PROGRAM FOR IMPROVING CENTRAL BANK REPORTING AND PROCEDURES ON REMITTANCES

DOMINICAN REPUBLIC

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DOMINICAN REPUBLIC

CENTER FOR LATIN AMERICAN MONETARY STUDIES
INTER-AMERICAN DEVELOPMENT BANK - MULTILATERAL INVESTMENT FUND
The opinions expressed in this paper are those of the authors and do not necessarily coincide with the position of the Center for Latin American Monetary Studies (CEMLA) or the Inter-American Development Bank (IDB). The authors are solely responsible for any errors of omission or commission.
Forward

The importance of international remittance flows to Latin American and Caribbean economies has increased substantially, both in terms of macroeconomic stability given the magnitude of these capital inflows, and of economic development in view of their impact on financial inclusion and poverty alleviation.

The Center for Latin American Monetary Studies (CEMLA), with the support of its central bank members, has played a proactive role in the field of remittances. The organization of several capacity-building and technical assistance events by CEMLA has clearly shown central banks interest in obtaining improved information on the size and characteristics of these flows.

More reliable data is needed to have a proper understanding of the market structure for remittances and the behavior of involved agents. Such information fosters the implementation of policies and regulations aimed at reducing the cost of money transfers, providing greater security and transparency, and avoiding unsuitable practices that may deter an efficient development of the market.

In mid-2004, CEMLA and the Multilateral Investment Fund (MIF) began designing a program aimed at improving the statistical measurement of international remittance flows. MIF’s financial contribution was approved by its Donors Committee in February 2005 under the title “Improvement of Central Bank Information and Procedures in the Area of Remittances” (RG-M1059). In April of the same year, CEMLA’s Board of Governors meeting in Cartagena, Columbia, formally approved the Center’s participation as executing agency for the project. The institutional arrangements for the Measurement Program (as it is referred to) comprise a Working Group on Remittances (WGR) formed by experts from central banks in Latin America and the Caribbean, and a Remittances International Steering Committee (RISC) comprising experts from extra-regional central banks and international organizations. Twenty three of CEMLA’s thirty regional central bank members signed up for the project.

The first phase of the Project identified limitations on the availability and quality of data on remittance markets and flows, thus serving as a starting point for the design of the Program. Some of the detected shortcomings were: i) the absence of an agreement on the basic balance of payments definitions; ii) a lack of precision in measuring the flows; iii) insufficient compilation of statistical data via direct reporting; iv) a deficit of information on the structure of international remittance operators; and v) the need to clarify regulatory and jurisdictional aspects applicable to the providers of these services.

In view of the above, the Program seeks to improve central bank data and procedures in the area of remittances, evaluating and recommending steps to lift the foregoing restrictions. In addition, the Program is expected to contribute to: the use of formal remittance transfer systems by originators and beneficiaries through financial literacy campaigns; cost transparency among regulators in both originating and beneficiary countries; a better understanding of the microeconomic dynamics in remittance markets; and the dissemination of best practices and lessons learned from the studies that were carried out in the region.

In pursuit of these objectives, the Program includes Country Missions for the analysis of different aspects pertaining to the measurement of remittance flows and the functioning of this market. Deliverables include public reports describing central bank procedures and other relevant aspects of the remittances market. In addition, the Program contemplates the organization of sensitization events, training course and technical assistance. These activities all benefit the technical cooperation of WGR and RISC.

This Report, International Remittances in the Dominican Republic, is one of the descriptive documents in the series, and was prepared with the active participation of Banco Central de la República Dominicana.
Acknowledgements

This report is based on findings of a mission that visited the Dominican Republic in July 2008, comprising two teams that worked jointly. The international team was led by René Maldonado from the Center for Latin American Monetary Studies and included Fernando Lemos (Remittance Program Work Group – Banco Central do Brasil) and John Wilson (Remittance Program Consultant), while the local team from the Banco Central de la República Dominicana included Rubén Ramírez, Letty Gutiérrez and Sarah Urbáez.

This report was prepared by René Maldonado with the collaboration of Raúl Morales and Melina Saldaña from CEMLA and the members of the local team. The report also benefitted from the comments of other members of the international team.
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1 ECONOMIC BACKGROUND AND THE REMITTANCES CONTEXT

1.1 MACROECONOMIC PERFORMANCE

During 2003 and 2004 the Dominican Republic underwent a deep financial crisis stemming from the collapse of three of its main commercial banks. This led to a loss of confidence, an increase in currency substitution and significant capital outflows. The bank rescue package of 2003 cost 101,686.3 million Dominican pesos (DOP), equivalent to 20.3% of that year’s GDP, and implied an expansion of 101.6% in monetary aggregates as compared to 2002. In order to sterilize this injection of liquidity, the Central Bank increased the circulation of its securities through open market operations and the direct placement of investment certificates. The deteriorating financial conditions adversely affected economic activity and GDP contracted 0.3% during 2003.

To face this crisis, in 2003, the authorities signed a Stand-By Arrangement with the International Monetary Fund, which, among other objectives, sought to strengthen the regulation and supervision of the banking system. This agreement implied a substantial fiscal adjustment in order to stabilize the total public debt and control monetary expansion in order to reduce pressure on the exchange rate.

In 2004, economic activity began to show signs of recovery in response to closely coordinated monetary and fiscal policies. This also led to a change in the path of inflation, the exchange rate and interest rates. In the referred year, GDP grew 1.3% and later began to expand at a vigorous pace, placing the Dominican Republic among the countries registering the strongest economic growth in the region. In fact, from 2005 to 2007, GDP grew at an average annual rate of 9.5%.

Although during the economic crisis of 2003 inflation was extremely high (43%), it has fallen to single digits in recent years. This behavior resulted from the implementation of prudent...
monetary and fiscal policy, which strengthened economic agents’ confidence, reduced interest rates and attracted inflows of external capital mostly in the form of foreign direct investment (FDI). As a result, economic activity rebounded and the Dominican peso appreciated significantly in foreign exchange market, contributing to the decline of inflation.

![FIGURE 2. CPI AND ANNUAL INFLATION](image)

Financial market interest rates have fallen gradually since the crisis of 2003 due to a combination of policies. The Central Bank began by restricting market liquidity through increasing the amount of its securities in circulation via three channels: direct placements; placement auctions; and swapping Baninter deposits – the most important of the three collapsed banks – for Central Bank investment certificates. It also raised commercial banks’ mandatory bank reserves by 5%, by not allowing cash deposits to be included as part of these reserves. Meanwhile, in May 2003, the central bank increased the reserve requirement for foreign currency deposits from 10% to 20%. It is important to mention that the average active interest rate among commercial banks during that year was 31.39%, while the passive rate was 20.53%. However, given the high levels of inflation, both rates were negative in real terms.

As confidence among economic agents recovered, interest rates on Central Bank placements decreased as well as those of the financial market as a whole. Thus, at the end of 2007 the passive annual interest rates of commercial banks, those associated with savings and loans, and those of savings and loan banks were 6.64%, 7.31% and 9.39%, respectively, while average active interest rates were 15.34% 13.50% and 29.03%, respectively. Lower interest rates bolstered the economic recovery, while the performance of the commerce, communications and, particularly, financial intermediation sectors was also noteworthy. The latter was due to the significant expansion of their loan portfolio and the strength of savings and current account deposits.

The Dominican Republic adopted a free floating exchange rate regime with the Central Bank intervening via open market operations in order to maintain exchange rate fluctuations within established margins. After the financial crisis of 2003, the exchange rate of the Dominican peso appreciated against the US dollar. Such behavior combined with the depreciation of the US dollar (USD) vis-à-vis the euro and other major currencies during recent years, led to the real appreciation of the Dominican peso in the context of a general strengthening of the region’s currencies. This has partly reflected the spread between interest rates in the region and those of the US, making it attractive for foreign investors.
During recent years, the Dominican Republic’s balance of payments has shown an overall surplus, given that the current account deficit has been more than covered by the surplus in the capital account, particularly, through foreign direct investment (FDI). The current account deficit rose rapidly after 2005, reaching 9.7 percent of GDP in 2008. On the one hand, this has resulted from a larger trade balance deficit in response to increased imports associated to the strength of economic activity and, higher oil prices in international markets on the other.
Exports from duty-free zones, which account for most of the country’s exports, fell 3.3% on average in 2006 and 2007. Within these exports, clothing has declined considerably due to strong competition from Chinese products in the US market and the expiry of the quota system included in the WTO’s Agreement on Textiles and Clothing which favored the Dominican Republic. In contrast, ferronickel exports have benefitted from the high international prices of this commodity.

Despite the deficit in the trade balance, the sustained growth of revenues from remittances (average annual growth of 8.8% since 2000) has provided the Dominican Republic with the margin to meet its liabilities in foreign currency. Meanwhile, in the capital and financial account, both foreign direct investment (FDI) and portfolio investment have contributed to a substantial surplus. The sectors receiving most FDI are real estate, tourism, telecommunications, commerce and industry. In this regard, the real estate boom in the tourism sector resulting from multimillion dollar projects with capital from the US, Spain and Venezuela as well as some Latin American countries has been outstanding.

### TABLE 1. MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (annual growth rate)</td>
<td>–18.2</td>
<td>10.7</td>
<td>49.4</td>
<td>6.3</td>
<td>14.9</td>
<td>10.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Imports (million USD)</td>
<td>7,626.8</td>
<td>7,888.0</td>
<td>9,869.4</td>
<td>12,173.9</td>
<td>13,597.0</td>
<td>15,992.9</td>
<td>12,283.3</td>
</tr>
<tr>
<td>Exports (million USD)</td>
<td>5,470.8</td>
<td>5,935.9</td>
<td>6,144.7</td>
<td>6,610.2</td>
<td>7,160.2</td>
<td>6,747.5</td>
<td>5,462.9</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>5.1</td>
<td>4.6</td>
<td>–1.4</td>
<td>–3.6</td>
<td>–10.5</td>
<td>–9.7</td>
<td>–4.9</td>
</tr>
<tr>
<td>CPI (annual variation)</td>
<td>42.7</td>
<td>28.7</td>
<td>7.4</td>
<td>5.0</td>
<td>8.9</td>
<td>4.5</td>
<td>5.8</td>
</tr>
<tr>
<td>Average annual unemployment (%)</td>
<td>17.0</td>
<td>19.7</td>
<td>17.5</td>
<td>16.0</td>
<td>15.5</td>
<td>14.2</td>
<td>14.9</td>
</tr>
<tr>
<td>Public sector deficit (% of GDP)</td>
<td>–2.7</td>
<td>–1.6</td>
<td>0.7</td>
<td>0.3</td>
<td>1.8</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Interbank interest rate (end of period)</td>
<td>24.8</td>
<td>36.1</td>
<td>11.4</td>
<td>10.4</td>
<td>8.3</td>
<td>11.9</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

*Source: Proprietary based on information from BCRD and ONE. n.a. stands for non-available.*
During recent years, Banco Central de la República Dominicana’s total international reserves have increased substantially, reaching unprecedented levels. At the end of 2007, these reserves
amounted to USD 2,946.2 million, while net reserves totaled USD 2,394.9 million. The latter figure was equivalent to more than two months of imports.

**FIGURE 8. TOTAL INTERNATIONAL RESERVES**

In USD millions and percentages

![Figure 8: Total International Reserves](image)

1.2 LABOR ENVIRONMENT AND THE MIGRATORY PROCESSES

1.2.1 Labor Environment

The unemployment rate in the Dominican Republic has fallen during recent years, shifting from 6% in 2003 to 4.2% in 2008. In fact, from April 2004 to October 2007, 392,113 new jobs were created as a result of the economic recovery. The rebound of employment was particularly noteworthy in the following sectors: financial services; hotels, bars and restaurants; agriculture; manufacturing; transport and communications; commerce and construction.

**FIGURE 9. ANNUAL UNEMPLOYMENT RATE**

![Figure 9: Annual Unemployment Rate](image)

*Note: BCRD does not calculate hidden underemployment.*
In October 2007, the average hourly wage was 57.31 Dominican pesos (around 1.7 USD), while the average number of hours worked per week was 42. However, one characteristic of the Dominican labor market is the high percentage of the population in informal employment. Thus, in the referred month 55.4% of the working population was employed in the informal sector or was working in establishments with less than five employees earning an average hourly wage of DOP 51.78 (1.5 USD). According to figures from CEPAL,\(^1\) in 2007, the nominal minimum wage remained at the same level as during 2006 in the public sector and duty-free zones. The aforementioned combined with the inflation recorded in that year implied the minimum wage declined 8.2% in real terms during 2007. In contrast, nominal wages for the rest of the economy increased 11.3% in annual terms (2.2% in real annual terms). CEPAL\(^2\) statistics show that, in 2006, 28% of urban workers in the Dominican Republic lived in households with an income of less than one US dollar per day, while in rural areas the same figure rose to 35%.

1.2.2 Migratory Processes

Most Dominicans living abroad are located in the US (especially on the East Coast) and in Spain. There are also Dominican migrants, although in smaller numbers, in Switzerland and other European countries, as well as the American continent in general.

Dominican emigration to the US has reflected recurring waves of migration. The first mass exodus took place during the nineteen sixties as a result of pan-Caribbean migration attracted by an open door policy in the US. In the domestic context, this first wave of migration resulted from domestic political instability, the growth of unemployment and poverty. This environment was also characterized by a series of military coups and the setting up of repressive civil-military juntas which brought about the fall of the first democratic government after the dictator Rafael Leónidas Trujillo, who had been in power for 30 years was brought to justice. After the first wave of migration, the following mass exits came during the seventies, in the mid-eighties, at the start of the nineties and at the turn of the new millennium. These coincided with domestic crises and economic instability accompanied by unemployment, underemployment and rising urban overcrowding as a result of the movement of individuals from the countryside to the city.

According to the US Census of 2000, the number of Dominicans residing in that country totaled around 800,000 individuals, 65.9% of whom had arrived before 1989 and 37.5% between 1990 and 2000. Nevertheless, estimates from the Dominican Republic’s Department of Foreign Relations\(^3\) suggest that this number could currently be around 1.2 million individuals.

