a more favorable environment for all residents, including foreigners.

Opportunities for specialized financial products. There is a clear space to develop savings accounts that only require a valid passport or foreigner's ID, without proof of local address. This would facilitate the financial inclusion of recipients who receive low-value remittances and gradually give these families access to other financial products, such as credit or insurance.

Evolving regulatory context. Despite strict KYC/AML criteria, the recent relaxation of account opening rules for Surinamese citizens abroad and residents with "stay permits" reflects a positive commitment to applying proportional standards.

AREA	CONDITION/SITUATION	RECOMMENDATION	KEY PLAYERS
FINANCIAL INCLUSION	Immigration documentation is not recognized in the financial system	Develop a guide that allows the validation of migratory documents issued by foreign or regional authorities, under the protection of document interoperability mechanisms	Central Bank
FINANCIAL INCLUSION	Forced migrants and returnees without access to accessible financial products	Financial institutions should be able to offer basic savings accounts with no residency requirements, integrated with remittance services and supported by financial education campaigns	Central Bank
FINANCIAL INCLUSION	Lack of incentives to develop products aimed at migrants	Create incentives, such as tax deductions, to support financial training for migrants	Coordination of Tax Authorities and Central Bank
FINANCIAL STABILITY	Early indicators on migratory risks	Include variables such as deposit fluctuations in the financial stability dashboard	Central Bank
FINANCIAL STABILITY	The impacts of migratory events on the financial system are not simulated	Implement an annual immigration stress test with different scenarios	Central Bank
FINANCIAL STABILITY	Macroprudential reports with structured analysis on migration	Consider a migration and remittance module in the financial stability report	Central Bank
FINANCIAL INTEGRITY	Supervision of small remittance operators	Apply proportional supervision to low-volume remittance machine operations	Central Bank


Florian Kopp / Alamy Stock Photo.

BIBLIOGRAPHY

Alliance for Financial Inclusion. 2024. Inclusión Financiera de los Migrantes en América Latina y el Caribe. AFI, FILAC. Available at: Financial Inclusion of Migrants in the Latin America and the Caribbean Region - Alliance for Financial Inclusion

Ambrosius, C., Fritz, B., and Stiegler, U. 2013. Remittances and the Financial Sector - Insights from Latin America. Development Policy Review, 32(6).

Babii, A., Carare, A., Vasilyev, D., and Yakhshilikov, Y. 2022. Evolution of Remittances to CAPDR Countries and Mexico During the COVID-19 Pandemic. IMF Working Paper (WP/22/92).

Banco Central de Costa Rica. n.d. Pagos regionales. Retrieved on 5 June 2025. Available at: https://www.bccr.fi.cr/sistema-de-pagos/servicios-brindados-a-clientes/pagos-regionales

Banco Central de Costa Rica (SUGEF). 2024. Estadísticas de Inclusión Financiera y Remesas 2023. San José: SUGEF.

Banco Central de la República Dominicana. 2022. Estrategia Nacional de Inclusión Financiera 2022-2030. Available at: https://bancentral.gov.do

Banco Central de la República Dominicana (BCRD). 2025. Reporte de Remesas y Estabilidad Financiera 2024. Santo Domingo: BCRD.

Banco Central del Paraguay (BCP). 2024. Informe de Remesas y Migración 2023. Asunción: BCP.

Banco Central de Reserva de El Salvador (BCR). 2024. Reporte de Inclusión Financiera y Remesas 2023. San Salvador: BCR.

Banco de la Nación. n.d. Págalo.pe. Available at: https://www.bn.com.pe/clientes/pagalo-pe.asp

Banco de la Nación. n.d. Servicios para peruanos en el extranjero. Available at: https://www.bn.com.pe

Banco de México & Reserva Federal de EE. UU. n.d. Directo a México. Available at: https://www.banxico.org.mx/sistemas-de-pago/directo-mexico-remesas-banco-.html

Banco de México (Banxico). 2025. Reporte de Estabilidad Financiera 2024. Ciudad de México: Banxico.

Barajas, A., Chami, R., Ebeke, C., and Oeking, A. 2016. What's Different about Monetary Policy Transmission in Remittance-Dependent Countries? IMF Working Papers (WP/16/44).

BBVA Research. 2020. Remesas en México: relevancia económica y desafíos estructurales.

Banco Nacional de los Valores (BNV). 2024. Informe de Remesas y Migración 2023. Guatemala: BNV.

Beaton, K., Cevik, S., and Di Bella, G. 2017. Migration and Remittances in Latin America and the Caribbean: Engines of Growth and Macroeconomic Stabilizers? IMF Working Paper No. 17/144. Available at: https://doi.org/10.5089/9781484303608.001

Binta, S., and Mondal, L. 2023. An Empirical Analysis on Remittances and Financial Development in Latin American Countries. Available at: https://ideas.repec.org/p/arx/papers/2309.08855.html

CEPAL. 2019. Migración internacional y desarrollo en América Latina y el Caribe. Comisión Económica para América Latina y el Caribe (CEPAL), Naciones Unidas.

Central Bank of Jamaica (BOJ). 2024. Estudio de Remesas y Estabilidad Financiera 2023. Kingston: BOJ.

Comisión Nacional de Bancos y Seguros de Honduras (CNBS). 2023. Reglamento de Servicios de Pagos Electrónicos (EPSPE). Tegucigalpa: CNBS.

