

Estimating the Economic Impact of Remittance Fees on Bexar County

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Remittances in General

- Widely written about topic with much attention from national governments and international financial institutions
- Source is generally considered to be individuals sending “small” amounts of money
- In the case of Mexico-U.S. transfers, the values are recorded by both U.S. And Mexican financial authorities.
- Last year saw a significant increase in remittances sent from the U.S. to Mexico, some reports that \$2.6 billion or 11+% increase from December 2016
- Typical amounts are between \$290 and \$360.

Forces Behind Remittance Levels

- Toward end of last year – election of Trump
- Economic foundation is growing:
 - Tight U.S. labor markets
 - Compensation schemes
 - Continued growth despite uncertainty and rhetoric regarding immigration

Significance of Remittances

“The significance of remittances to a country’s overall economy depends not just on the amount of the remittances, but the size of the economy. According to the World Bank estimates, India received the most remittances in 2016 by sheer dollar amount: \$62.7 billion, just ahead of the \$61 billion received by second-place China. But those billions – most of which came from Indians working in the United States or the Arabian Peninsula – were equal to just 2.8% of GDP, making them a just a drop in India’s \$2.3 trillion economic bucket.”

PEW FACTANK January 2018

What are we missing from the story?

- Remittances are seen as a negative from the perspective of the sending country.
- For example, a \$290 transfer from the U.S. is a loss to the U.S. economy, at Macro and at the local level.
- On the other hand, the \$290 is a gain for the receiving country.
- Is there something we might be missing in this story? Yes!

Economic Impact Analysis

- The present research is ongoing and is focused on benefits of remittances to the sending country.
- Specifically, is there any benefit to the San Antonio MSA from the remittances sent from the area?
- Not an easy question to answer:
 - Access to information is hidden behind a banking secrecy regulations
 - U.S. data do not disaggregate along neat categories such as county or MSA boundaries
 - Fee structures are not uniform and method of sending has changed over years
 - How many Mexican Nationals are actually present in the area?

Methodology

- Use Banco de Mexico data
- 2013 to 2017
- Data is recorded for *ingresos* and *egresos* by sending state in the US and receiving entity in Mexico
- Data further disaggregated into method of delivery
- Identify the cities in Texas with most Mexican Nationals – Carnet de Identidad

Description of Remittance data

Remesas					
Concepto	Anual	Ene-Feb		Variación	Variación
	2017	2017 (A)	2018 (B)	Relativa 2017	Relativa (B/A)
Remesas Totales 1/	28,771.29	4,119.46	4,414.96	6.59	7.17
Transferencias Electrónicas	28,053.54	4,013.77	4,293.60	6.35	6.97
Money Orders	162.04	27.23	29.66	1.76	8.91
Cheques Personales	0.00	0.00	0.00	N/E	N/E
Efectivo y Especie	555.71	78.45	91.70	21.96	16.89
Número de Remesas Totales 2/	93.42	13.81	14.53	2.04	5.16
Transferencias Electrónicas	91.75	13.57	14.28	1.88	5.17
Money Orders	0.27	0.05	0.05	-3.05	3.41
Cheques Personales	0.00	0.00	0.00	N/E	N/E
Efectivo y Especie	1.40	0.19	0.20	14.81	4.46
Remesa promedio 3/	308	298	304	4.46	1.92
Transferencias Electrónicas	306	296	301	4.39	1.71
Money Orders	599	577	607	4.97	5.32
Cheques Personales	0	0	0	N/E	N/E
Efectivo y Especie	398	407	456	6.22	11.90

1/ Los conceptos referentes a remesas totales se expresan en millones de dólares.

2/ Los conceptos referentes a número de remesas se expresan en millones de operaciones.

3/ Los conceptos referentes a remesa promedio se expresan en dólares.

Nota:

Las cifras de remesas tienen el carácter de preliminar y están sujetas a revisiones posteriores.

