

# Indicative study on the Jamaican Diaspora

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SURVEY ON DIASPORA INVOLVEMENT IN THE JAMAICAN ECONOMY

INTERNATIONAL ACCOUNTS SECTION

Research Division

August 2019

# OUTLINE

- **Motivation**
- **Methodology**
- **Summary of Findings**
- **Selected Results**
- **Way forward**
- **Recommendations**

# MOTIVATION

- This survey was designed to capture the real economic contribution of Jamaicans living overseas to the Jamaican economy.
- The survey sought to:
- **Understand corridor patterns and preferred channels for Remittances**
  - To gain information on the flow of private transfers from the diaspora and the potential impact on the balance of payments.
- **Determine the Diaspora's economic exposure/involvement**
  - To measure how included the diaspora is in the local financial sector. In both
    - Coverage
    - Depth

# METHODOLOGY

- Similar to the work of Leiner (2014) convenience sampling was used in exploratory research in preparation for more rigorous hypothesis testing in a randomized representative sample of a known population universe.

## **A. Approach**

- Multifaceted
  - Self-administered
  - Interview based

## **B. Questions**

- Spontaneous awareness
- Guided awareness

## **C. Analysis**

- SPSS
  - Descriptives

# SUMMARY OF FINDINGS

1

The survey highlighted that there is a direct relationship between remittance inflows and GDP.

2

The majority of respondents expressed an interest in holding a diaspora product denominated in JMD.

3

Despite the decline in remittance inflows over the past year, respondents do not appear to be impacted by the KYC requirements.

4

Less than half of the respondents currently hold financial products in Jamaica.

5

There was not strong evidence that members of the diaspora receive remittances from Jamaica.

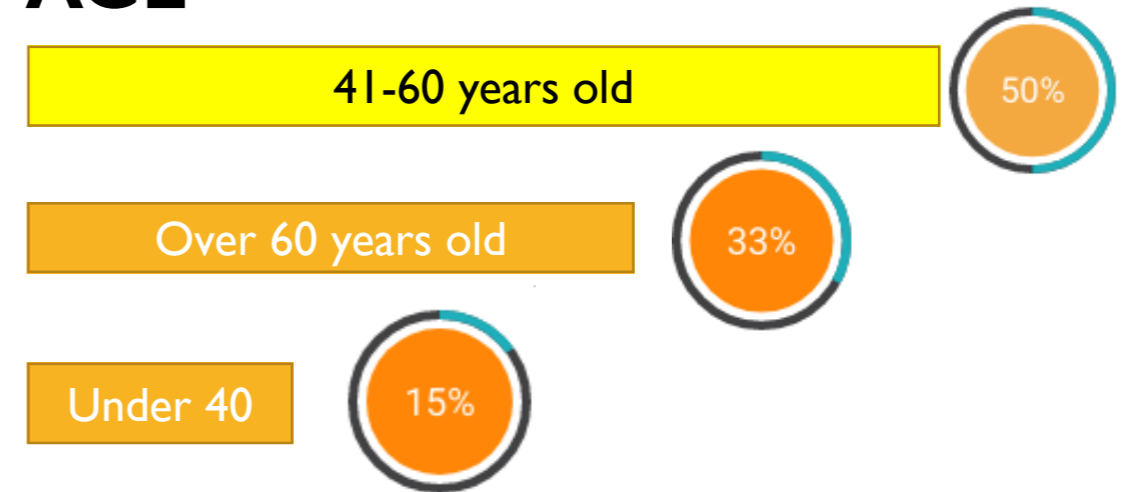
6

Ties between Jamaica and the diaspora appear strong and will remain over the coming years

# DEMOGRAPHICS OF SURVEY RESPONDENTS



## AGE



## EDUCATIONAL ATTAINMENT



**77.2 %**

**Tertiary**



**19.7 %**

**Vocational**



# DEMOGRAPHICS

## Countries of Origin



- The respondents were mainly residents of the United States (58%), the United Kingdom (20%) and Canada (19%).
- Of note, persons living in the Middlesex county received the majority of remittance sent from the diaspora.

## Parishes of greatest receipt

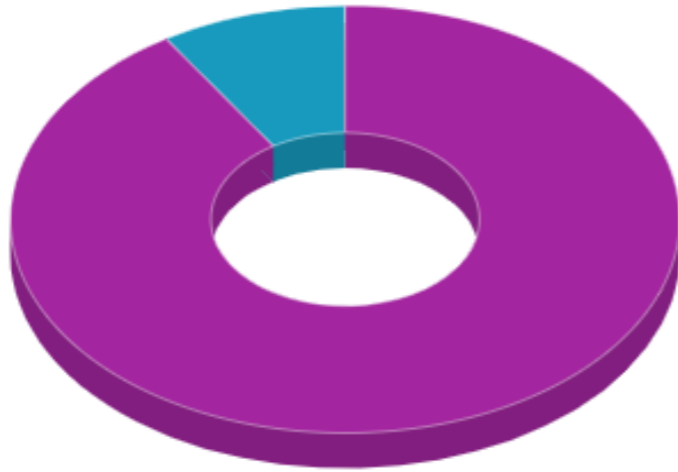




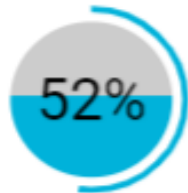
**RESULTS**

# FREQUENCY OF TRANSFERS

91% SEND MONEY TO JAMAICA

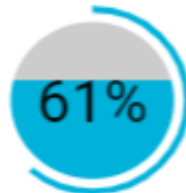


AGE :



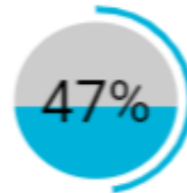
Are  
between  
41-60

COUNTRY :