Migration to Spain dates from the sixties and eighties. It is important to mention that groups of Dominican workers, mainly women, have left for this country since 2001 as a result of an

\(^2\) CEPAL (2007), Panorama Social de América Latina y el Caribe.
\(^3\) Undersecretary of Consular and Migratory Issues.
international labor agreement signed between both nations. Thus, it is estimated that around 100,000 Dominicans live in Spain, 70,000 of which poses legal residency.4

No accurate information exists on either the social or regional origin of Dominican migration. Based on the socioeconomic conditions of the different waves of migration, it can be said that the first migrants were rural peasants and villagers, while later migrations have mostly been from the urban middle class. Meanwhile, studies carried out in the US and Spain conclude that Dominican migration to those countries in recent years has been composed of relatively young people, particularly women from all regions of the country who mainly work in industry and services.

1.3 EVOLUTION AND IMPORTANCE OF REMITTANCES

The Dominican Republic is the sixth highest receiver of remittances among Latin America and Caribbean countries. From a macroeconomic point of view, revenues from remittances fulfill an important role considering that such inflows accounted for 8% of GDP on average during the 2000-2007 period.

According to figures from Banco Central de la República Dominicana, revenues from remittances registered in the balance of payments increased from USD 1,689 million in 2000 to USD 3.1 billion in 2008. Remittances also constituted the country’s second most important source of foreign currency after tourism. Thus, in 2008, foreign currency inflows from remittances equaled 74.5% of those from tourism, 107.8% of FDI and 44.8% of total merchandise exports.

| TABLE 2. BALANCE OF PAYMENTS: FOREIGN CURRENCY REVENUES FROM REMITTANCES |
|-------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| % of GDP (current prices)                       | 10.1      | 9.9       | 7.2       | 7.7       | 7.4       | 6.8       | 6.5       |
| % of total exports                              | 37.7      | 37.6      | 39.5      | 41.4      | 42.5      | 44.8      | 55.7      |
| % of total imports                              | 40.4      | 41.5      | 33.0      | 28.6      | 27.4      | 22.9      | 24.8      |
| % of FDI                                        | 236.1     | 245.3     | 216.4     | 179.1     | 192.9     | 107.8     | 140.9     |
| % of tourism revenues                           | 65.9      | 70.8      | 69.1      | 69.9      | 74.9      | 74.5      | 72.7      |

Source: Own elaboration with data from BCRD.
Note: Figures for 2009 are preliminary.

Since 2003 remittance inflows to Dominican Republic have been on average equivalent to over 8% of GDP, figure higher than that observed in Mexico Brazil and Colombia, the three countries receiving most remittances in Latin America. However, there are countries in the region where this percentage is even larger (table 3).

The results of various surveys carried out among those receiving remittances in the Dominican Republic show the importance of these revenues for households in that country. It is estimated that 38% of all adults living in the country (1.9 million individuals) regularly receive remittances. Furthermore, 70% of households receiving remittances have incomes of below USD 3,500 per year, meaning remittances are an important source of additional income for covering their expenses. In fact, it is calculated that 60% of remittance income goes on daily consumption

expenditure, 17% on health and education, 5% on business investment, 5% on savings, 4% on property investment and the rest on other activities.\(^5\)

**FIGURE 10. REMITTANCE INFLOWS TO DOMINICAN REPUBLIC**

![Graph showing remittance inflows to Dominican Republic](image)

*Source: Own elaboration with data from BCRD.*

**FIGURE 11. REMITTANCES, TOTAL EXPORTS AND OTHER BALANCE OF PAYMENT ITEMS**

*In USD millions*

![Graph showing remittances, total exports, and FDI](image)

*Source: Own elaboration with data from BCRD.*

*Notes: Figures for 2008 are revised and those for 2009 are preliminary.*

\(^5\) Bendixen, S. (2004), Remittances in the Dominican Republic, Surveys in the Dominican Republic and the US.
TABLE 3. REMITTANCES IN LATIN AMERICAN AND CARIBBEAN COUNTRIES

2007

<table>
<thead>
<tr>
<th>Five main receivers of remittances in Latin America</th>
<th>Five countries with the highest ratio of remittances to GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>In USD millions</td>
<td>%</td>
</tr>
<tr>
<td>Mexico</td>
<td>Haiti</td>
</tr>
<tr>
<td>21,132</td>
<td>36.9</td>
</tr>
<tr>
<td>4,134</td>
<td>26.0</td>
</tr>
<tr>
<td>3,912</td>
<td>18.7</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Honduras</td>
</tr>
<tr>
<td>3,465</td>
<td>15.9</td>
</tr>
<tr>
<td>El Salvador</td>
<td>El Salvador</td>
</tr>
<tr>
<td>2,665</td>
<td>Nicaragua</td>
</tr>
</tbody>
</table>

Source: Proprietary and IDB data.

1.4 TRENDS IN REMITTANCE MEASUREMENT AND IN THE PROVISION OF REMITTANCE SERVICES

Since the beginning of the nineties, the most commonly used method of sending remittances to the Dominican Republic have been either Dominican or foreign owned remittance agencies. The main remittance disbursing agents have been remittance agencies and exchange houses. It is estimated that these agents handle around 70% to 80% of all remittances. The remainder correspond to financial institutions (around 10%), i.e. commercial banks, savings and credit cooperatives or microfinance firms. Some remittances (around 15%) are also sent through informal channels such as the so-called pocket-money remittances (remesas de bolsillo) where money is sent with a family member or friend visiting the country.

In 2004, commercial banks in the Dominican Republic began to actively enter the remittance market with specially designed products and through alliances with international remittance service providers. As a result, since that year a larger number of remittances have been sent by electronic transfer. Nevertheless, these only accounted for 1% of total transfers sent, implying that users continue to strongly prefer remittance agencies and exchange houses for sending remittances. In fact, some of these agencies offer home delivery services, which is a very unique feature of the Dominican remittance market.

The main mechanisms used by Banco Central de la República Dominicana to measure the flow of remittances are: the daily operation reports that remittance agencies and exchange houses, as well as the commercial banks operating this market, are obliged to provide; the quarterly survey carried out at international airports among tourists leaving the country asking them about the purchases they made; and the six-monthly labor force survey prepared by the Central Bank’s National Accounts Department, which includes a section on revenues received by Dominican households from abroad.

Remittance statistic measurement mechanisms used by the Dominican central bank are among the best in the region. This data is also expected to improve further due to the new initiatives being adopted. Since the start of 2008, a new system administered by the Superintendency of Banks has been implemented to enable the electronic information it receives daily from all operators in the market to be shared with the central bank. This system, named Bancanet, has a dual function given that it also functions as a channel for tracking, controlling and preventing money laundering in the Dominican Republic.
2 INSTITUTIONAL ASPECTS

2.1 GENERAL LEGAL FRAMEWORK

There is no specific legislation limiting or regulating international remittance operations in the Dominican Republic. Nevertheless, monetary and financial authorities have issued a series of laws and regulations aimed at regulating and overseeing the foreign exchange operations of market authorized agents. Remittance disbursement services are therefore indirectly regulated in this way. It is important to mention that the Dominican Republic follows a floating exchange rate regime which allows authorized agents to purchase and sell currencies under free market conditions, through either direct or electronic channels. Regarding the latter, there is a currency market in the Dominican Republic named the Dominican Electronic Market (Mercado Electrónico Dominicano, MED), through which authorized firms can supply or demand US dollars and carry out their purchase or sale operations.

Meanwhile, a new real time gross settlement system was introduced recently. It is administered by the central bank and comprises, among other operations, payment orders and electronic fund transfers. The regulation and operation of the extra regional payments item, which includes remittances, has been programmed for the third stage of this project.

The Central Bank and the Superintendency of Banks are responsible for regulating and overseeing the operations of remittance agents and currency exchange houses, as well as the financial system in general. Below is a list of the laws, regulations and guidelines that have most influence on the area of remittances together with a brief description of the main aspects of current regulations.

Monetary and Financial Law

The aim of this Law is to establish a legal framework for Dominican Republic’s monetary and financial system, while the Central Bank and the Superintendency of Banks are responsible for enforcing it. In the area of remittances, the Law regulates the nation’s foreign exchange regime which includes remittance operations.

Article 28 of the Monetary and Financial Law defines the foreign exchange regime as free-market (libre convertibilidad), i.e. economic agents can carry out foreign currency transactions under freely agreed conditions made according to generally accepted contractual standards. Furthermore, there is no obligation for foreign exchange operations to be exclusively carried out with the Central Bank, nor any other conditions preventing free price determination in the market.

Article 29 of this Law defines foreign exchange intermediation as the purchase and sale of foreign banknotes and coins, independent of the payment methods used to carry out such operations including exchange letters, cheques, money orders, promissory notes, bank drafts and transfers. It also establishes that foreign exchange intermediation can only be performed by authorized financial intermediaries and currency exchange agents, both of whom require previous authorization from the Monetary Board.

Article 30 specifies that in order to be an Exchange Agent it is necessary to be set up as a company with shares organized according to the laws of the Dominican Republic. The exclusive aim and
activity of the company must be to carry out foreign exchange intermediation under free market conditions in the Dominican Republic as well as abroad in the capacity of a remittance company.

Article 34 allows for financial intermediaries to be private or public. Private firms can be privately-held or publicly-traded companies. The latter include commercial banks and credit organizations (savings and credit banks, and credit unions). Privately-held companies include savings and loan associations, and savings and credit cooperatives.

### TABLE 4. THE DOMINICAN REPUBLIC’S GENERAL LEGAL FRAMEWORK

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Object</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law 183-02</td>
<td>Monetary and Financial Law</td>
<td>2002</td>
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<tr>
<td>Law 72-02</td>
<td>Law on the Laundering of Money Obtained from the Illegal Traffic of Drugs and Controlled Substances, and other Serious Offences</td>
<td>2002</td>
</tr>
<tr>
<td>Regulations: 19-03 y 20-03</td>
<td>Anti Money Laundering Law regulations</td>
<td>2003</td>
</tr>
<tr>
<td>Law 285-04</td>
<td>Law on Migration</td>
<td>2004</td>
</tr>
<tr>
<td>Communication no. 1892-2004</td>
<td>Functions of compliance officials</td>
<td>2004</td>
</tr>
<tr>
<td>Regulation: Fourth Resolution of the Monetary Board, March 29, 2005</td>
<td>Liquidity Risk Regulations</td>
<td>2005</td>
</tr>
<tr>
<td>Regulation: Tenth Resolution of the Monetary Board, January, 19 2006</td>
<td>Financial Service User Protection Regulations</td>
<td>2005</td>
</tr>
<tr>
<td>Regulation: Sixth resolution of the Monetary Board, October 12, 2006</td>
<td>Foreign Exchange Regulations</td>
<td>2006</td>
</tr>
<tr>
<td>Superintendency of Banks Circular Letter no. 004/06</td>
<td>Payment Systems Regulations</td>
<td>2006</td>
</tr>
<tr>
<td>Regulation: Sixth resolution of the Monetary Board, April 19, 2007</td>
<td></td>
<td>2007</td>
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<tr>
<td>Superintendency of Banks Circular Letter no. 302/07</td>
<td>On the reports required by the Bank Superintendency’s Money Laundering Prevention Division</td>
<td>2007</td>
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<tr>
<td>Superintendency of Banks Circular Letter no. 1372-2007</td>
<td>On the sending of required information through Bancanet</td>
<td>2007</td>
</tr>
<tr>
<td>n.a.</td>
<td>Instruction manual for the form used to register and/or report cash transactions greater than the local currency equivalent of ten thousand USD (RTE) and report suspicious operations (ROS)</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: Own elaboration based on Dominican Republic’s legislation.

**Anti Money Laundering Law**

The objectives of this Law are stated in article 2 as follows: a) define typical asset laundering behavior, cautionary measures and prison sentences; b) establish the mechanisms and instruments necessary to prevent and detect asset laundering activities; c) create a coordinating
body with public and private sector participation aimed at preventing money laundering activities; and d) represent a legal framework through which international legal assistance in the area can be provided under the terms of bilateral and multilateral agreements.

This Law also includes the creation of the Anti Money Laundering Committee presided over by the President of the Drugs Board and composed of the Attorney General, the Minister of Finance, the Bank Superintendent and the President of the Drug Control Department. The executing body of the Anti Money Laundering Committee is the Financial Analysis Unit. The referred Law also includes the setting up of an office for the Custody and Administration of Seized and Confiscated Assets to be attached to the Commission.

**Anti Money Laundering Law Regulations**

These regulations establish the procedures governing the workings of the office for the Custody and Administration of Seized and Confiscated Assets. They also define the procedures which should be followed by agents obliged to report information under the Anti Money Laundering Law. The Regulations stipulate that these procedures should include:

- a. Processes which ensure a high level of integrity among personnel and a system for evaluating their personal, working and economic backgrounds.
- b. Implementation of a permanent personal training program such as: Know your Customer.
- c. Paying special attention to all transactions, made or not, which could be considered as suspicious, reporting them to the pertinent authority within 24 hours.
- d. Registration of all transactions in excess of USD 10,000 or equivalent in local currency.
- e. Application of internal control measures which ensure compliance with the defined programs and procedures.

**Compliance officials’ functions**

The Superintendency of Banks establishes that organizations covered by the Anti Money Laundering Law must designate personnel to liaise with the competent authorities for overseeing compliance with internal anti asset laundering programs and procedures.

**Liquidity Risk Regulations**

These regulations are aimed at establishing the rules and methodologies that financial intermediaries should apply to their risk management. The regulations state that financial intermediary Boards of Directors or Management should establish policies allowing them to properly manage any liquidity risks they might face, taking into consideration the complexity and volume of the operations they carry out.

**Anti Money Laundering and Financing of Terrorism Guidelines for Financial Intermediaries and Currency Exchange Houses**

The objective of these guidelines is to prevent financial intermediaries and foreign exchange companies from being used to launder assets or finance terrorism. There are a series of guidelines for achieving this goal, including:

- The need to know the customer (individual or firm): for this reason it is necessary to establish policies which include a personal interview with customers; photocopy and registration of official ID and, in the case of firms, documents proving the company is
legally constituted; photocopy and registration of documents validating the operations of the financial intermediary or currency exchange house; business, personal and bank references.