CONDUSEF. 2020. Educación financiera sin fronteras. Revista Proteja su Dinero. Available at: https://revista.condusef.gob.mx/2020/01/educacion-financiera-sin-fronteras/

Congreso de la República del Perú. 2024. Ley N.° 32211. Available at: https://www.congreso.gob.pe

Dirección General de Identificación Civil (DGI). 2023. Guía de Identificación: Migrantes y Refugiados. San José: DGI.

Ebeke, C., Loko, B., and Viseth, A. 2014. Credit Quality in Developing Economies: Remittances to the Rescue? (FMI, Ed.) IMF Working Paper (WP/14/144).

Fajnzylber, P., and López, H. 2008. The Development Impact of Remittances in Latin America. In Remittances and Development - Lessons from Latin America (pages 1-21). The World Bank.

Fundación Microfinanzas BBVA. 2024. Confianza sin Fronteras. Available at: https://www.fundacionmicrofinanzasbbva.org

García, R. 2010. Crisis financiera internacional, migración y remesas en América Latina. Ola financiera, 3(7).

Hernández, C. 2025. Impacto de las Remesas Familiares en el Crecimiento Económico de los Países Latinoamericanos. Revista de Economía de Centroamérica y República Dominicana, VI(2).

Instituto de los Mexicanos en el Exterior. 2023. Boletín Lazos Económicos 32. Available at: https://www.gob.mx/ime/articulos/boletin-lazos-economicos-32

International Organization for Migration. 2024. World Migration Report 2024. Geneva: International Organization for Migration.

Li Ng, J. J. 2025. México | Remesas crecen 10.6%, ¿enfrentarán riesgos para 2025? BBVA Research. Available at: https://www.bbvaresearch.com/wp-content/uploads/2025/01/Remesas_enfrentaran_riesgos_para_2025.pdf

Maldonado, R., and Harris, J. 2024. Remittances to Latin America and the Caribbean in 2024: Slowing the Pace of Growth. Washington, DC: Inter-American Development Bank (IDB).

Martínez, J. y Cano, L. 2022. Migración y economía regional: aportes recientes en América Latina. Santiago: Ediciones Sociales Latinoamericanas.

Martin, P. 2019. Encuesta sobre remesas y ahorro de migrantes latinoamericanos en EE. UU. Banco Interamericano de Desarrollo.

Ministerio de Economía y Finanzas. n.d. Boletín de Transparencia Fiscal. Available at: https://www.mef.gob.pe/contenidos/pol_econ/documentos/btf/BTF47Jun05. pdf

Ministerio de Economía y Finanzas del Perú. 2019. Decreto Supremo N.° 255-2019-EF: Aprueban la Política Nacional de Inclusión Financiera [PNIF]. Available at: https://www.sbs.gob.pe/inclusion-financiera-principal/politica-nacional-de-inclusion-financiera

Martin, X., Sobol, D., Magnoni, B., and Burgess, E. 2019. De Estados Unidos a América Latina y El Caribe.- Siguiendo el camino de las Remesas. Washington D.C.: Inter- American Development Bank.

Martínez, M., Mascaró, Y., and Moizeszowicz, F. 2008. Do Remittances Affect Recipient Countries' Financial Development. Remittances and Development Lessons from Latin America (págs. 171-217). The World Bank.

Nuñez, R., and Osorio-Caballero, M. 2021. Remittances, migration, and poverty. A study for Mexico and Central America. (UNAM, Ed.) Investigación Económica, 80(318).

Olivia, M.-A., and Khinashvili, N. 2024. Managing Remittances Inflows with Foreign Exchange Interventions. IMF Working Papers (WP/24/191).

Ordoñez, J. 2021. La pobreza como causa esencial de la expulsión humana y la migración (Centroamérica 2021- 2022). Grupo de Trabajo de Centro y Norteamerica sobre Migración.

Superintendencia de Banca, Seguros and AFP del Perú (SBS). n.d. Inclusión financiera en el Perú. Available at: https://www.sbs.gob.pe/inclusion-financiera-principal

Superintendencia de Bancos de la República Dominicana. 2021. Circulares sobre flexibilización de requisitos para apertura de cuentas a ciudadanos venezolanos. Available at: https://sb.gob.do

Superintendencia de Bancos de la República Dominicana (SB). 2023. Políticas AML/CFT para Remesas. Santo Domingo: SB.

Superintendencia de Bancos de la República Dominicana (SB). 2024. Estadísticas de Remesas 2023. Santo Domingo: SB.

Superintendencia General de Entidades Financieras de Costa Rica (SUGEF). 2024. Normativa para Inclusión Financiera de Migrantes. San José: SUGEF.

United Nations. 2024. Remittances and the Sustainable Development Goals: Leveraging Financial Flows for Resilient Households in Latin America and the Caribbean. United Nations Development Programme (UNDP), New York.

United Nations. 2024. Objetivos de Desarrollo Sostenible: Informe 2024. Department of Economic and Social Affairs.

World Bank. 2022. The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. Washington, DC: World Bank.

World Bank. 2023. Migration and Development Brief 40: Remittances Slowed in 2023, Expected to Grow Faster in 2024. Washington, DC: Banco Mundial.

World Bank. 2023. World Development Indicators. Washington, DC: World Bank Group. Available at: https://data.worldbank.org

World Bank. 2024. Remittances to Latin America and the Caribbean 2023. Washington, DC: Banco Interamericano de Desarrollo (IDB-TN-2845).

Alliance for Financial Inclusion
AFI, Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia
t +60 3 2776 9000 **e** info@afi-global.org **www.afi-global.org**
Alliance for Financial Inclusion AFI.History @NewsAFI @afinetwork