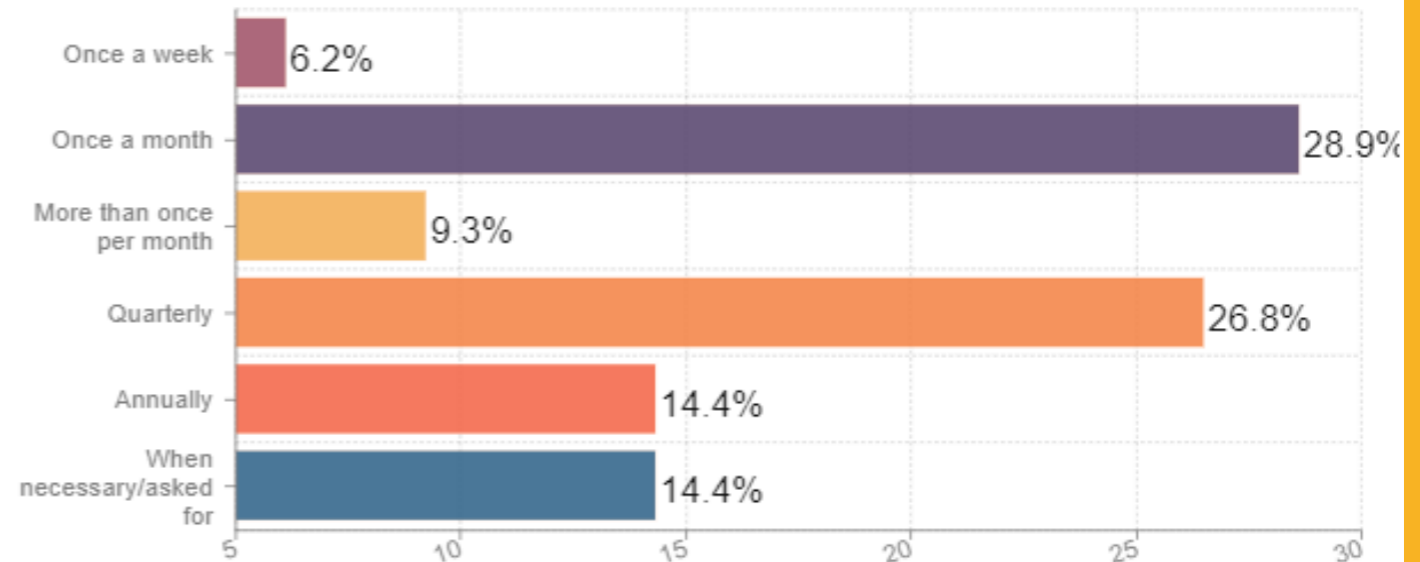
Are  
from  
USA

OCCUPATION:



1. Finance  
2. Education  
3. Self –Employed.

MONEY IS MOSTLY SENT ONCE A MONTH AND QUARTERLY



Average amount sent per transaction:



USD 200



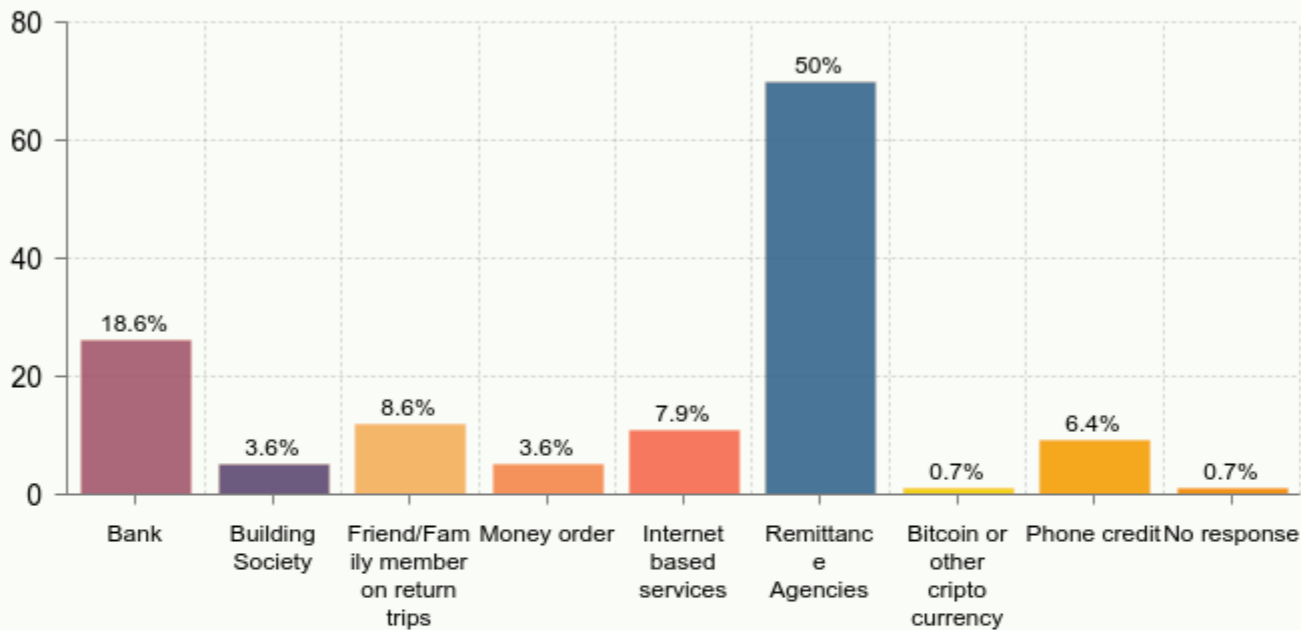
CAN 100



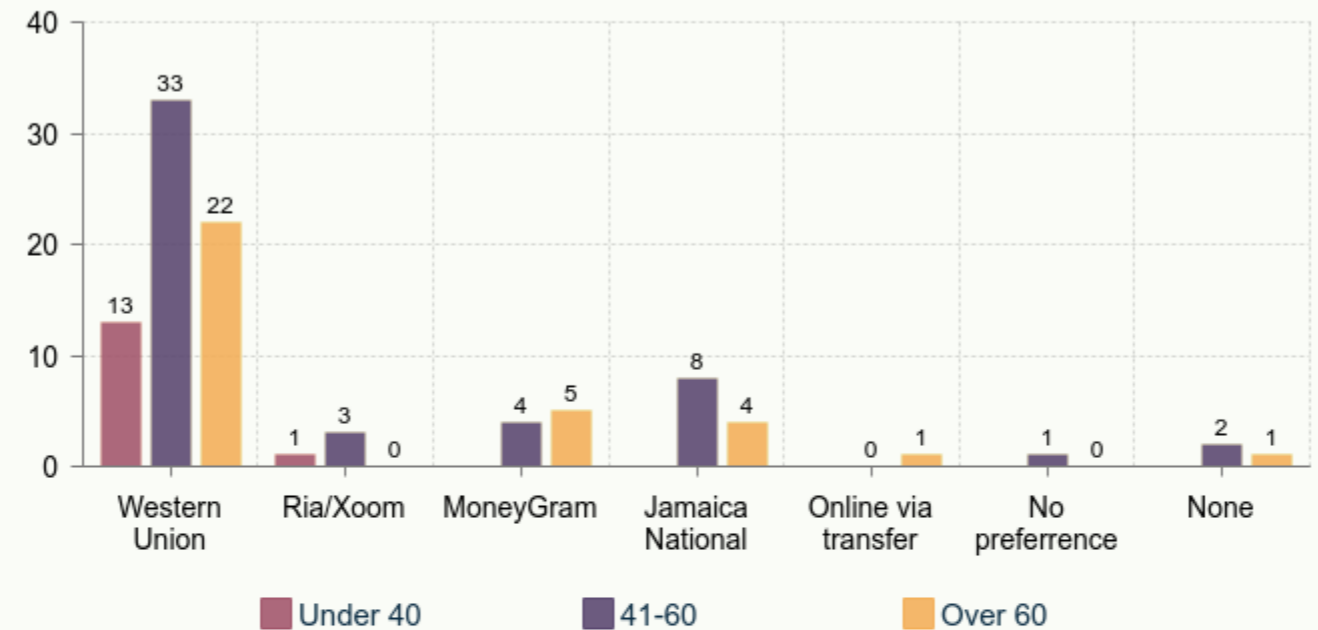
GBP 100

# PREFERRED MEANS OF TRANSFERS

## 68 % OF MONEY IS SENT THROUGH BANKS AND REMITTANCE AGENCIES



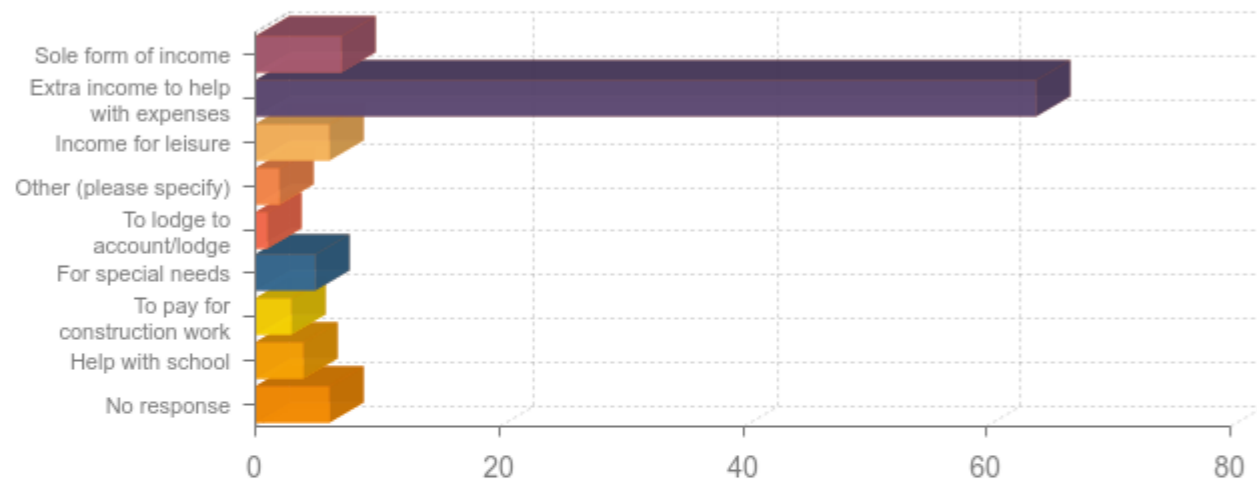
## WESTERN UNION IS THE PREFERRED REMITTANCE AGENCY