- The need to know the employees to ensure they are morally apt to identify and report any operations that are suspicious or legally required.
- Supervision of the banking services requested by customers, verifying that they are in line with their financial requirements. The opening of accounts in the names of individuals under 18 years of age and those for receiving funds from abroad is of particular interest here. It also includes the tracking of account management patterns.
- Identification of suspicious money laundering or terrorism financing activities: for this practice a list of possibly suspicious operations such as those which are unrelated to a customer’s activity; unusual operations; customers that try to avoid complying with requirements to provide information or to fill out the form to Register cash transactions for the equivalent or in excess of USD 10,000.00; fund transfers with certain characteristics such as high frequency, no knowledge of who sent the transfer or who receives it and large amounts, among others; insufficient or suspicious information; and changes in the patterns of how some transactions are carried out.

*Instruction Manual for the Authorization and Operation of Electronic Currency Trading Platforms*

The aim of these instructions is to establish the rules, operating procedures and technological conditions which regulate the administration and functioning of electronic currency trading platforms. These instructions were prepared to be applied by currency trading platform managers and affiliates.

The instructions state that the Central Bank is the institution responsible for setting out the rules and regulations governing the use of such platforms in the foreign exchange market, as well as establishing the conditions governing their authorization to operate; information management confidentiality criteria; the responsibilities of the parties involved in a transaction; and penalties. Furthermore, the Superintendency of Banks together with the Central Bank oversee activities carried out on the platforms via their direct access to electronic currency trading sessions.

Among other features, the Instructions also make reference to the obligations of platform managers. Such obligations revolve around maintaining order, security, transparency and proper functioning of the platforms, ensuring free competition without criminal or speculative activity.

*Financial Service User Protection Regulations*

These Regulations set out the guidelines to ensure financial contracts do not contain abusive clauses or any stipulations which imply the existence of such clauses, as well as the procedures which should be followed by users, financial intermediaries and the Superintendency of Banks for complaints and appeals concerning financial services. The Bank Superintendency’s Division of User Services and Protection is responsible for financial service advice and complaints.

*Foreign Exchange Regulations*

These establish the rules, policies and procedures regulating foreign currency operations in the domestic exchange market, thereby fostering its smooth functioning in terms of competition and efficiency. The regulations include the mechanisms and procedures which should be followed by foreign exchange intermediaries, financial institutions, the Superintendency of Banks and the
Central Bank in order for exchange operations to be carried out within the framework of convertibility and transferability principles. These principles allow greater efficiency and competition in the foreign exchange market in line with a free-floating exchange rate regime.

According to the dispositions concerning the Monetary and Financial Law included in these Regulations, the Central Bank is responsible for exercising foreign exchange policy and is in charge of the regulation and tracking of foreign exchange market operations, as well as the application of any penalties. Meanwhile, the Superintendency of Banks is responsible for overseeing Financial Intermediaries and Foreign Exchange and Remittance agents regarding their compliance with accounting, operative and administrative, and internal control system standards, as well as defining their internal control standards and the application of any penalties. These Regulations encourage the sharing of information related to the foreign exchange market between these two institutions, allowing them to jointly fulfill their respective responsibilities.

Among the topics concerning the application of these Regulations are the requirements for setting up foreign exchange intermediaries, i.e. foreign exchange and remittance agents, foreign exchange sub-agents and financial intermediaries. They also define the procedures for setting up and closing branches; the mechanism for selling or transferring shares in excess of 30% of the total; and requirements for announcing these institutions’ voluntary exit from the market.

As for remittance disbursement, paragraph 1 of article 2 states that financial intermediaries are allowed to send and receive remittances and disburse them in foreign or local currency. When remittances are disbursed in local currency the amount must be reported as a foreign currency purchase at the exchange rate agreed in the remittance’s country of origin.

Another rule included in these Regulations is that commissions, expenses or any other type of fee that financial intermediaries charge for their foreign exchange services must be published in a visible location inside the establishment along with information on the day’s exchange rate. The limits on the net daily foreign currency position of financial and foreign exchange intermediaries are also defined.

Article 34 states that the Central Bank may purchase and sell foreign currency, as well as other financial securities or assets expressed in foreign currency, in cash or as futures. It can also carry out any other operation in the foreign exchange markets in line with Monetary and Financial Law regulations, be it for accumulating international reserves or as part of its exchange rate policy.

Internal Control Manual for Preventing the Laundering of Money and the Financing of Terrorism

This document was prepared by the Superintendency of Banks in light of legislation included in the Anti Money Laundering Law regarding its responsibilities in the control and supervision of money transfers. The manual lists the aspects to be taken into account by institutions obliged to report information when designing their own procedures for meeting Anti Money Laundering Law regulations. These aspects are:

a. objectives,
b. application areas,
c. overall vision,
d. customer identification and knowledge,
e. customer linkage requirements,
f. linkage procedure,
g. unsuitable customers,
h. control of new customers,
i. the compliance official and their roles,
j. follow-up meetings,
k. compliance meeting acts,
l. adoption of new measures,
m. control and risk program,
n. document filing and custody,
o. policy of communication with the authorities,
p. internal communications policy,
q. conceptual and regulatory aspects,
r. precautionary criteria and alert signals,
s. responsibilities of high-level management, employees and those related to them,
t. training program,
u. glossary,
v. national legal framework,
w. international legal framework and best practices (40+9 GAFI recommendations), and
x. non-compliance penalties.

Payments System Regulations

These Regulations set out the legal regime and procedures governing the Dominican Republic’s Payments and Securities Settlement System (Sistema de Pagos y Liquidación de Valores de la República Dominicana, SIPARD) and its components.6 They are aimed at reducing the inherent risks in these systems regarding clearance and the legal validity of agreements, as well as the legal security of guarantees. This system is used for the settlement of cheques and electronic fund transfers, including: direct debits, direct credits, interbank operations and those made with debit and credit cards. The Central Bank is responsible for overseeing and clearing securities.

Circular Letter on Providing Required Information through Bancanet

This circular letter states that as of February 1, 2007, the information required on transactions subject to money laundering and terrorism financing tracking and control mechanisms must be submitted to the Superintendency of Banks via Bancanet. The reports are:

- FD01: daily report on foreign currency purchase, sale and swaps
- FD02: daily report on foreign currency availability
- FD03: daily report on remittances and foreign currency transfers
- IF01: corresponds to the reporting of cash transactions equal to or in excess of USD 10,000, as well as the reporting of suspicious transactions.

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6 There are other private payments system administrators in the country: CEVALDOM (Centralized Securities Deposits Depósitos Centralizados de Valores) –for clearing securities–; MED –for currency operations–; and, Visa Net and Card Net, which cover credit card operations.
Instruction manual for the form employed to register and/or report cash transactions (RTE) in excess of the local currency equivalent of USD 10,000 and to report suspicious operations (ROS)

The goal of these forms is to collect information which allows: knowledge of the customer, prevention and control of risk bearing operations, the supply of information to the authorities and fulfillment of asset prevention regulations. They are also aimed at reducing or eliminating the risk that the firms' services or products are used to hide funds from illegal drug trafficking or other criminal activities. The forms require the separate identification of each individual receiving the transaction, of the individual who physically makes the transaction and of the beneficiary (private individual or firm).

### 2.2 Regulatory and Supervisory Authorities

#### 2.2.1 Role of the Central Bank

The BCRD is a decentralized and autonomous entity created on October 9, 1947 through Organic Law No. 1529. Its functions are regulated by the Monetary and Finance Law (Ley Monetaria y Financiera, LMF) and it is supervised by the Monetary Board. In general, the Central Bank is the institution responsible for price stability, regulating the financial system in an appropriate manner and maintaining an adequately functioning payment system. The issuing entity is also the executor of exchange and monetary policy in accordance with the attributes assigned to it by the Constitution and law.

As per current legislation, the Central Bank has the following functions: 1) to conduct exchange rate and monetary policy according to the Monetary Program approved by the Monetary Board using instruments laid out in the Monetary and Finance Law; 2) to issue bills and coins of legal tender; 3) to compile, author and publish balance of payment, monetary, real and financial sector statistics and any other statistics necessary to fulfill its duties; 4) to efficiently manage the country’s foreign exchange reserves in order to preserve their security, assure adequate liquidity, and at the same time, maximize profit; 5) to administrate the Contingency Fund established by the Monetary and Financial Law, as well as the Bank Consolidation Fund created by the Systemic Risk Law; 6) to carry out supervision and final reconciliation of payment systems and the inter-bank market; 7) to make monetary, financial and exchange rate regulatory initiative proposals to the Monetary Board; 8) to analyze the overall the Dominican Republic’s financial system and its system risk level and design and propose regulations based on this analysis; 9) to impose sanctions for deficient legal reserves, non-compliance with payment system regulations or other infractions as detailed in the Monetary and Finance Law; 10) to combat inflation; 11) to regulate the national financial system within established limitations and guarantees; 12) to promote liquidity and the solvency of the nation’s banking system; 13) to create the appropriate conditions to allow the convertibility and stability of the national currency; 14) to carry out currency transactions that current law and/or any such related resolution of the Monetary Board assign to it; 15) to carry out any other function as specified by Law.

#### 2.2.2 Monetary Board

As outlined in Article 9 of the Monetary and Financial Law, the Monetary Board is the Central Bank’s highest authority and responsible for the following: a) determining the Nation’s
monetary, financial and exchange rate policies; b) approving the Monetary Program, including keeping track of, and auditing, its implementation; c) passing monetary and financial regulations; d) approving Central Bank and Superintendency of Banks internal regulations as well as their internal structures; e) approving Central Bank and Superintendency of Banks budgets; f) granting and cancelling authorization to function as a financial and/or foreign exchange intermediary, as well as authorizing the merger, absorption, splitting up of or similar between financial intermediaries as advised by the Bank Superintendency; g) making rulings on administrative appeals against Central Bank and Superintendency of Banks policy; h) approving and passing on monetary and financial legislation amendment proposals to the Executive, as well as advising the Executive on legislative initiatives and on any other matter pertaining to the monetary and financial system; i) appointing, suspending or removing Central Bank and Superintendency of Banks functionaries as proposed by the Governor and the Bank Superintendent; j) designating the Central Bank and Superintendency of Banks Controllers.

The Monetary Board is composed of three ex officio members and six members appointed for a two year period. The ex officio members are: the Governor of the Central Bank, who presides, the Finance Minister and the Bank Superintendent. The other members are appointed by the President of the Republic and should be of renowned professional ability with more than ten years of accredited business, financial, monetary or economic experience. They can only be appointed if they do not have any conflict of interest with their functions as members of the Monetary Board.

2.2.3 Superintendency of Banks

The Superintendency of Banks was created along with the Central Bank on October 9, 1947 by Law No. 1530. Its function is to assure the stability, solvency and efficiency of the financial system and to protect its users. Specifically, the LMF gives the Superintendency of Banks the following responsibilities: to supervise financial intermediaries to assure their compliance with the respective Laws, Regulations, Instructions and Circulars and to impose corresponding sanctions other than those applied by the Central Bank; to require assignment of reserves to cover risk; and to propose authorizations, and revocations of such, of financial entities to be evaluated by the Monetary Board. Additionally, it can propose regulations related to its functions to the Monetary Board.

The Superintendent of Banks is appointed by the President of the Republic for a two year period and can be reappointed. Only the Dominican Republic nationals, older than thirty-five, of good personal reputation, and with extensive economic and financial experience, can be appointed.

2.3 Roles of Other Relevant Organizations

2.3.1 National Statistics Office

The National Statistics Office (Oficina Nacional de Estadísticas, ONE) is a technical body responsible for the collection, revision, creation and publication of national statistics related to economic, agricultural, commercial, industrial, financial and social activities, as well as those related to the conditions of the population, national census taking and the coordination of statistical services for the country.
As part of their mission, ONE produces, collects and disseminates the official statistical and geographic information for the country and promotes, regulates and supervises the National System of Statistical and Geographic Information with the objective of helping all sectors of society in their decision making.

ONE publishes statistics and demographic information, including information about migratory patterns and employment, among others. The ONE takes the population census, as well as various types of polling, which helps the BCRD in its remittance analysis.

### 2.3.2 The Dominican Association of Funds Remittance Companies

The Dominican Association of Funds Remittance Companies (Asociación Dominicana de Empresas Remesadoras de Divisas, ADEREDI) was founded at the end of the eighties and brings together the majority of the remittance agents who were incorporated into the foreign exchange system in 1996 through a resolution of the Monetary Board. Afterward, in 2001, they fell under the LMF, which distinguishes between foreign exchange agents only and remittance and foreign exchange agents, both of which are subject to supervision by the Bank Superintendency. ADEREDI currently has eleven member institutions, including banks, which offer remittance services. Its objective is to duly represent its members before the country’s monetary and financial authorities, as well as before international organizations with which they exchange information.

ADEREDI operates through two units or Committees, both on call. The first is the Technical Committee which analyses regulations, laws and provisions. The other is the Committee for the Prevention of Money Laundering and its objectives are working closely with the Superintendency of Banks in helping to apply regulation and contributing to improving the daily functioning of the system of controls.

### 2.3.3 Association of Commercial Banks

The Association of Commercial Banks (Asociación de Bancos Comerciales) groups together all the commercial and multiple service banks which operate in the Dominican Republic. It was founded in 1979 to bring together all the commercial banks and unify criteria for the development of the banking sector in the country. Its mission is to be the voice of commercial banks in the Dominican Republic and promote the development of the national financial sector.

### 2.3.4 Consular Services Sub-Secretariat of the Ministry of Foreign Relations

The Consular Services Sub-secretariat is the principle director of consular and migration policy in the Dominican Republic and is made up of the Consular Department and the Migration Affairs Division. This Sub-secretariat, through the Consular Department, has a favorable influence on the quality of services offered to the public and on the protection and assistance policy for Dominican nationals residing abroad.

### 2.3.5 Migration General Directorate and Migration Policy

The Migration General Directorate (Dirección General de Migración) of the Dominican Republic is the governmental body which applies the rules for the entry and exit of Dominican citizens and foreigners and regulates the stay of those who fulfill the requirements for immigration.
3 REMITTANCE CHARACTERISTICS

3.1 DEFINITION AND REMITTANCE CONCEPT

The basis for the methodology used by Banco Central de la República Dominicana to measure remittance income is the International Monetary Fund’s Fifth Balance of Payments Manual. Paragraph 302 of this Manual defines family remittances as current transfers made by emigrants who work in another economy of which they are considered resident, referring to emigrants as anyone who travels to another economy and stays there, or plans to stay there, for at least one year or more.