State Data

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Estado de origen de los ingresos por remesas provenientes de Estados Unidos Balanza de pagos

CE168, Trimestral, Millones de Dólares, Flujos

	Abr-Jun 2017	Jul-Sep 2017	Oct-Dic 2017
● California	2,118.867886	2,079.748973	2,154.673430
● Colorado	183.069094	178.189349	194.739780
● Connecticut	20.165866	19.826036	19.448538
● Delaware	11.199959	11.156823	10.345280
● Florida	278.128490	247.508574	272.783500
● Georgia	263.655310	249.204335	253.167702
● Hawaii	7.559560	7.497670	7.676337
● Idaho	27.350148	29.714577	29.412901
● Illinois	341.524703	341.056862	340.522361
● Indiana	77.298231	78.044341	77.403686
● Iowa	32.313785	33.474481	33.268516
● Kansas	48.946050	48.739085	49.577882
● Kentucky	41.990442	47.627600	48.416293
● Luisiana	94.461813	92.802460	97.650660

Matricula consular data

MATRÍCULAS CONSULARES DE ALTA SEGURIDAD
EXPEDIDAS EN EL CONSULADO DE MÉXICO EN SAN
ANTONIO, POR ESTADO

Estado de Origen	Número de Matriculas	Porcentaje de Matriculas
Coahuila	2,939	19.9%
Guanajuato	2,180	14.8%
Nuevo León	1,845	12.5%
San Luis Potosí	1,299	8.8%
Tamaulipas	1,131	7.7%
Jalisco	810	5.5%
Zacatecas	624	4.2%
Ciudad de México	557	3.8%
Veracruz	453	3.1%
Durango	444	3.0%
Michoacán	406	2.7%
Estado de México	292	2.0%
Guerrero	250	1.7%
Querétaro	236	1.6%

Further Data Manipulation

- Collected these same data for Houston, Dallas, Austin.
- Data for Border cities was much smaller
- Estimated the percentage (%) of the total Texas carnets represented by San Antonio
- Used this percentage to estimate the % of Electronic Transfers sent from San Antonio

Estimating the economic impact of the fees on bexar county

- Fee structure is still a mystery
 - BBVA Tuyyo uses approximately \$6 per electronic transfer, using App.
 - WorldRemit \$3.99
 - TransferWise \$4.50
 - MoneyGram \$4.99 (online)
 - WesternUnion \$4 from bank account, \$15 from credit/debit card
 - TravelEx buy a Money Card – exchange rate \$16 MN when spot was 19.00 MN

IMPLAN

- An economic analysis software used by many in policy analysis and design
- Datasets of over 500 industries
- Some 21 variables
- Input-Output structure to related the structure of the local economy
- State, local and county datasets
- Social Accounts also available.
- Maintained and developed by MIG

First approximation

- Banco de Mexico reports 28 million transactions
- Texas accounted for approximately 15% of the transactions = 4.2 million
- San Antonio represented approximately 10% Carnets issued in Texas, translated into approximately 10% of transactions = 420,000
- Using BBVA as baseline cost of \$6.00 x 420,000 = 2.25 million in 2017
- Using \$10 as baseline cost then \$4.2 million in 2017

Results

Impact Summary	Remittances.imp db	Copyright 2018 Minnesota IMPLAN Group, Inc.		
ImpactType	Employment	LaborIncome	TotalValueAdded	Output
Direct Effect	38.7	2,862,888.5	5,143,908.2	8,000,000.3
Indirect Effect	26.5	1,288,040.4	1,826,078.7	3,796,377.2
Induced Effect	22.6	1,053,949.7	1,803,403.2	3,146,459.7
Total Effect	87.8	5,204,878.6	8,773,390.1	14,942,837.2

Value Added Results

Top Ten for Value Added Remittances.impdb Copyright 2018 Minnesota IMPLAN Group, Inc.

Sector	Description	Total Employment	Total Labor Income	Total Value Added	Total Output
433	Monetary authorities and depository credit intermediation	11.9	879,728.3	1,580,655.8	2,458,295.6
436	Other financial investment activities	2.2	71,263.9	102,264.9	330,923.8
441	Owner-occupied dwellings	0.0	0.0	68,052.4	105,217.7
440	Real estate	0.5	10,298.0	49,922.6	81,680.2
395	Wholesale trade	0.2	17,125.7	33,313.0	49,455.8
437	Insurance carriers	0.1	12,763.9	25,179.8	49,288.4
502	Limited-service restaurants	0.5	10,126.8	24,757.1	43,545.0
461	Management of companies and enterprises	0.2	20,003.0	24,342.2	40,498.5
482	Hospitals	0.3	22,818.1	23,739.2	45,589.4
434	Nondepository credit intermediation and related activities	0.4	19,168.8	21,667.5	45,076.4

Summary

- Improvements in the datasets from Mexico give us more information to work with and allows for other perspectives of the same phenomenon
- Find creative ways to tease out further details about the remitters in the U.S., in particular Texas as a border state.
- Try to estimate impacts along the border
- Try to estimate NET impacts
- New dimension to the remittance discussion and its significance for cities such as San Antonio