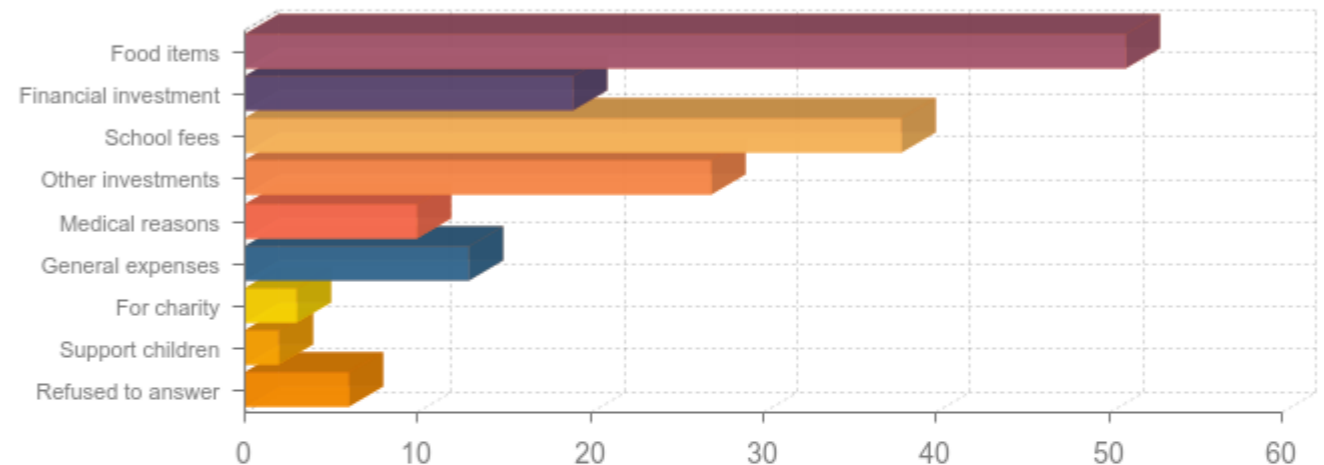
- Respondents' preferred means of sending money was through remittance agencies. However, a significant portion of transfers were sent through banks.
- Of note, the preferred remittance agency across age groups was Western Union notwithstanding the cost associated.

# DETAILS ON MONEY SENT

## MONEY IS USED MOSTLY TO SUPPORT RECIPIENTS WITH EXPENSES



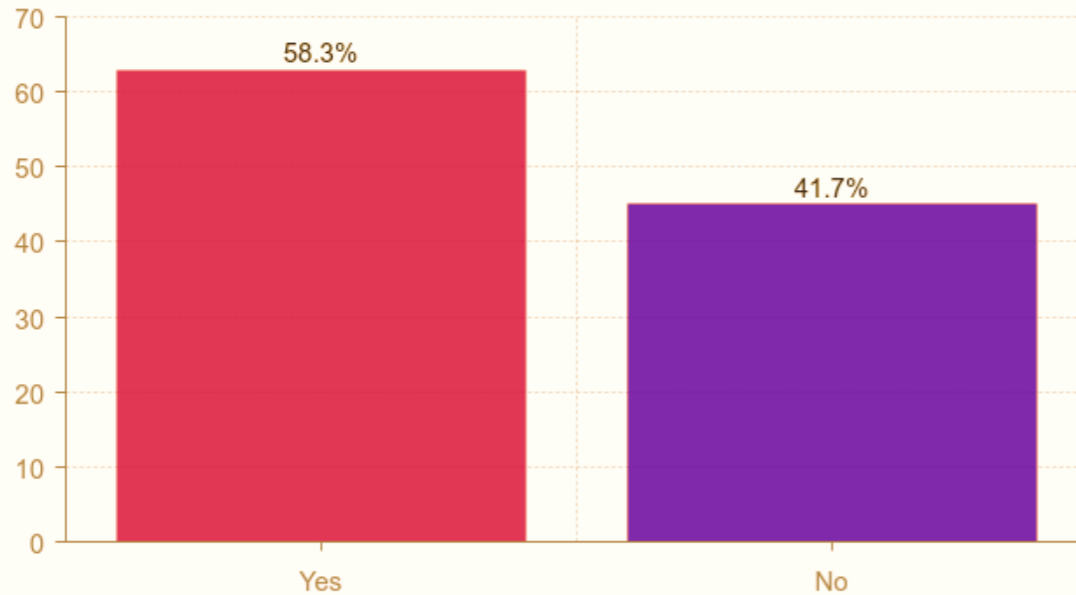
## MONEY IS SENT TO JAMAICA FOR MOSTLY CONSUMPTION RELATED USES



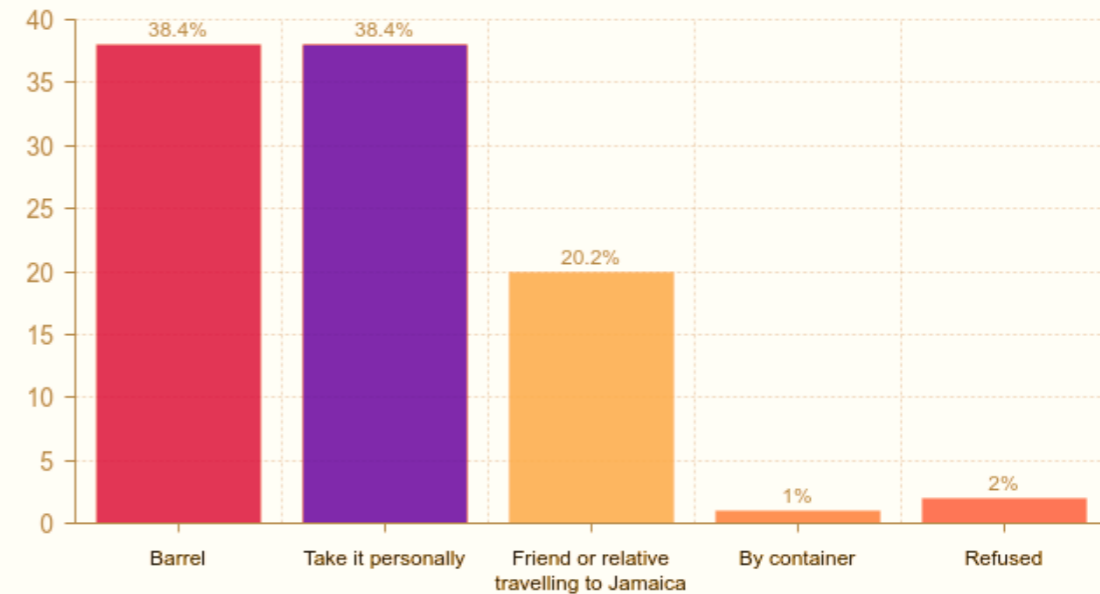
- Remittance inflows were primarily sent as extra income to assist with expenses. The main expenses include food items, school fees as well as financial and other investments.
- This implies that there is a relationship between GDP and remittance inflows.