3.2 SENDER CHARACTERISTICS

The principle destination of Dominican migration is the United States, with 93% of the Dominican migrant population, followed by Spain with 5.4% and Switzerland with 1.6%. By city or area, the Dominican population resident in the United States is concentrated in New York, New Jersey, Boston, Florida and other East Coast cities. It is worth mentioning that the Spain has gained importance as an emigration destination in recent years due to a labor exchange program.

FIGURE 12. SENDER DISTRIBUTION BY COUNTRY OF RESIDENCE

August 2008

Source: Notes from interviews during the mission.

A 2004 opinion poll carried out by Sergio Bendixen of the Multilateral Investment Fund shows that Dominican migrants are predominantly female, with 58% of the total. Likewise, the youth of the migrants stands out, considering that at the time of the poll, 17% were between the ages of 25 and 35, 34% between 36 and 49, 26% between 50 and 64, 12% older than 65 and 7% between 18 and 24.  

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7 Bendixen, S. (2004), Remittances in the Dominican Republic, Opinion Polls in the Dominican Republic and the US.
As for education levels, the results of the poll showed 12% of the Dominican population in the United States had a university degree, 24% a high school diploma, 3% technical studies, 7% an elementary school education and 17% who had not completed elementary school. The poll found that 65% of the emigrants had been in the United States for more than ten years, 17% between five and ten years and 14% less than five years.

**FIGURE 13. MIGRANT DISTRIBUTION BY AGE**

![Migrant Distribution by Age](image)

*Source: Bendixen, S. (2004).*

**FIGURE 14. REMITTANCE SENDERS BY EDUCATION LEVEL**

![Remittance Senders by Education Level](image)

*Source: Bendixen, S. (2004).*

Regarding the immigration status of the Dominicans in the United States, in 2004, 57% had legal residency, 35% were citizens and 3% were undocumented immigrants.
3.3 Beneficiary Characteristics

The Bendixen study shows that 62% of Dominican households receive remittances. These households are found principally in the capital: 35% in Santo Domingo, 30% in the northern region, 24% in the southern region and 11% in the eastern region. In 2004 57% of remittance beneficiaries were women. The educational level of the beneficiaries breaks down, among other aspects, as follows: 13% have university degrees, 31% have some university and 14% did not finish elementary school.

Remittances represented 6.3% of Dominican household income according to the National Income and Expenditure Poll published by the Central Bank in 1999 and, as such, represented the third largest income source after salaries (28.1%) and income from independent work (25.5%). Meanwhile, 75% of remittances are spent on food, clothing and household goods, 18% for medical expenses and education and 6% on real estate or small business investment.
3.4 Remittance Indicators in the Dominican Republic

According to recent information from remittance service providers, the average remittance originating in the United States in 2008 was USD 250 and USD 450 from Spain. Previous studies showed that the average remittance originating in the United States was approximately USD 194 between 2004 and 2006.\(^8\)

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\(^8\) Gutiérrez, L., (2006), Cost structure and competitive conditions in the New York-Dominican Republic remittance market.
A study with data up to 2006 shows that the majority of remittances, 46.3%, were sent monthly, with 23% sent several times per month and 13.9% weekly. Some Dominicans sent remittances less than 10 times per year.
4 INTERNATIONAL REMITTANCE SERVICE PROVIDERS

The Monetary and Finance Law states that foreign exchange intermediation is to be carried out by financial intermediaries, foreign exchange agents and foreign exchange and remittance agents. Of the aforementioned, the foreign exchange and remittance agents and the financial intermediaries are empowered, on prior authorization by the Monetary Board, to originate outgoing, and receive incoming, remittances. Foreign exchange agents can only carry out foreign exchange operations and do not participate in the remittance market. Foreign exchange and remittance agents have historically had a higher market share, reaching around 75% of the remittance market in 2007, while financial intermediaries had around 10%, accounting for approximately 85% of remittances paid out through institutional channels.

In addition to institutional remittance service providers authorized by regulation there are other market participants who operate through non-institutional channels, such as the so-called travelers and non-resident Dominicans who temporarily visit the country. These groups deliver cash or goods to their family members through parcels which represented almost 16% of remittances received in 2007.

As of 2008 there were minimal Dominican presence in remittance origination as this business came to be dominated by foreign companies such as Western Union and MoneyGram, companies which have high market shares. Once remittances reach the Dominican Republic they are delivered to their beneficiaries directly by payment firms contracted for this purpose.

4.1 INSTITUTIONAL PROVIDERS

Institutional remittance service providers can be divided into two groups: foreign exchange and remittance agents, which in terms of the value paid out have the highest market share, and financial intermediaries, represented by commercial banks and credit and savings unions, among others. Institutional providers must comply with the authorization procedures established by the LMF and the Foreign Exchange Regulations.

Commercial banks and credit and savings associations are among the financial institutions authorized to offer remittance services. Some cooperatives have begun to offer remittance payments but do not offer foreign exchange intermediation.

4.2 REGISTERED INSTITUTIONAL PROVIDERS

The Monetary and Finance Law authorizes financial intermediaries, foreign exchange agents and foreign exchange and remittance agents to carry out foreign exchange operations through their daily participation in the market.  

12 commercial banks, 26 savings and loan banks, 14 credit

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9 At December 31, 2008, institutions that comprised the Dominican National Financial System included commercial banks, savings and loan associations, credit corporations, public financial intermediation entities, insurance companies, the stock market and foreign exchange intermediation agents.
corporations, 16 savings and loan associations, two public financial intermediation entities and 109 foreign exchange intermediation agents can be found among these intermediaries.

**FIGURE 21. RSP MARKET SHARE**

At the end of 2007

![Graph showing market share of remittance agents, financial institutions, and non-resident Dominicans.]

**TABLE 5. MARKET STRUCTURE**

At the end of 2007

<table>
<thead>
<tr>
<th># of Entities</th>
<th>Market share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial intermediaries</td>
<td>70</td>
</tr>
<tr>
<td>Foreign exchange and remittance agents</td>
<td>25</td>
</tr>
<tr>
<td>Non-resident Dominicans</td>
<td>18</td>
</tr>
</tbody>
</table>

*Source: International Department, Balance of Payments Sub-Directorate, Services Analysis Division, BCRD.*

Banks have a remittance market share of 74% of total number of entities, taking into consideration financial and foreign exchange intermediaries. Nevertheless, their market share value is only 11%, although this has been steadily increasing over the last few years. Foreign exchange and remittance agents represent 26% of the total number of participants but disburse 75% of the remittances in cash in the Dominican Republic.

### 4.2.1 Commercial Banks

Commercial banks that participate in the remittance market in the Dominican Republic can be found in Table 6. The Banco Popular Dominicano and the Banco Dominicano del Progreso are Money Gram disbursement agents and do not engage in home delivery of remittances as they either disburse at their locations or through bank account deposits.

### 4.2.2 Foreign Exchange and Remittance Agents

There were 89 foreign exchange agents in the Dominican Republic in 2008, of which 23 were foreign exchange and remittance agents which accounted for 87% of the value of remittances
transferred via institutional channels. Previously, six agents paid out 93% of this sector of the market.

**TABLE 6. THE DOMINICAN REPUBLIC COMMERCIAL BANKS IN THE REMITTANCE MARKET**

At the end of 2006

<table>
<thead>
<tr>
<th>Bank</th>
<th>Reference</th>
<th>Principle Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco Popular Dominicano</td>
<td>Banco Popular</td>
<td>National District</td>
</tr>
<tr>
<td>Banco Dominicano del Progreso</td>
<td>PROGRESO</td>
<td>National District</td>
</tr>
<tr>
<td>Banco Multiple BHD</td>
<td>Banco BHD</td>
<td>National District</td>
</tr>
<tr>
<td>CITIBANK, n.a.</td>
<td>CITIBANK, n.a.</td>
<td>National District</td>
</tr>
<tr>
<td>ADEMI(RED payer)</td>
<td>ADEMI</td>
<td>National District</td>
</tr>
</tbody>
</table>

*Source: Central Bank of the Dominican Republic.*

**TABLE 7. FOREIGN EXCHANGE AND REMITTANCE AGENTS**

<table>
<thead>
<tr>
<th>Name of Agent</th>
<th>Principal Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agente de Cambio Remesas Vimenca, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Remesas Dominicanas, S.A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Caribe Express, C. por A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Ruiz Dominicana Agente de Cambio, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Quisqueyan Agente de Cambio, C. por A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Ría de la Hispaniola, Agente de Cambio, C. por A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Transferencias Comerciales S A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Corporación de Servicios A&amp;C, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Ramón Pérez, C. por A.</td>
<td>Santiago</td>
</tr>
<tr>
<td>Agente de Cambio Raf, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Cibao Express, S. A.</td>
<td>Santiago</td>
</tr>
<tr>
<td>Agente de Cambio Girosol Corp, C. por A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Envío Express, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Intercosa, C. por A.</td>
<td>Santiago</td>
</tr>
<tr>
<td>Agente de Cambio Carioca, C. por A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Copos Blancos, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio J. R. Internacional, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Hemisferio, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Remesas Martín, S. A., Agente de Cambio</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio Bienes y Valores Boyá, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Remesas y Cambio Gram Express Dom. S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio y Remesas Ozama, S. A.</td>
<td>Santo Domingo</td>
</tr>
<tr>
<td>Agente de Cambio y Remesas CTD, S. A.</td>
<td>Santo Domingo</td>
</tr>
</tbody>
</table>

*Source: Bank Superintendency, 2008.*

### 4.2.3 Savings and Loan Cooperatives

Dominican cooperatives are subject to special laws and are exempt from the provisions of the LMF, according to Article 76, although they are classified as non-shareholder financial
intermediation entities in Article 34. In practice, some of them offer remittance services to their foreign partners although their overall participation in the remittance market is very limited.

Some cooperatives have attracted Dominican emigrant members located in various countries, which has favored the development of programs designed to increase their market share of the remittance market, especially in places which do not have easy access to traditional financial services because of their geographic location. As is the case in other countries, the cooperatives which receive foreign currencies from their partners must exchange them into local currency at authorized financial intermediation entities or foreign exchange agents.

4.3 Non-Registered Institutional Providers

Financial intermediaries and foreign exchange and remittance agents must be properly authorized by the Monetary Board in the Dominican Republic. There does not appear to be any non-registered institutional suppliers which also offer remittance services.

4.3.1 International Money Transfer Companies

International Money Transfer Operators (MTOs)\(^\text{10}\) which comply with the LMF and national law confront no legal impediment to offering local remittance services. Nonetheless, for administration and cost reasons, they regularly associate with local disbursement agents to offer remittance services which, in turn, supply the required information to the Superintendency of Banks (BS) as well as the BCRD. As such, there are no MTOs operating in the Dominican Republic as direct disbursement agents.

Western Union, represented by Remesas Vimenca, is the MTO with the longest history in the market followed by MoneyGram International which disburses remittances through two national banks. There are other MTOs with shorter histories such as DOLES, VIGO and SIGUES. XOOM offers remittance services via the Internet through bank deposits in pesos and dollars, at their offices or through home delivery through Banco BHD, Remesas Dominicanas (ReD), Caribe Express and Banco del Progreso. There is only one Dominican MTO which operates locally and abroad.

4.3.2 Postal Service

Money transfer through the postal system is practically nonexistent in the Dominican Republic. Migrants prefer to send their remittances through foreign exchange and remittance agents followed by banks. In spite of the aforementioned, the Dominican Postal Institute (Instituto Postal Dominicano, INPOSDOM), a public institution, offers postal orders through payment orders from abroad, mostly from Spain. It is anticipated that INPOSDOM could increase its remittance market share originating in Spain due to an electronic postal order project in conjunction with the Spanish post office. A private postal, or courier, service exists but there are very few companies and they do not offer remittance services. It is estimated that remittance flow through private

\(^{10}\) Money Transfer Operators (MTO)
postal services do not exceed 1% of the total and the BCRD is working on quantifying this amount with greater precision.

4.4 NON-INSTITUTIONAL PROVIDERS

Remittances sent to the Dominican Republic through informal suppliers include payment in kind and those sent via couriers or commissioned, as well as those delivered by travelers. The amount of these transfers is estimated through the Quarterly Tourism Expenditure Poll applied by the National Account and Economic Statistics Department of the BCRD to resident and non-resident Dominicans who leave and enter the country through different airports.

During 2008, 84% of remittances were sent to the country through formal channels, while the other 16% came via travelers. Dominican emigrants bring remittances when they come back to the country to visit their families or they send them via family and friends who travel to the Dominican Republic. It should be noted that the tourism expenditure poll is given to resident Dominicans who travel outside the country as well as to non-residents who visit or enter the country temporarily.

4.4.1 Cash Transport by Visitors

The abovementioned tourism expenditure poll is applied by the BCRD at the country’s principle airports and gives information about the flow of Dominican resident and non-resident travelers and allows for an estimation of remittances per visitor in kind as well as in cash.

4.4.2 Other Remittance Disbursement and Transport Methods

Dominican emigrants can send credit and debit cards and prepaid debit cards to their families in the Dominican Republic which can be used at any automatic teller machines (ATM) or point of sale (POS) to withdraw money or pay for goods and services. However, this income inflow has not been quantified and it is anticipated that it will be in the near future.
5 REMITTANCE DISBURSEMENT METHODS

The instruments used to disburse remittances can vary from country to country in accordance with market characteristics and degree of financial sophistication. Remittance service providers in the Dominican Republic offer various disbursement methods: cash, bank deposit that displays the sender, invoice payment for basic services, debt payment, credit to prepaid cards, remittances in kind (principally clothes and food) and payment orders.

The amount of payment in kind is unknown as of this moment due to methodological complexity implied by this statistic. A unique feature of remittance disbursements in the Dominican Republic is home delivery which accounts for an estimated 80% of these transfers received by the country.

Commercial banks, like remittance agents, offer the option of total or partial remittance deposit in an account or applied to a debt. In fact, remittance agents facilitate these deposits to the sender’s bank of choice by sending a message along with the funds. Commercial banks only offer the option of crediting an existing account at the same institution.

