



Highlights of [GAO-06-210](#), a report to Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

Remittances are the personal funds that the foreign born send to their home countries. In recent years, estimated remittances have grown dramatically, and policy makers have increased their attention to these flows. Organizations use various methodologies to estimate remittance flows, which result in a range of estimates. In 2004, the Group of Eight (G8) leaders emphasized the need for improved statistical data on remittances.

In light of the growing volume of remittances and the differences in estimates, GAO examined (1) the methodology that the Bureau of Economic Analysis (BEA) uses to develop the official U.S. estimate, (2) methodologies that other countries and multilateral organizations use to estimate remittances, and (3) international efforts to improve the collection and reporting of remittance data.

What GAO Recommends

While GAO makes no recommendations at this time, GAO observes estimates of the amount of remittances from the United States differ. More accurate remittance estimates could help certain U.S. agencies make better decisions. Therefore, policy makers may want to consider exploring options for improving the accuracy of U.S. remittance statistics. We received written comments on a draft of this report from the Departments of the Treasury and Commerce. They both generally agreed with our observations.

www.gao.gov/cgi-bin/getrpt?GAO-06-210.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Yvonne Jones at (202) 512-2717 or jonesy@gao.gov.

INTERNATIONAL REMITTANCES

Different Estimation Methodologies Produce Different Results

What GAO Found

BEA uses a model to estimate remittances from the United States and, although the methodology has some strengths, the accuracy of BEA's estimate is uncertain for several reasons. BEA estimated remittances for 2003 at \$28.2 billion; its model used data on the number of foreign-born residents, their income, the proportion of income that is remitted, and other demographic data. The strengths of BEA's methodology are that, in theory, it estimates remittances sent through formal and informal channels. It also is low-cost because it uses existing data on the foreign born. However, BEA's methodology was limited by the quality and timeliness of the data, particularly on the portion of income likely to be remitted. BEA revised its model in 2005 to use new data sources, but the accuracy of its estimates depends on the accuracy of its assumptions regarding the remitting behavior of the foreign born and other factors.

Some central banks and the Inter-American Development Bank (IDB) use different methodologies to provide estimates of remittances from the United States that vary significantly. For example, Mexico's central bank estimates remittances primarily by collecting data from money transmitters. The IDB used a variety of sources, such as surveys of remittance senders and receivers, and information from remittance transfer companies and central banks, to estimate remittances from the United States to Latin America to be \$30.6 billion in 2003. We aggregated BEA's data to estimate remittances to this region to be \$17.9 billion.

BEA is an active participant in recent international efforts to improve remittance statistics. The World Bank and others established a remittances working group in 2005, which delegated tasks to other international groups to (1) clarify the definition of remittances and (2) provide guidance on how to collect and estimate remittances. BEA participated in the first group, which recommended a new definition of remittances. The second group will have its first meeting in June 2006.