# ITEMS SENT TO JAMAICA

Do you send other items apart from money to Jamaica

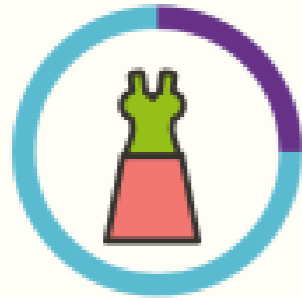


How do normally send these items to Jamaica?



- 58.3 per cent of respondents surveyed sent other items apart from money to Jamaica.
- These items were either taken personally, via barrels or through a travelling relative or friend.

# DETAILS ON ITEMS SENT



Clothing - 25%



Shoes - 24%



Food - 18%

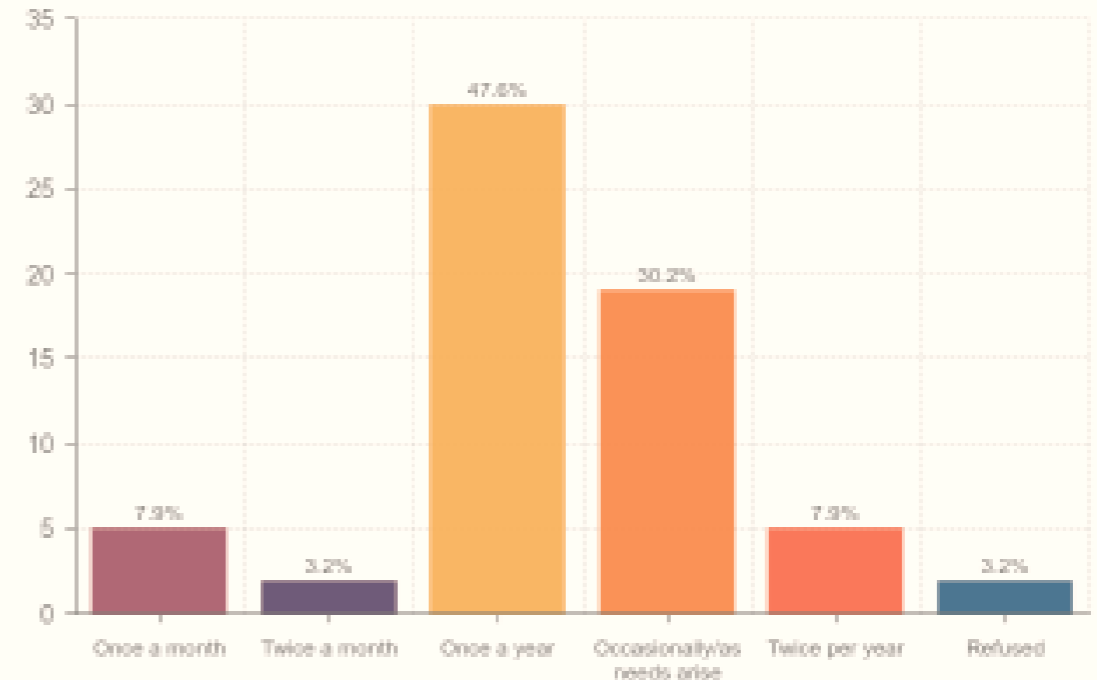


Books - 16%



Appliances - 11%

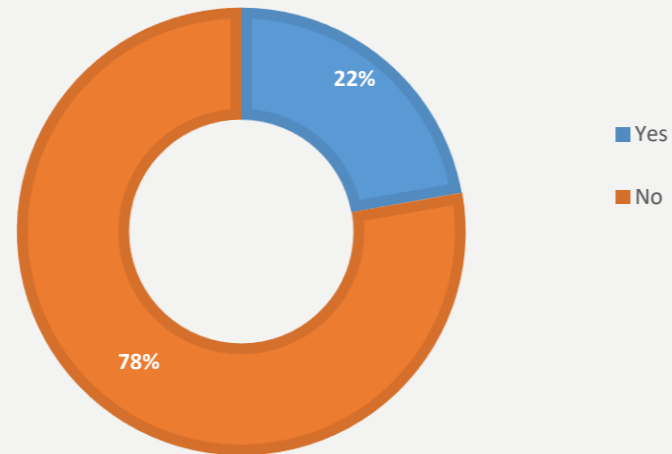
How often do you send these items to Jamaica?



- Consumer goods such as clothing, shoes and food were the most frequently sent items to Jamaica.
- These items were usually sent once a year or as the need arises.

# KYC REQUIREMENTS

DO YOU FIND THE KYC REQUIREMENTS TOO INVASIVE?