Remittance disbursement in the Dominican market can be made in person or through home delivery in Dominican pesos or US dollars. Only remittance companies offer US dollar remittance home delivery while the commercial banks will disburse US dollars at their own tellers or in associated institutions.

According to information from agents interviewed during the mission, 60% of remittance disbursements are made in US dollars. This implies that foreign exchange agents in the aggregate must disburse four million US dollars daily, even though the client will frequently exchange the remittance for Dominican pesos at the same office where they receive the remittance given that the disbursers are also foreign exchange agents.

<table>
<thead>
<tr>
<th>TABLE 8. REMITTANCE DISBURSEMENT METHODS IN THE DOMINICAN REPUBLIC BY TYPE OF INTERMEDIARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative importance (%), 2008</td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>Banks</td>
</tr>
<tr>
<td>MTO</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: BCRD, International Department.
Notes: n.ap. stands for non-applicable and n.a. stands for non-available.

5.1 CASH

As mentioned earlier, most remittances are paid out in cash: 85% of those paid out by foreign exchange and remittance agents and 91% of those paid out by commercial banks. The aforementioned occurs because of the home delivery service offered by remittance agents which eliminates the risk to the beneficiary of walking the streets with cash.
Another reason for the preference for the remittance to be paid in cash is the low penetration of automatic teller machines and point of sale equipment in the communities and businesses in the country’s low income areas. This means that debit and prepaid cards are not a good cash substitute for remittances.

Remittance disbursements in the Dominican Republic depend on the functions assigned to the distinct intermediaries by regulation. The banks can combine different forms of payment as they are authorized to offer current and savings accounts. Foreign exchange and remittance agents are not authorized to receive deposits from the public but have adapted their operations to cover this demand.

**FIGURE 22. MARKET DISTRIBUTION BY DISBURSEMENT INSTRUMENT**

August, 2008

Source: Proprietary with data obtained during the mission.

**FIGURE 23. MARKET DISTRIBUTION BY CURRENCY PAID**

Source: Own elaboration with data obtained during the mission.
Home delivery service of remittances is dangerous and costly. Agents interviewed during the mission indicated that, depending on the institution’s payment network, the home delivery cost varies between USD 1.5 and USD 3 per delivery. Also, insurance companies do not insure this activity due to the high incidence of assault on money delivery couriers.

Other financial services offerings to the remittance beneficiaries or persuading them to open bank accounts, which would permit them to have proof of income and apply for credit, is complicated by home delivery of remittances. In this context, the majority of remittances are used for consumption.

5.2 CHEQUES

Payment of remittances by cheque accounts for less than 1% of total transfers, and is therefore relatively insignificant, according to agents interviewed during the mission.

5.3 BANK ACCOUNT DEPOSIT

Remittance deposit into accounts is a relatively new option offered by the banks only since they actively entered the remittance market. Once this occurred, foreign exchange and remittance agents were obliged to offer this service, which they do by sending a messenger to make a cash deposit in the account at the financial institution indicated by the remittance sender. This service is used infrequently as it only applies to those who have an account in the financial system. It should be pointed out that commercial banks credit an account upon the authorization of the remittance beneficiary, and are therefore not direct deposits, but require beneficiary instructions and authorization of the deposit, either in person or by telephone.

According to foreign exchange and remittance agents interviewed by the mission, only 6% of total transactions are credited to a bank account or are used to pay a mortgage or other type of
debt. Commercial banks indicated that only 8% of remittances received were credited to an account and the rest were paid in cash.

5.4 Postal Instruments

The use of postal instruments to send remittances is of little significance. According to a recent study, which included interviews with remittance senders outside the country, the mail makes up less than 2% of informal transfer totals, which in turn represent 11.4% of total transfers from abroad.

5.5 Payment Cards

Remittance delivery by cards, whether prepaid or debit, is a relatively new method in the Dominican Republic, dating from the beginning of 2000. There are three products of this type in the country, created exclusively for remittance beneficiaries. Nevertheless, according to the agents interviewed, only 1% or 1.5% of remittances are received via cards.

The companies which offer this product give incentives to their clients to promote their use for receiving remittances. The cards are delivered to the beneficiary’s home and they can be activated by telephone, used to make purchases in those establishments affiliated with Visa and Visa Electron or to withdraw cash from any ATM. Some of the cards are free and others have a low issuance cost, with no minimums or commissions for renewal or use of the card. However, cash is the preferred remittance disbursement method among the population and less than 1% of beneficiaries have a card.

5.6 Electronic Money

Electronic transfers are of little relevance in the Dominican remittance market. Current providers of this service, include Xoom, Western Union, BPD Bank and Enviros Boya. Use of this service requires a US Social Security number or a credit card or a bank account and access to the Internet. These prerequisites limit the number of clients who use this transfer method.

According to a recent study, only 800 monthly transfers of this type, of an average USD 175, are sent. The cost of these transfers does not exceed USD 0.50 per transaction and does not require the beneficiary to have a bank account.

12 Informal refers to transfer mechanisms which by their nature do not allow them to be registered as remittances for statistical or balance of payment purposes.
6 SYSTEMS AND CHANNELS FOR REMITTANCE TRANSFER AND DISBURSEMENT

Remittance operations in the Dominican Republic are carried out principally by banks and non-bank entities known as foreign exchange and remittance agents. These agents are involved in the business fundamentally as disbursement agents for international MTOs with various collection points in the United States and eventually Europe. There are six foreign exchange and remittance agents which cover the majority of remittances received in the Dominican Republic. These entities are dedicated exclusively to remittance disbursements but in various cases, because of their commercial relationship with the banks, they also use their channels and infrastructure for payment.

As is the case for the majority of the countries in the region, the relationship between the MTO and local disbursement agents, banks and companies specialized in transfers as well as others, consist of negotiated arrangements which specify that payment to beneficiaries, in accordance with information supplied to the MTO, are to be made within a few minutes or hours from initiation of the transaction abroad. Nevertheless, the MTO will only reimburse the local agent after payments have been made and after there has been a payment request for a remittance batch, usually in T+1 or T+2 days.

Disbursement agents usually pay the beneficiaries between 24 and 72 hours before receiving payment from the MTO, and as such, are exposed to exchange rate and credit risk which is normally covered by a guarantee fund and policies which mitigate the impact of a delay or non-payment of monies already disbursed.

Practically all the local disbursement agents maintain agreements with some MTO or bank outside the country in order to capture remittances at their point of origin. Some remittance service providers maintain agreements with multiple MTO and/or banks. Only Western Union agents have some degree of exclusivity attached to their agreements.

This remittance payment scheme requires other systems, including local, foreign and cross-border systems, to permit the transfer of information and funds to the beneficiary. Although there is infinite number of possible remittance origination locations, the disbursement agents are only agents who carry out these transactions for the MTOs abroad and at their destination. Remittance disbursement locations have increased and are now found in supermarkets, drug stores and other locations, although services available at these locations are limited. To simplify remittance origination, transfer and disbursement processes the agents, both on the origination and disbursement sides, are included as part of the MTO structure abroad or of local disbursement agents and, conventionally, it is possible to summarize the process, taking into consideration that the remittance sender can send it through an MTO agent or financial entity (usually a bank) and receive it from an authorized agent or through a local MTO office.

6.1 INFORMATION TRANSFER SYSTEM

Once a remittance sender goes to a bank or MTO agent abroad, information about the sender and beneficiary, the amount sent, etc. is delivered by the transfer chain. Basic information is sent
immediately over the communication systems, or via SWIFT\(^{15}\) or some MTOs private networks and arrives at the operators in the Dominican Republic. This information is quickly transmitted and once the disbursement agent receives it, the beneficiary can collect their money. The speed with which the information arrives is directly proportional to the cost. Some MTOs offer different products with different costs depending on the required delivery speed.

**CHART 1. OPERATION OF REMITTANCES WITHIN THE PAYMENT SYSTEM**

![Chart 1](chart1.png)

*Source: Own elaboration.*

**CHART 2. INFORMATION TRANSFER SCHEME**

![Chart 2](chart2.png)

*Source: Own elaboration.*

\(^{15}\) Society for Worldwide Interbank Financial Telecommunications.
It is worth noting that some MTO frequently offer a service to the beneficiary that their money has arrived. This service can include a fax or a call by the migrant abroad to their family member to verify that the remittance has been received.

### 6.2 Systems Abroad

Charts 3 and 4 outline the most common methods of remittance origination and subsequent transfer from the originating RSP to the local disbursement agents in the Dominican Republic. The originator can initiate remittance transfer through different instruments.

#### Chart 3. Remittance Transfer as a Cash Deposit

When an operator or RSP transfers a remittance through a bank, once the money is delivered its participation is finished. If the process is carried out through an agent contracted by the MTO, mechanisms exist whereby the agent sends the money to the MTO either in cash, by electronic transfer or by cheque.

If the transfer or other instrument –such as a cheque– is issued by the same bank used by the MTO, the operation concludes. If that is not the case, it must pass through a clearing house before appearing in the MTO’s account.

#### Chart 4. Remittance Transfer with Non-Cash Instruments Through Originating Agents Abroad

*Source: Own elaboration.*
In the case of operations that must be cleared, the operational entities regularly prefer that these be batch transfers instead of single ones, as they are received, depending on the system and working arrangement that each bank and MTO has with their respective agents.

### 6.3 Cross-Border Systems

Cross-border systems allow remittance transfers to and from the receiving country. Remittances are disbursed in local or foreign currency in the Dominican Republic, depending on the instructions from the sender and the beneficiary. If the disbursement is made in Dominican pesos then the remittance must be exchanged by a financial entity authorized to operate in foreign currencies. All disbursement agents must go through financial entities and foreign exchange houses to exchange remittances denominated in foreign currencies into Dominican pesos.

![Chart 5. Cross-Border Remittance System Structure](chart.png)

**Source:** Own elaboration.

### 6.4 Local Systems

The local systems which remittances can pass through are of large and low value. Large value payment systems allow for the settlement of cross border and local transactions of systemic importance while, normally, low value payment systems settle local transactions, although they can do so with international transactions as well. The latter occurs in cases where foreign entities are party to the transaction, as happens in the case of compensation and settlement of foreign credit, debit and prepaid cards used at local ATMs and POS.

SIPARD is the payment and settlement system in the Dominican Republic and is a public service owned exclusively by the Central Bank. SIPARD is composed of the different recognized payment and settlement systems to which all the authorized financial intermediation entities are affiliated. The BCRD offers custody, transfer, compensation and settlement services through this payment system, as well as offering large (at the real time and gross settlement system, RTGS) and low value payment systems.

The Central Bank’s role in operating the SIPARD, according to Resolution Six of the BCRD’s Monetary Board, is to reduce risks in the payment systems; guarantee the solidity of settlement;
have an appropriate legal framework for settlement agreements; and provide the legal certainty that the participants will fulfill their obligations in such a way as to mitigate the negative effects of non-performing counterparty.

6.5 **LARGE VALUE PAYMENT SYSTEM**

In accordance with the current LMF in the Dominican Republic, and based on Resolution Six of the Monetary Board, the large value payment system (RTGS) started operations in 2007 for high level and urgent transactions which are settled with funds maintained by the parties in their accounts with the BCRD. The RTGS is administered by the Central Bank and is used by financial intermediaries and by the administrators of other subsystems authorized by the BCRD.

This electronic payment system allows its participants to effect electronic funds transfers (EFT) between themselves and with the Central Bank. As the BCRD operates the RTGS, the administration of instructions and payment orders are settled in real time and on gross terms.

The affiliation agreement to the RTGS lays out the requirements established by the BCRD with which new participants in this payment system must comply. RTGS transactions can be self-settled or settled by any other indirect participant, but always under a participant’s direct responsibility for the transaction. The participants must maintain a current account at the BCRD under this framework, where debits and credits are registered for transactions settled in the RTGS and it is obligatory to have enough funds available for settlement and obligations which might result from the Monetary Board’s legal regulations. The RTGS has credit arrangements for the settlement of transactions in accordance with security regulations as set forth by the system’s instructions.

6.6 **LOW VALUE PAYMENT SYSTEMS**

The low value payment system allows remittance funds to be transferred to the receiving companies (RSP) at the point of disbursement or to the beneficiaries when instruments other than cash are used and which have to be settled in the accounts of the different receiving entities.

**CHART 6. LOW VALUE PAYMENT SYSTEMS**

*Source: Own elaboration.*
Remittances deposited in accounts give access to other financial services and instruments such as cheques, electronic transfers, etc. Crediting an account requires the use of different channels and systems, depending on the beneficiary’s and disbursement agent’s accounts. When a remittance is paid out by a bank it can be deposited directly in the beneficiary’s account with the bank if such an account exists. If the account is in another financial institution then the use of other systems to make the transfer will be necessary and it must pass through an automated clearing house (ACH) in order carry out the transaction.

When the disbursing agent is not a bank, such as a foreign exchange and remittance agent, then the deposit in the account can be made by cheque, cash or ordering a transfer from their accounts directly to that of the beneficiary. If the beneficiary has an account with a different institution than that of the payment entity, the transaction will go through a clearing house before completion.

6.6.1 BCRD Cheque Clearing House

This payment system is part of SIPARD and operates credit document clearing. According to instructions from the BCRD’s clearing house, this system is a mechanism used to centrally process payment instructions between financial intermediaries if so agreed. These entities can participate in the clearing house to clear cheques, payment obligations, transfer advisories and other instrument which generate payment obligations. The system allows its participants and its administrator to clear all documents received in the institution’s name, which means that each one is in charge of clearing the total volume of its transactions.

In order to clear the funds, once each participant’s electronic registry is received, the BCRD will carry out the net clearing to send the funds to the participants to settle the payments which arise as a result of the clearing process.

**FIGURE 25. CREDIT DOCUMENTS SETTLED IN THE SIPARD CHEQUE CLEARING HOUSE**

Source: Own elaboration with data from BCRD

Figure 25 shows recent transaction activity settled through the BCRD’s cheque clearing house which demonstrates relatively regular behavior over the last few years.
### 6.6.2 Electronic Transfer Clearing House

The use of electronic transfers has increased considerably in the Dominican Republic in the context of the SIPARD. Direct debit orders and electronic funds transfer authorizations stand out, as well as account deposits, which are seen more frequently among clients of the participating entities in the payment system. Even when they are cleared in the ACH, these payments are settled efficiently. Sometimes they are initiated by the client via electronic orders sent over the Internet (home banking).

**FIGURE 26. ELECTRONIC TRANSFERS SETTLED IN THE SIPARD**

Since 2003, according to the BCRD’s Payment System Regulations, Cardnet, the company which operates the ACH electronic transfer service, which permits its banking clients –people and companies– to carry out credit and debit operations between the ACH’s participants. The volume and value of operations settled by Cardnet’s ACH in SIPARD has increased considerably. In 2008 the value of operations was over DOP 170,000 million, approximately 60% more than the total amount from the year before.

### 6.7 Automatic Teller Networks and International Credit, Debit and Prepaid Card Clearing House

In addition to the an increase in the use of electronic funds transfers, the participants in SIPARD have increased the use of alternative instruments in the remittance market, especially those which are cross-border, including the use of cards for sending remittances. Once these cards are used at ATMs and POS, these purchases and withdrawals generate a debt position for the country’s international card administrator. This position is settled through the financial system with the issuing bank or seller of the international card.

Cardnet operates a network of automatic teller machines (Red ATH) in the Dominican Republic. This company administrates the transmission and instruction interchange between banks while SIPARD provides settlement.
Use of payment cards at ATMs and POS across the country has increased dramatically in recent years, not only in the context of remittances, but in the overall economy in general.

**FIGURE 27. ATM AND POS TRANSACTION SETTLED IN SIPARD**

Source: Own elaboration with data from BCRD.

### 6.8 OTHER SYSTEMS AND CHANNELS

Apart from the channels that SIPARD offers formal entities which provide international remittance services there are other means which permit emigrants to transfer funds to their countries of origin, such as courier services and direct delivery via friends and families. Chapter 4 describes how these remittance delivery mechanisms still exist in the Dominican Republic and are based in cash. These mechanisms are costly, especially in terms of currency exchange, transport and the risks involved which suggests that they will diminish in importance as remittance transfer mechanisms.
7 COSTS, TIME AND ACCESS

In general, remittances represent an important source of funds from abroad which impacts economic activity positively by incenting internal demand and raising the purchasing power of beneficiary families. In light of the preceding, it is important to foment higher net remittance reception and this implies an evaluation of their cost structure. Additionally, there are certain hidden costs, such as access and the time it takes for the beneficiary to receive remittance funds. These hidden costs must also be analyzed and evaluated.

7.1 REMITTANCE COSTS

Remittance costs are related to the number of agents involved in the transfer and payment chain. The total cost to the consumer is composed of one explicit cost (commissions) and another implicit one related to currency exchange differentials. The explicit transfer commission cost is applied by the remittance entities abroad (MTO and its agents) and, only in some cases, the disbursement agents, especially when they have origination offices abroad.

Remittances can be paid out in Dominican pesos and foreign currency, generally US dollars, in the Dominican Republic. When the transfer is paid out in local currency, on top of the commission charged, a currency exchange differential is generated by this transaction which is determined by the difference or margin between the rate given abroad and the rate applied to the remittance at its final destination.

FIGURE 28. REMITTANCE DISBURSEMENT TO FINAL BENEFICIARIES BY CURRENCY

Source: International Department, BCRD.

Exchange rates should be freely determined in the foreign exchange market and the BCRD and Superintendency of Banks should be informed of these daily, according to the LMF. Nevertheless, in the case of remittances, this information does not include the rate agreed upon at the point of origin. Although this exchange rate is fixed outside the receiving economy, remittance originators abroad receive daily information about the local exchange rate which is used as a reference for the rate offered to emigrants who will then decide if their transfer is to be paid out in national currency.
The commission, in conjunction with the income which results from the exchange rate margin, covers the cost of the transaction and generates a profit for the remittance service providers.

### 7.2 Commission Charges

In the Dominican Republic’s case, commissions charged vary depending on whether the emigrant orders payment in pesos or dollars, although in some cases there is no commission for competitive reasons. When the sender orders payment in US dollars, the lack of an exchange rate differential causes the commission to be higher in order to cover costs and obtain a profit. On the other hand, if the sender orders payment in local currency the commission could be lower because in this case the exchange rate differential can be a part of the profit.

The cost of sending a remittance varies according to the country of delivery, the type of agent used to carry out the transaction and also by the amount to be transferred. In some cases the originating agent can waive the commission as a strategy to gain market share.

The BCRD’s current information gathering system does not compile data about remittance commissions charged to emigrants. The new platform being implemented in coordination with the Superintendency of Banks will provide this data.

### 7.3 Exchange Rate Differential

The exchange rate differential is the difference between the exchange rate received upon disbursement by the remittance service provider and that of other alternative exchange rate agents or financial entities. This differential increases during periods of exchange rate instability, such as 2003 and 2004, and decreases during periods of exchange rate stability which occurred from the end of 2004 to the end of 2008. Even in periods of exchange rate stability the exchange rate differential can represent an important cost for the remittance market and source of elevated income for players in this market.

![FIGURE 29. MONTHLY EXCHANGE RATES DOP/USD](Source: BCRD, International Department, Sub directorate of Exchange Rate Policy.)
In addition to exchange rate stability, as there has been an increase in remittances paid out in dollars, the exchange rate differential has decreased as the beneficiaries of dollar remittances can exchange them with whatever agent or entity that they prefer. Therefore, the margin obtained by the agent or foreign exchange intermediary is only that resulting from the foreign exchange transaction in the local market.

7.4 **Tax Costs**

There are no specific taxes levied on remittances into or out of the Dominican Republic.

7.5 **Cost, Time and Access to Other Non-Institutional Channels**

Remittances sent through non-institutional channels, such as cash transport by travelers, have additional transaction costs because of the time and risks involved. These non-institutional channels have limited coverage as they cannot be found everywhere and depend on the migrant community’s communication networks.
8 MEASUREMENT METHODOLOGY

8.1 RESPONSIBILITY AND COORDINATION

Banco Central de la República Dominicana is responsible for compiling and publishing information related to the country’s international position. The BCRD is also in charge of compiling balance of payment information and ensuring that this information is congruent with the national account figures.

Remittances are an entry in the current account of the balance of payments and its principal source is the information received directly by the BCRD from the market participants. Additionally, the BCRD also receives information from the National Statistics Office, an institution which records valuable informal remittance information through polls.

Other public and private institutions, both local and foreign, produce Dominican migration information, which is useful for validation and comparison purposes. Information from these sources is obtained from their publications and reports and is not necessarily the result of a coordination process with the BCRD.

8.2 MEASUREMENT BY CHANNEL

The Dominican Republic receives remittances from abroad but there is also an outflow, especially to Haiti, which is estimated to be around 10% of remittance revenues. It should be pointed out that the Dominican compilation system is designed fundamentally to cover inflows with precision although it also records outflows. There is also a radical difference in the channels used for both flows. Remittance inflows principally come through institutional channels such as foreign exchange agents and banks where the main compilation method is via direct reports. In contrast, outgoing remittances, especially those sent to Haiti, are sent primarily through non-institutional channels, such as couriers, and can therefore only be estimated.

The BCRD’s remittance measurement process has been modernized over the last few years by increasing its coverage, upgrading its definitions and classifications and including electronic methods of reporting on flows. The current system was implemented in 2008 and was applied in parallel with the prior system while its results were being tested and refined. Both the current and prior systems are based on information reported directly from the all the authorized institutional market participants in the country. This data is supplemented by information from periodic and non-periodic polls taken by the BCRD and the ONE. Table 9 summarizes the sources and information channels for incoming remittance data.

Remittance income is compiled by the BCRD according to the channel used for payment to the beneficiary, divided between institutional and non-institutional. The first segment includes all the institutions disbursing remittances, representing 90% of the market, while the second segment includes remittance income without institutional payment participation. This includes remittances received directly by the beneficiary from people acting as couriers, including those who deliver directly to the beneficiary from family members and by travelers from abroad. It is estimated that the non-institutional segment represents 10%-15% of total remittances received by the Dominican Republic.
TABLE 9. INFORMATION SOURCES AND CHANNELS FOR REMITTANCES RECEIVED IN THE DOMINICAN REPUBLIC

<table>
<thead>
<tr>
<th>Old or new system</th>
<th>Commercial banks</th>
<th>Remittance agents and others</th>
<th>ATMs and cards</th>
<th>Non-institutional channels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutional origin abroad</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>New</td>
<td>Bank</td>
<td>ND</td>
<td>FD03</td>
<td>n.a.</td>
</tr>
<tr>
<td>Non-bank</td>
<td>Non-bank</td>
<td>ND</td>
<td>FD03B</td>
<td>n.a.</td>
</tr>
<tr>
<td>Old</td>
<td>All</td>
<td>FD03</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>&lt; USD1,000</td>
<td>Format FD03B</td>
<td>ND</td>
<td>FD03B</td>
<td>n.a.</td>
</tr>
<tr>
<td>&gt; USD1,000</td>
<td>Format FD03B</td>
<td>ND</td>
<td>FD03B</td>
<td>n.a.</td>
</tr>
<tr>
<td>Report frequency</td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
<td>None</td>
</tr>
<tr>
<td>Data frequency</td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
<td>None</td>
</tr>
<tr>
<td>Method</td>
<td>Electronic</td>
<td>Paper</td>
<td>Electronic</td>
<td>Paper</td>
</tr>
<tr>
<td>Coverage</td>
<td>No thresholds</td>
<td>No thresholds</td>
<td>n.a.</td>
<td>2,000 to 3,000 surveys at airports</td>
</tr>
<tr>
<td>Quantitative</td>
<td>10 to 20%</td>
<td>10 to 20%</td>
<td>80 to 90%</td>
<td>80 to 90%</td>
</tr>
</tbody>
</table>
| Notes: The new system started during 2008 and is not fully current as of yet. These flows are not classified as family remittances. No upper threshold if originated in a non-bank. ND indicates data not available. n.a. stands for non-applicable. Format FD03: Remittances received via alternate means to be reported to the Bank Superintendency. Format FD03B: Remittances received by a correspondent to be reported to the Bank Superintendency.

8.3 INSTITUTIONAL

Institutional channels are made up of registered and non-registered formal entities for remittance disbursement. The first group, in accordance with Dominican regulations, has banks and foreign exchange and remittance agents formally authorized to make transfers and disburse remittances. Additionally, there are other institutional participants which disburse remittances without having the specific registration to carry out this activity. In this case, it is important to distinguish between those who act on their own and those who act as other participants’ subagents, as is the case of drug stores and supermarkets. These entities disburse remittances, but only as bank or foreign exchange entity subagents, which are ultimately responsible for the payment. Therefore, there does not appear to be any non-registered institutional participants disbursing remittances in the Dominican Republic.

the Dominican Republic’s regulation does not prevent international MTO’s from setting up as registered institutional foreign exchange agents but to date they have no presence in the Dominican market and only operate through agreements with locally established companies.
8.3.1 Registered Institutional

Remittances transferred by banks, other financial entities and foreign exchange and remittance agents are sent through this channel which constitutes the majority of the market. These flows are reported electronically and on a daily basis to the Superintendency of Banks and shared with the BCRD. There are two forms: one used by the banks and financial entities and another used by foreign exchange and remittance agents.

**Banks and Financial Entities**

Banks disburse and send remittances to and from abroad through SWIFT and proprietary systems belonging to the foreign entities with which they maintain agreements for these transactions.

Among the transactions made via these alternate methods are those originating in foreign banks and those originating in other types of entities, normally MTOs. In the latter case, due to the specialization of the international operators, all the transfers received from them are considered remittances and must be reported daily to the Superintendency of Banks on form FD03B, which then passes this data on to the BCRD to be compiled. This form contains detailed information about these transactions and allows for the calculation of remittances arriving through this channel. Transactions which arrive via SWIFT include remittances and other types of transactions. In light of this, a maximum amount of one thousand US dollars is set for remittances and are therefore included on form FD03B.

BCRD coverage of these reports from the banks and other financial institutions is 100% as these financial entities are obliged to report all of their transactions to the Superintendency of Banks and classify them according to their instructions. In this way, all reception of funds to or from abroad must be reported daily and classified as remittances or other types of transfers, minimizing the possibility of underestimating remittances from this source.

Some banks have subagent contracts with other disbursement institutions, both financial and non-financial. In this case, the report sent should include all disbursements made, both in their offices and through their subagents. It is worth mentioning that the Central Bank is alert to double entries in that it does not consider transactions in its reports which are made by disbursement agents acting as subagents of another participant also reporting to the BCRD.

**Foreign Exchange and Remittance Agents**

Other participants in the registered institutional segment are foreign exchange and remittance agents, a legal figure created to register non-financial institutions which disburse, transfer and originate remittances. These agents are specialized, and because of this, all their operations correspond to this classification and are reported daily, no matter the amount, to the Bank Superintendency, as reception of or the sending of remittances abroad on the FD03 form.

Coverage of this type of participant is total as, by law, no institutional participant can operate in the Dominican Republic without registering and having the corresponding authorization. Therefore, no institutions in the remittance market exist without registering and without sending the respective information form to the Bank Superintendency.
As in the case of commercial banks, in order to not overestimate transfers made by these agents, the Central Bank only considers operations made in the name of the entity, excluding those made when they act as subagents of another participant.

### 8.3.2 Non-Registered Institutional

Current Dominican Republic regulation does not permit any institution to provide remittance services without having the respective authorization and registration. Nevertheless, there are some entities which, despite being institutions and having the corresponding authorization, are not obliged to report remittance transactions. This is the case of international credit, debit and prepaid cards which can be used to transfer remittances to and from other countries.

**International Cards**

Currently credit, debit and prepaid cards can be used to transfer remittances from one country to another, although the amount of such transactions is still very low due to the costs involved. There are at least two ways to effect these transactions: the first, with an instrument or card specifically created for international remittances and the second, when international bank cards are used as a transfer means.

The first case, for example Banco Popular’s SERVICASH, allows remittance transfers via electronic payment orders through credit, debit, or prepaid cards or an electronic account to account payment order. There are very few transactions over this system and are not of statistical significance as of yet. For this reason they are not part of the current remittance compilation.