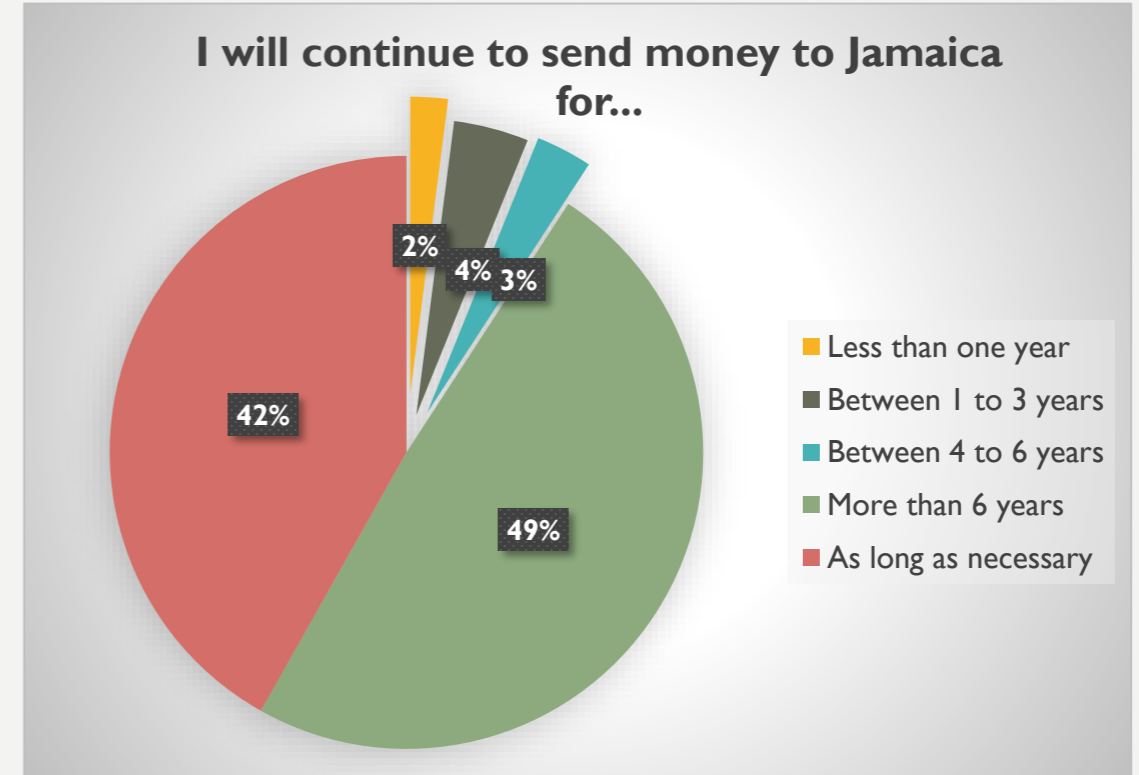
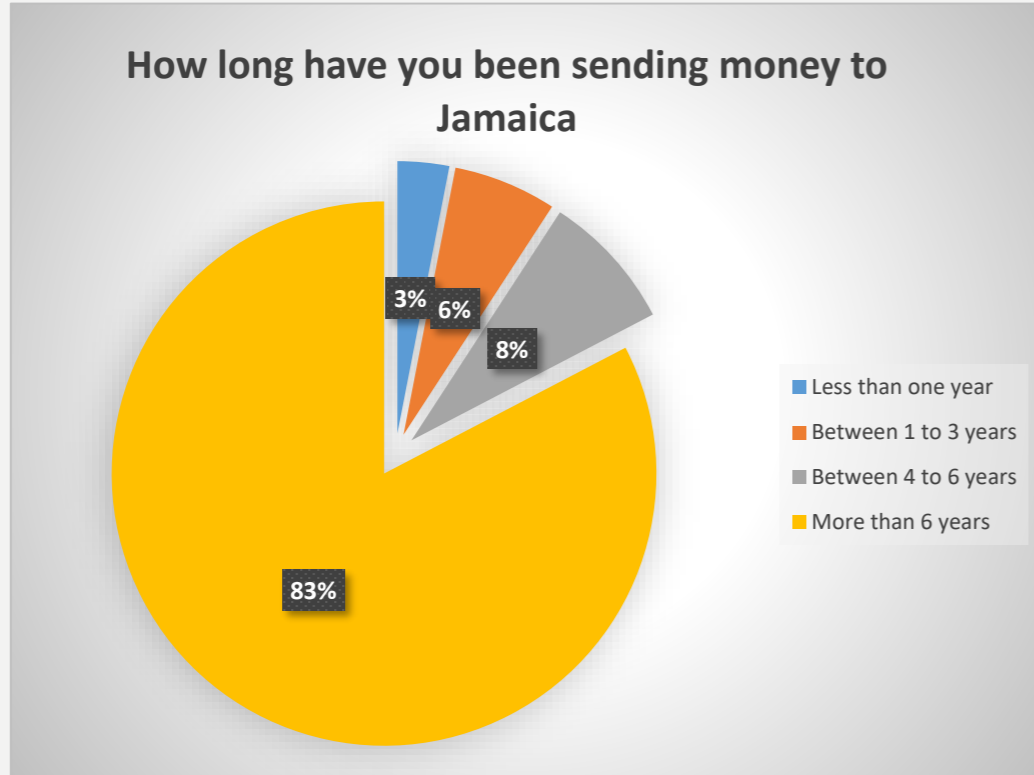


- Approximately 78 per cent of respondents did not find the KYC requirements too invasive.

## Common reasons why the requirements are considered invasive

- Annoying, repetitive, trust issues
- Every transaction is scrutinized
- Extreme requirements
- Its not anyone's business who I send money to
- Not necessary because records already exist
- Presenting a pay stub should be enough proof as a source of income
- Questions asked can be rude, invasive and accusatory
- There should be line to draw
- They are questions they already have information for
- Things have changed a lot. It is as if they don't want my business
- Too much identity disclosure
- Too much personal information is now required
- We already answer too many questions
- Western Union very offensive

# TIES TO JAMAICA



- 83 per cent of the respondents have been sending money to Jamaica for more than six years.
- Approximately 91 per cent of respondents will continue to send money to Jamaica as long as necessary or for more than six years.



# **DIASPORA ECONOMIC EXPOSURE**

# DIASPORA ECONOMIC EXPOSURE

**The Economic Involvement of the Diaspora has been assessed by looking at 4 different key areas**

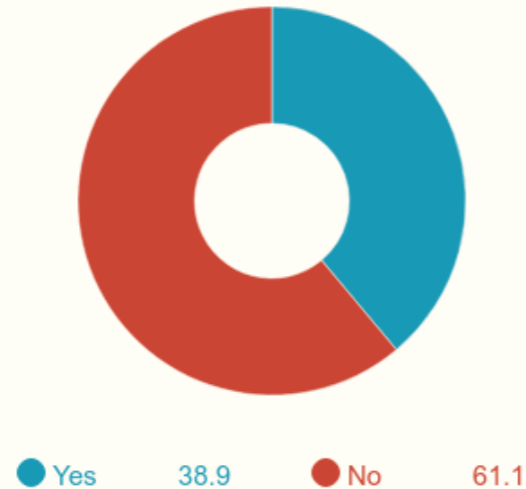
- Access to services and products
- Usage of services and products
- Barriers to access services and products
- Interest in Diaspora Investment Product

Debt instruments

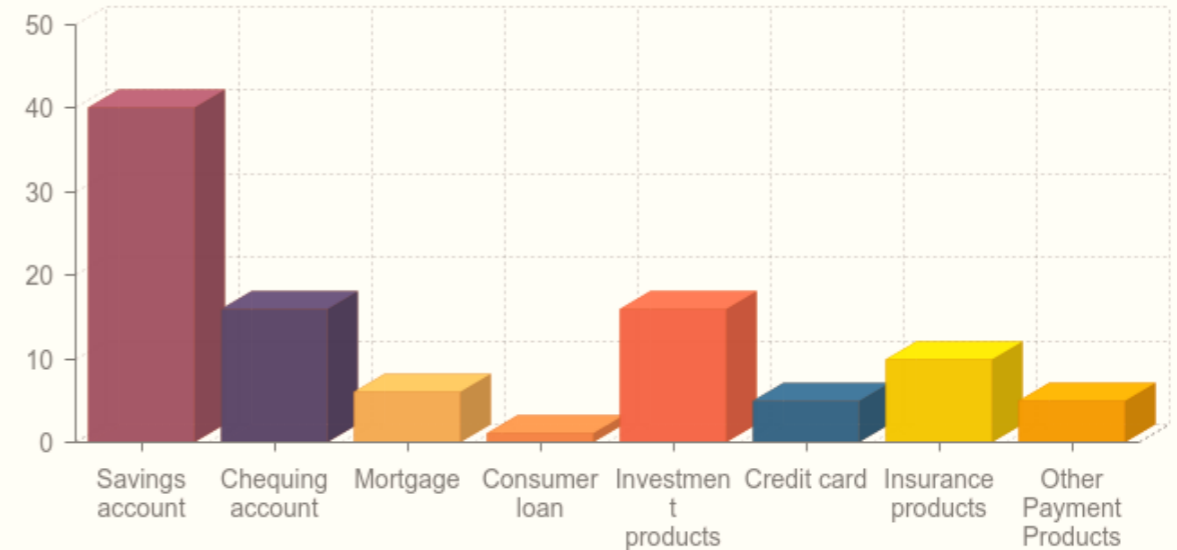
Equity products

# FINANCIAL INCLUSION: ACCESS

Do you have any financial products in Jamaica



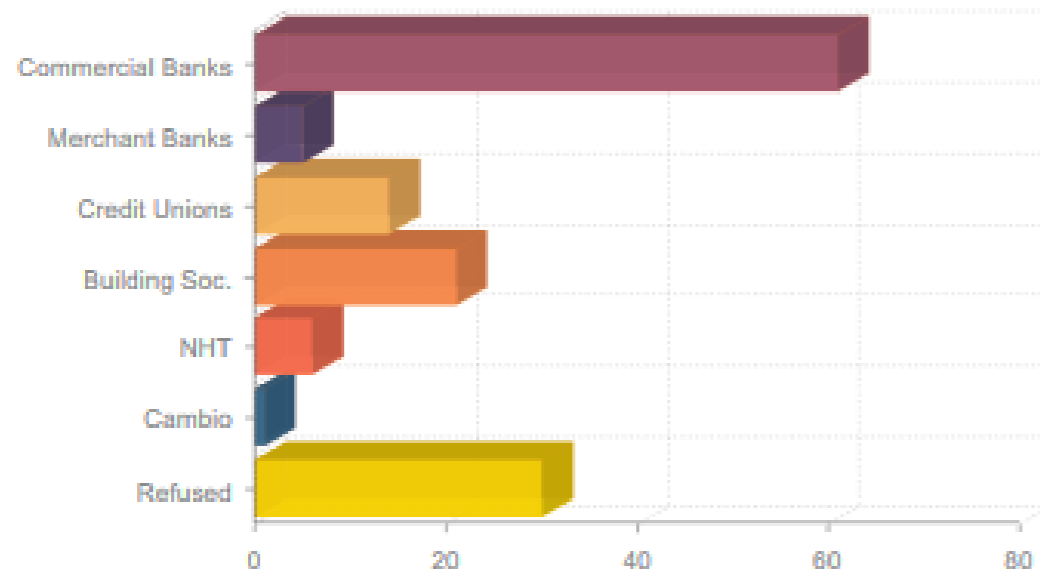
Types of Financial Products



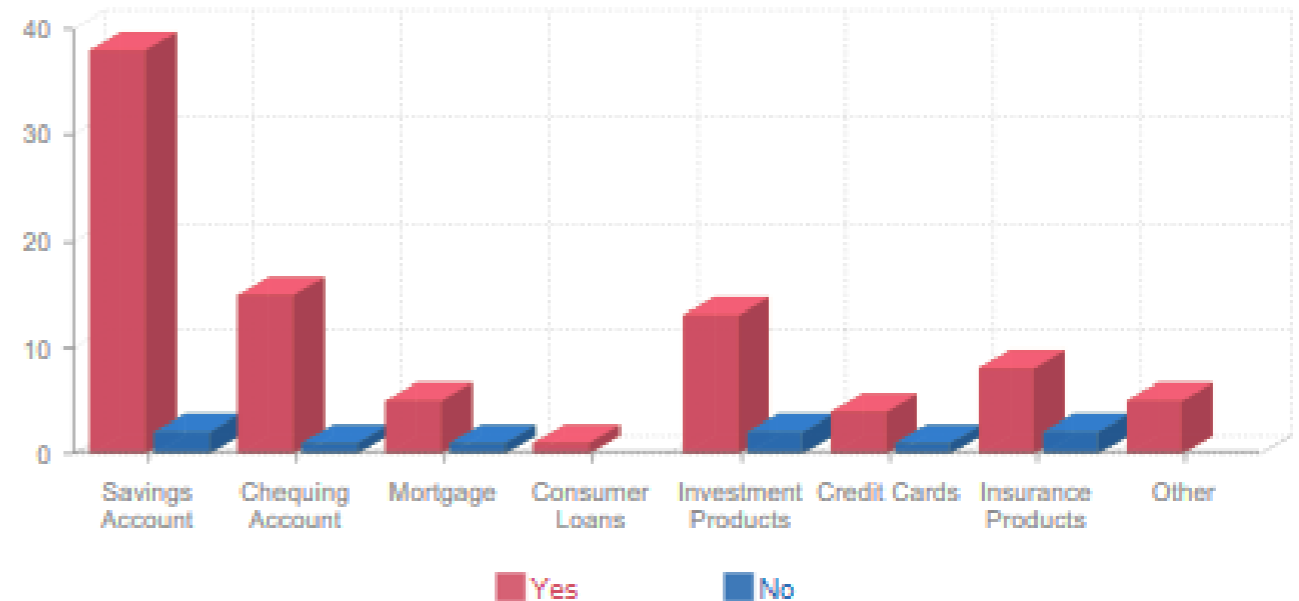
- Approximately 39 per cent of respondents hold financial products in Jamaica.
- Those who held financial products mainly owned savings account, chequing accounts and/or investment products.

# FINANCIAL INCLUSION: ACCESS AND USE

Which of the following financial institution(s) do you utilize in Jamaica?



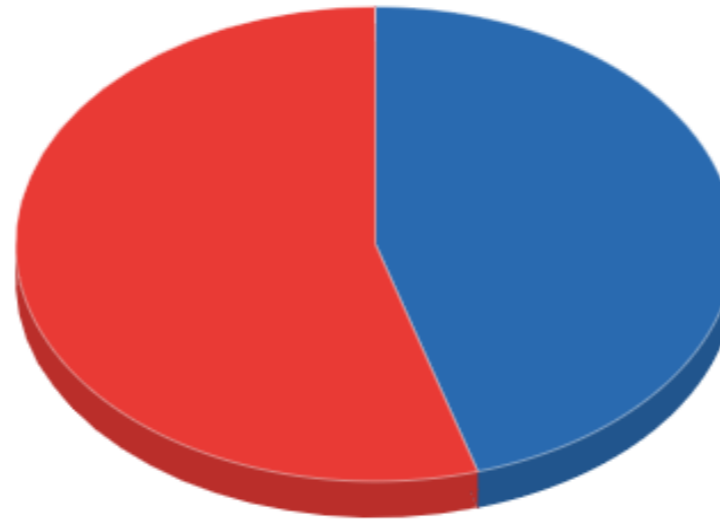