It must be pointed out that it is possible to obtain a credit, debit or prepaid card in one country and send it physically to remittance beneficiaries so that they could use it to withdraw their remittances from an ATM or use it at a POS to pay for goods or services. It is not possible to adequately identify when these payments or withdrawals correspond to remittances or when they are other types of expenses, such as those incurred by tourists or other travelers passing through the country. Also, there are costs associated with cash withdrawals and the use of these international cards which make this form of transfer more costly. For this reason it is estimated that their use to send remittances is of no statistical significance for the compilation process.

#### BOX. MEASUREMENT OF REMITTANCES MADE VIA INTERNATIONAL CARDS AT ATMS AND POS

Currently the information contained on the magnetic strip of the debit, credit or prepaid cards does not permit the identification of a withdrawal at an ATM as a remittance. According to information obtained from the principal companies that own the ATM networks, these card’s magnetic strips contain enough space and capacity to store information to distinguish between remittances and other types of use. However, presently the data stored on the magnetic stripes (tracks 1, 2 and 3) do not shed much light about the precise type of account the cards are linked to. There is not even any identification of the bank nor the PAN (primary account number) assigned to the card, or indication of a collective account with individual subaccounts of the purchases of these cards which would serve to distinguish on type of cash withdrawal from another. Therefore, obtaining information about remittances originated by the use of these cards must be obtained by other means such as estimates based on household polling.

For example, it is probable that a prepaid card, bought in the USA and used in a Latin American country, corresponds to a family member remittance and not to a withdrawal from a tourist’s or other’s account.
8.4 NON INSTITUTIONAL

Precisely because of its non-institutional nature, measurement of remittance transfers through this channel cannot be made by reports and this makes it necessary to turn to alternative sources such as polls or some administrative registries that could help to estimate these flows. This estimation is backed up by polls taken by the ONE as well as the BCRD. The BCRD took the Income and Household Expenses National Poll (ENIGH) during 1997 and 1998 and obtained important information to validate its numbers. Currently the ONE is responsible for this poll and must apply it periodically.

The BCRD takes other polls, such as the Labor Force Poll (EFT) and the Non-resident Dominicans Poll (ENDNR), which contribute to remittance statistics, as well as balance of payment measurement and of national accounts.

The BCRD’s National Account Department takes the EFT bi-annually and it is one of the most important sources used to contrast and validate data on remittances entering the country. This poll covers approximately 9,900 households and its results do not always resemble those of direct reports. This reflects the frequent limitations of the results of household polls. These results are slanted due to the reluctance to adequately answer sensitive questions as they are considered to have tax and legal implications.

The National Accounts Department also takes the ENDNR quarterly through a contracted specialist company. This poll is taken at various international airports around the country and at some border points. Resident and non-resident travelers are interviewed about their expenses and investments in the country and about gifts of money or goods. The ENDNR is the most important source of complementary information to the direct report and adds non-institutional flows, which represents 10%-15% of the total, to remittance data.

8.5 VALIDATION AND VERIFICATION

An important source of information used to verify and validate remittance data are migration indicators. Nevertheless, this data presents collection problems, as occurs in many countries of the region. Some problems include the high level of mobility of migrants, especially informal ones and those without registration at the borders; age and length of stay of the population abroad, which can influence a phenomenon known as remittance decay; and geography of migration, due principally to secondary migratory movement. There are therefore frequent substantial differences between data from countries from which migrants originate and that of countries which receive migrants.

Despite these problems, the BCRD uses information collected by migration offices, by the ONE and by other institutions, to validate and cross reference its remittance data. In this way, for example, the BCRD analyzes the origin and geographic destination of the remittances in light of information about migration patterns of Dominicans abroad. In the same way, the census information from countries which receive Dominican migration, and statistics that these countries publish about remittances, constitutes an important source of data cross reference.
9 TRANSPARENCY AND DATA PUBLICATION

9.1 OFFICIAL INFORMATION

The LMF assigns the BCRD the function of compiling and publishing balance of payment statistics and to provide economic information to international organizations. In fact, the BCRD is the source of official balance of payments statistics, which include international remittance flows. The aforementioned law also lays out the different publications that the Central Bank is responsible for (divulgence and publishing of quarterly economic report, quarterly economic statistics bulletin and a summary of the Annual Memory).

The public has access to a publication calendar of balance of payment information and, as such, of workers’ current transfer and remittance statistics which are published monthly on the Institution’s web site. Statistics about visitor and traveler flows are also published which are obtained from the Quarterly Tourist Expense Poll.

The BCRD has a transparency policy outlined in the Freedom of Access to Public Information Law and its applicable regulation. Consolidated incoming remittance information is published publically on the Central Bank’s web site. The BCRD also follows the daily currency operations of remittance agents and financial entities which have the obligation to report the results of their daily currency transactions and publicly divulge the exchange rates applied to each of these transactions. Nonetheless, although the information about currency exchange rates is divulged daily, those that are applied to the international remittance line are published monthly and are consolidated. As a result, based on the information published on remittances, it is still currently not possible for consumers to select a remittance service provider on the basis of total transaction costs.

The LMF also establishes consumer protection regulation and includes safeguards for financial entities and foreign exchange and remittance agents, which are both obliged to comply. The Superintendency of Banks created the Consumer Protection Division to implement these regulations and the Monetary Board put out financial services user protection regulation.

9.2 REMITTANCE SERVICE PROVIDER INFORMATION

Information about the total cost of sending a remittance is not completely transparent in the Dominican Republic, as is the case in other countries in the region. Up until now, neither the BCRD nor the Superintendency of Banks has collected this data. It is forecasted that the agents and financial intermediaries who participate in the market will report their remittance transaction costs with the implementation of a new information system.

With regard to information requirements, exchange and financial agents must report information daily about their foreign currency exchange operations in whatever form, transfer medium or periodicity to the BCRD and to the Bank Superintendency. These information reports must include: identification of the buyer and the seller, amount of the transaction, money paid out, money received, exchange rate, payment instrument and purpose.
Financial and foreign exchange intermediaries must also submit a daily analytic balance proof and are obliged to display information about their currency exchange rates in a visible place inside their establishments.

Information about commissions charged by foreign exchange and remittance agents, and about currency transfers abroad, is reported both to the Superintendency of Banks and the BCRD through a new electronic data transfer system. On the other hand, commissions and costs of remittances received from Dominican emigrants abroad are not collected or published.
TABLE A1. BASIC STATISTICS DATA

At the end of the year

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (USD millions)</td>
<td>24,561.2</td>
<td>24,985.6</td>
<td>20,432.1</td>
<td>22,608.7</td>
<td>33,774.7</td>
<td>35,897.2</td>
<td>42,223.1</td>
<td>45,717.6</td>
<td>46,711.6</td>
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<td>Disposable National</td>
<td>22,213.9</td>
<td>23,750.1</td>
<td>22,507.7</td>
<td>19,423.8</td>
<td>30,290.9</td>
<td>33,180.9</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
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<td>Household Consumption</td>
<td>19,359.9</td>
<td>20,736.4</td>
<td>16,645.7</td>
<td>17,216.8</td>
<td>27,979.2</td>
<td>29,632.2</td>
<td>34,880.9</td>
<td>n.a.</td>
<td>n.a.</td>
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<td>Consumer Price Index</td>
<td>8.9</td>
<td>5.2</td>
<td>27.5</td>
<td>51.5</td>
<td>4.2</td>
<td>7.6</td>
<td>6.1</td>
<td>10.6</td>
<td>1.4</td>
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<td>Nominal Exchange Rate</td>
<td>17.0</td>
<td>17.6</td>
<td>17.4</td>
<td>37.4</td>
<td>28.9</td>
<td>33.7</td>
<td>33.1</td>
<td>33.5</td>
<td>36.1</td>
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<tr>
<td>Average Nominal Exchange Rate</td>
<td>16.7</td>
<td>17.4</td>
<td>29.0</td>
<td>41.2</td>
<td>30.0</td>
<td>33.1</td>
<td>33.0</td>
<td>34.4</td>
<td>35.9</td>
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<td>Interbank Interest Rate</td>
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<td>14.5</td>
<td>41.2</td>
<td>36.1</td>
<td>11.4</td>
<td>10.4</td>
<td>8.3</td>
<td>n.a.</td>
<td>n.a.</td>
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<td>Current Income (BOP–USD millions)</td>
<td>10,887.3</td>
<td>10,625.5</td>
<td>11,442.3</td>
<td>12,117.7</td>
<td>12,965.2</td>
<td>14,777.5</td>
<td>15,884.7</td>
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<td>Exports</td>
<td>7,102.7</td>
<td>6,922.3</td>
<td>7,720.2</td>
<td>8,226.6</td>
<td>8,601.5</td>
<td>9,595.2</td>
<td>10,288.9</td>
<td>10,562.9</td>
<td>10,952.7</td>
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<td>Goods</td>
<td>5,276.3</td>
<td>5,165.0</td>
<td>5,470.8</td>
<td>5,935.9</td>
<td>6,144.7</td>
<td>6,610.2</td>
<td>7,237.2</td>
<td>6,747.5</td>
<td>5,462.9</td>
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<tr>
<td>Services</td>
<td>1,826.4</td>
<td>1,757.3</td>
<td>2,249.4</td>
<td>2,290.7</td>
<td>2,456.8</td>
<td>2,985.0</td>
<td>3,051.7</td>
<td>2,962.3</td>
<td>3,087.7</td>
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<td>Imports</td>
<td>-10,063.2</td>
<td>-10,151.1</td>
<td>-10,044.2</td>
<td>-11,325.8</td>
<td>-13,731.4</td>
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<tr>
<td>Goods</td>
<td>-8,779.3</td>
<td>-8,837.7</td>
<td>-8,626.8</td>
<td>-9,889.0</td>
<td>-12,173.9</td>
<td>-13,817.1</td>
<td>-15,992.9</td>
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<td>Services</td>
<td>-1,283.9</td>
<td>-1,313.4</td>
<td>-1,219.4</td>
<td>-1,231.2</td>
<td>-1,456.4</td>
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<td>-1,745.8</td>
<td>-1,999.8</td>
<td>-1,847.1</td>
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<tr>
<td>Net Current Transfers</td>
<td>2,027.5</td>
<td>2,269.3</td>
<td>2,335.9</td>
<td>2,527.5</td>
<td>2,697.1</td>
<td>3,144.1</td>
<td>3,401.2</td>
<td>3,512.9</td>
<td>3,295.5</td>
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<td>Rent</td>
<td>-1,091.7</td>
<td>-1,181.5</td>
<td>-1,339.1</td>
<td>-1,824.6</td>
<td>-1,902.3</td>
<td>-1,853.0</td>
<td>-2,183.3</td>
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<td>-1,889.6</td>
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<td>Income</td>
<td>271.2</td>
<td>300.9</td>
<td>340.7</td>
<td>321.8</td>
<td>418.1</td>
<td>699.7</td>
<td>811.5</td>
<td>712.6</td>
<td>474.7</td>
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<tr>
<td>Expenditures</td>
<td>-1,362.9</td>
<td>-1,452.2</td>
<td>-1,733.8</td>
<td>-2,146.4</td>
<td>-2,320.4</td>
<td>-2,552.7</td>
<td>-2,994.8</td>
<td>-2,471.2</td>
<td>-2,364.3</td>
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<td>Family Remittances</td>
<td>1,807.9</td>
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<td>2,060.5</td>
<td>2,230.2</td>
<td>2,429.8</td>
<td>2,737.8</td>
<td>3,045.7</td>
<td>3,221.5</td>
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<tr>
<td>Foreign Direct Investment (USD millions)</td>
<td>1,079.1</td>
<td>916.8</td>
<td>613.0</td>
<td>909.0</td>
<td>1,122.7</td>
<td>1,089.6</td>
<td>1,562.9</td>
<td>2,970.8</td>
<td>2,158.1</td>
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<td>Gross International Reserves (USD millions)</td>
<td>1,340.8</td>
<td>828.9</td>
<td>279.4</td>
<td>824.8</td>
<td>1,929.3</td>
<td>2,250.9</td>
<td>2,946.2</td>
<td>2,662.1</td>
<td>3,307.1</td>
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<tr>
<td>Net International Reserves (USD millions)</td>
<td>962.2</td>
<td>376.0</td>
<td>123.6</td>
<td>602.2</td>
<td>1,519.7</td>
<td>1,787.8</td>
<td>2,394.9</td>
<td>2,165.4</td>
<td>2,858.9</td>
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</tbody>
</table>

Source: BCRD, National Accounts and Economic Statistics and International Departments. n.a. stands for non-available.
### TABLE A2. POPULATION AND MIGRATION

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (thousands)</td>
<td>8,957.4</td>
<td>9,091.9</td>
<td>9,226.4</td>
<td>9,358.0</td>
<td>9,489.6</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Economically Active Population (thousands)</td>
<td>3,731.6</td>
<td>3,933.6</td>
<td>3,992.2</td>
<td>4,100.4</td>
<td>4,202.3</td>
<td>4,256.5</td>
<td>n.a.</td>
</tr>
<tr>
<td>Unemployment (annual, %)</td>
<td>17.0</td>
<td>18.4</td>
<td>17.9</td>
<td>16.2</td>
<td>15.6</td>
<td>14.1</td>
<td>14.9</td>
</tr>
<tr>
<td>Migration</td>
<td>61,577</td>
<td>81,969</td>
<td>91,131</td>
<td>59,237</td>
<td>62,676</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

*Source: Data from the ONE. n.a. stands for non-available.*

### TABLE A3. REMITTANCE FLOWS

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income from remittances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee remuneration</td>
<td>283.5</td>
<td>309.9</td>
<td>345.0</td>
<td>396.1</td>
<td>n.a.</td>
</tr>
<tr>
<td>Current personal transfers</td>
<td>2,429.8</td>
<td>2,737.8</td>
<td>3,032.7</td>
<td>3,110.7</td>
<td>3,021.5</td>
</tr>
<tr>
<td>Household capital transfers</td>
<td>254.2</td>
<td>195.1</td>
<td>142.7</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Social benefits</td>
<td>166.8</td>
<td>145.2</td>
<td>159.1</td>
<td>171.8</td>
<td>n.a.</td>
</tr>
<tr>
<td>Total remittance expenditures</td>
<td>21.3</td>
<td>19.6</td>
<td>23.4</td>
<td>24.3</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

*Source: Central Bank of the Dominican Republic. n.a. stands for non-available.*

### TABLE A4. REMITTANCE CHARACTERISTICS

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of remittance reception (% distribution)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Once a month</td>
<td>n.a.</td>
<td>42</td>
<td>n.a.</td>
</tr>
<tr>
<td>More than once a month</td>
<td>n.a.</td>
<td>26</td>
<td>n.a.</td>
</tr>
<tr>
<td>4 to 6 times per year</td>
<td>n.a.</td>
<td>13</td>
<td>n.a.</td>
</tr>
<tr>
<td>2 to 3 times per year</td>
<td>n.a.</td>
<td>7</td>
<td>n.a.</td>
</tr>
<tr>
<td>Annually</td>
<td>n.a.</td>
<td>4</td>
<td>n.a.</td>
</tr>
<tr>
<td>No set frequency</td>
<td>n.a.</td>
<td>8</td>
<td>n.a.</td>
</tr>
<tr>
<td>Countries of origin (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usa</td>
<td>74</td>
<td>77</td>
<td>76</td>
</tr>
<tr>
<td>Spain</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Italy</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

### TABLE A5. REMITTANCE BENEFICIARY CHARACTERISTICS

At the end of the year, %

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>34</td>
<td>33</td>
<td>35</td>
<td>35</td>
<td>36</td>
<td>37</td>
<td>38</td>
</tr>
<tr>
<td>Women</td>
<td>66</td>
<td>67</td>
<td>65</td>
<td>65</td>
<td>64</td>
<td>63</td>
<td>62</td>
</tr>
<tr>
<td><strong>Age (years, %)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 to 19</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>20 to 39</td>
<td>38</td>
<td>37</td>
<td>40</td>
<td>41</td>
<td>39</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>36 to 45</td>
<td>25</td>
<td>27</td>
<td>24</td>
<td>21</td>
<td>22</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>60 +</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>9</td>
<td>9</td>
<td>8</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Basic education (1-8 primary)</td>
<td>49</td>
<td>49</td>
<td>45</td>
<td>46</td>
<td>46</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>Intermediate education (1-4 secondary)</td>
<td>29</td>
<td>29</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>Higher education (university)</td>
<td>12</td>
<td>13</td>
<td>17</td>
<td>16</td>
<td>17</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td><strong>Immigration status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>92</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Illegal</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>8</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Length of time sending remittances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>5</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1 to 3 years</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>12</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>11</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>69</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Remittance frequency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than once a month</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>26</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Monthly</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>42</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>4 to 6 times per year</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>13</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>2 to 3 times per year</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Yearly</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>4</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Did not respond</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>8</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Average sends per person</strong></td>
<td>15 times per year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How much money do you send per remittance?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; USD 50</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>20</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Between USD 51 and USD 100</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>46</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Between USD 101 and USD 200</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>18</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Between USD 201 and USD 300</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>3</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Between USD 301 and USD 400</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Did Not Respond</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>More than USD 400</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>5</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>¿How do you send money to your family?</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remittance agents</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>84</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Post</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>10</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Credit cooperatives</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>4</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Bank</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>2</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

### TABLE A6. USE OF REMITTANCES BY BENEFICIARY HOUSEHOLDS

At the end of 2005, %

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily expenses</td>
<td>60</td>
</tr>
<tr>
<td>Education</td>
<td>17</td>
</tr>
<tr>
<td>Business investment</td>
<td>5</td>
</tr>
<tr>
<td>Savings</td>
<td>5</td>
</tr>
<tr>
<td>Property investment</td>
<td>4</td>
</tr>
<tr>
<td>Luxury items / other</td>
<td>6</td>
</tr>
<tr>
<td>Did not respond</td>
<td>3</td>
</tr>
</tbody>
</table>


### TABLE A7. REMITTANCE SERVICE PROVIDERS

At the end of the year

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of institutions</th>
<th>Annual value of transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct institutional providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial entities</td>
<td>70</td>
<td>2,294.2</td>
</tr>
<tr>
<td>Remittance agents</td>
<td>25</td>
<td>2,039.1</td>
</tr>
<tr>
<td>Other providers (non-institutional)</td>
<td>n.a.</td>
<td>443.6</td>
</tr>
<tr>
<td>Total family remittances</td>
<td></td>
<td>2,737.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,015.6</td>
</tr>
</tbody>
</table>

Source: BCRD (Balance of Payments Department) and Bank Superintendency.

### TABLE A8. REMITTANCE PAYMENT INSTRUMENTS

<table>
<thead>
<tr>
<th>Categories</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of annual transfers</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,958</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>382</td>
</tr>
<tr>
<td>Specialized (MTOs)</td>
<td>7,093,082</td>
</tr>
<tr>
<td>Bank deposit</td>
<td>n.a.</td>
</tr>
<tr>
<td>Others</td>
<td>n.a.</td>
</tr>
<tr>
<td>Cash</td>
<td>n.a.</td>
</tr>
<tr>
<td>In kind</td>
<td></td>
</tr>
<tr>
<td>Total remittances</td>
<td></td>
</tr>
</tbody>
</table>

Source: BCRD, International Department.
## ANNEX 2. FD03 FORM FOR FAMILY REMITTANCE RECEPTION, NEW SYSTEM

### ANNEX 3: NON-RESIDENT DOMINICAN BCRD POLL

#### Tourism Division

**Quarterly Average Remittances of Non-Resident Dominicans 2006-2007**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>People</th>
<th>People with remittance</th>
<th>Remittance breakdown</th>
<th>Total remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sample</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>863</td>
<td>769 762 51</td>
<td>527,572 692.09 8,168</td>
<td>194,972 172,154 11,522</td>
</tr>
<tr>
<td>2</td>
<td>703</td>
<td>688 686 167</td>
<td>921,829 1,543.77 45,433</td>
<td>272,65 155,882 96,013 152,671</td>
</tr>
<tr>
<td>3</td>
<td>886</td>
<td>860 213</td>
<td>110,573 477.41 40,036</td>
<td>190,76 199,189 47,866 194,468</td>
</tr>
<tr>
<td>4</td>
<td>602</td>
<td>579 578 117</td>
<td>526,375 565.34 29,873</td>
<td>255.32 121,332 194,412</td>
</tr>
<tr>
<td>2006 Total</td>
<td>482,696,599</td>
<td>482,696,599</td>
<td>27,193,268</td>
<td>509,889,868</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>867</td>
<td>835 829 205</td>
<td>552,497 666.46 48,936</td>
<td>238,71 190,505 182,155 45,442</td>
</tr>
<tr>
<td>2</td>
<td>638</td>
<td>614 238</td>
<td>364,122 595.94 72,905</td>
<td>279.44 149,720 143,344 60,545</td>
</tr>
<tr>
<td>3</td>
<td>1,232</td>
<td>1,152 1,147 582</td>
<td>121,518 867.5 69,096</td>
<td>180,88 189,878 176,778 58,875</td>
</tr>
<tr>
<td>2007 Total</td>
<td>271,813,407</td>
<td>271,813,407</td>
<td>48,329,447</td>
<td>310,133,944</td>
</tr>
</tbody>
</table>

**Source:** Non-resident Dominican Expenditure Poll.

Remittances are classified as:

- **Cash remittances:** family food and drink expenditure, cash gift, remittance, family medical expenses and family investment..
- **Remittance in kind:** expenditure on merchandise gifts brought for family members.
c. Calculation application:

<table>
<thead>
<tr>
<th>Column</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column 1</td>
<td>Total people in the sample</td>
</tr>
<tr>
<td>Column 2</td>
<td>People in the sample bringing remittances</td>
</tr>
<tr>
<td>Column 3</td>
<td>People in the sample bringing cash remittances</td>
</tr>
<tr>
<td>Column 4</td>
<td>People in the sample bringing in kind or merchandise remittances</td>
</tr>
<tr>
<td>Column 5</td>
<td>Absolute cash remittance expenditure in the sample</td>
</tr>
<tr>
<td>Column 6</td>
<td>Absolute cash remittance expenditure divided by people bringing cash remittances</td>
</tr>
<tr>
<td>Column 7</td>
<td>Absolute in kind remittance expenditure in the sample</td>
</tr>
<tr>
<td>Column 8</td>
<td>Absolute in kind remittance expenditure divided by people bringing in kind remittances</td>
</tr>
<tr>
<td>Column 9</td>
<td>Total non-resident Dominican population who left the country during the polling period</td>
</tr>
<tr>
<td>Column 10</td>
<td>Calculation of people with cash remittances divided by total people in the sample multiplied by the total population leaving.</td>
</tr>
<tr>
<td>Column 11</td>
<td>Calculation of people with in kind remittances divided by total people in the sample multiplied by the total population leaving.</td>
</tr>
<tr>
<td>Column 12</td>
<td>Expanded calculation of people with remittances divided by the total people in the sample multiplied by the total population leaving.</td>
</tr>
<tr>
<td>Column 13</td>
<td>For the expansion, cash remittances (Column 6) multiplied by the people with cash remittances (Column 10).</td>
</tr>
<tr>
<td>Column 14</td>
<td>For the expansion, in kind remittances (Column 8) multiplied by the people with in kind remittances (Column 11).</td>
</tr>
<tr>
<td>Column 15</td>
<td>Summary of cash remittances plus in kind remittances (Column 13 plus Column 14).</td>
</tr>
</tbody>
</table>

ANNEX 4: SUPERINTENDENCY OF BANKS INSTRUCTIONS FOR FORMAT FD03

CODE: FD03
NAME: Daily Family Remittances Report

This report contains information on the alternative fund transfer system (remittances). The definition of remittances given by RECOMMENDATION VI – GAFIC Alternative Fund Transfer System is the following:

“Alternative fund transfer systems are financial services which traditionally operate outside the conventional financial sector and whereby funds or securities move from one geographic location to another.”

The alternative fund transfer system (remittances) refers to a financial service which accepts all types of payment instruments in one zone and disburses the corresponding amount in cash or other means to a beneficiary in another zone by way of a communication, message, transfers or through a network belonging to a money, or other article of value (which comes packaged or by transfer group) transfer service. These services can involve one or more intermediaries and the final payment by a third party is supplied by a different category of non-bank financial institution.

The foreign exchange and financial intermediaries must send the report from the day before to the Superintendency of Banks by no later than 11:00am of the next working day.

Registry Structure

- Type of transfer C (1)
- Identification of sending entity C (10)
- Name of sending entity C (40)
- Financial or currency exchange intermediary C (40)
DOMINICAN REPUBLIC REPORT

- Sender Identification C (15)
- First and last names of the sender C (60)
- Country C (2)
- State C (7)
- Amount sent N(14,2)
- Currency of Origin C (2)
- Reference number N (15)
- Transaction Date C (10)
- Individual/Company C (2)
- Beneficiary Identification C (15)
- First and Last Name of Beneficiary C (60)
- Beneficiary telephone number C (10)
- Currency paid out C (2)
- Exchange Rate N (7,4)
- Payment type C (2)
- Location C (4)
- Purpose C (2)
- Commission amount N (14,2)
- Cable amount charged N (14,2)
- Amount of other charges N (14,2)
- Transaction Currency C (2)

Structure Detail

Type of transfer
This field should indicate remittances received (R), which are remittances from abroad coming into the Dominican Republic; or remittances sent (E), which are remittances originated in the Dominican Republic and sent abroad.

Identification of sending entity
Corresponds to the license number given by the state/country where the entity operates or the certification number assigned by the authorities where the remittance agent is located (EIN, NIF, IVA or any other)

Name of sending entity
Refers to the remittance entity or provider name where the remittance originated or was received.

Financial or currency exchange intermediary
Corresponds to the name of the financial or currency exchange intermediary to the beneficiary.

Sender Identification
Corresponds to the origination country code and the identification or social security number, depending on the law of the country where the remittance originated. This field is optional for incoming remittances (see Table 6.0 Country Codes) and should contain valid passport, ID or RNC information for outgoing remittances.
First and last names of the sender
This refers to first and last names of individuals or company name, as appropriate. This field is optional for incoming remittances and mandatory for outgoing remittances.

Country
Origination country code for incoming remittances or destination code for outgoing remittances (mandatory). (See Table 6.0 Country Codes).

State
Field for originating State or Provincial code for incoming remittances (mandatory). Field for destination State or Provincial code for outgoing remittances (mandatory). Remark: if the State is unknown then the State code should reflect the corresponding country according to the Province/State table.

Amount Sent
The amount sent in its original currency

Currency of Origin
Remittance origin currency and should indicate the currency code according to Table 2.0 Currency.

Reference Number
Refers to the number or internal control code used to send the remittance details, package or transfer group (network, fax or modem).

Transaction Date
Date of payment to beneficiary or date of transfer which should be in the following format: Day, Month, Year (DD/MM/AAAA). For example: 01/10/2005 to indicate October 1, 2005.

Individual/Company
Should indicate if an individual or company according to Table 1.0. Applies to incoming and outgoing remittances.

Beneficiary Identification
Destination country code and the identification or social security number, depending on the laws of the country where the remittance originated (optional, see Table 6.0 Country Codes). If an incoming remittance, this field should contain a valid ID, passport or RNC.

First and last name of beneficiary
First and last name of individual beneficiary or official registered company name. It is mandatory to fill out this field for incoming and outgoing remittances.

Beneficiary Telephone Number
Incoming or outgoing beneficiary telephone number (optional).

Currency Disbursed
Currency code for remittances paid out to beneficiary in accordance with Table 2.0
Currency Transaction Exchange Rate

Exchange rate agreed upon with sender for the transaction; if the remittance is received in the origination currency, then the exchange rate is equal to 1.

Payment Type

Field must indicate payment type to beneficiary for incoming remittances or sender payment type for outgoing remittances. See Table 5.0 Payment Type or Exchange.

Location

Office location where remittance is paid out in person or location of client’s account for credit to account. See Table 8.0 Locations

Purpose

Purpose of remittance reception or transfer in accordance with Purposes Table.

Commission Amount

Transaction commission amount. Mandatory for outgoing remittances and optional for incoming remittances.

Cable Amount Charged

The amount charged if the transaction is done via cable (optional).

Amount of other charges

Any other transaction charges (optional).

Currency of transaction commissions and charges

Code for currency of transaction commissions, cable and other charges. This is a mandatory value if one of the three previous fields (22, 23 and 24) contains information and if not, it is optional.