Were the Products Easy to Access



- Commercial banks were the most commonly utilized financial institution by respondents.
- The respondents who held financial products indicated that they were easy.

# FINANCIAL INCLUSION: BARRIERS

Did your financial institution provide any information on the product to educate you on the product offerings?



● Yes 45.4 ● No 54.6

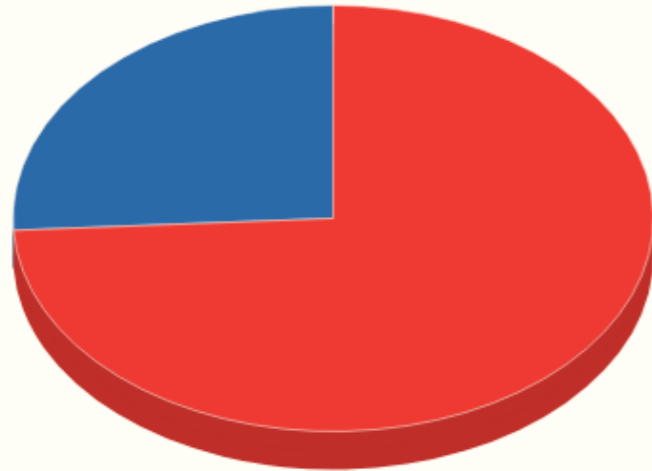
- Approximately 55 per cent of the respondents indicated that they were not provided with information to educate them on their product offerings.



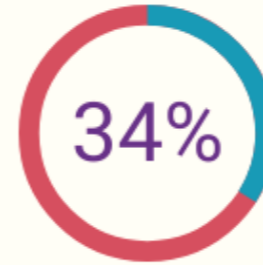
# **FINANCIAL DEEPENING**

# INTEREST IN DIASPORA PRODUCT

Would you be interested in investing in a diaspora investments product denominated in local currency



● Yes 74.1 ● No 25.9



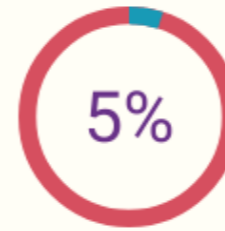
Stocks



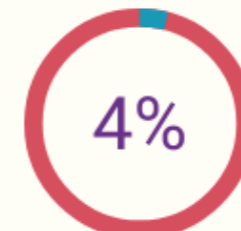
Real Estate



Bonds



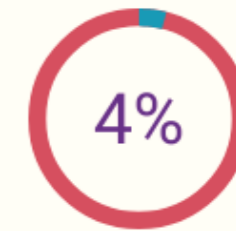
Shares in Companies



Youth

Entrepreneur/Social

Enterprises

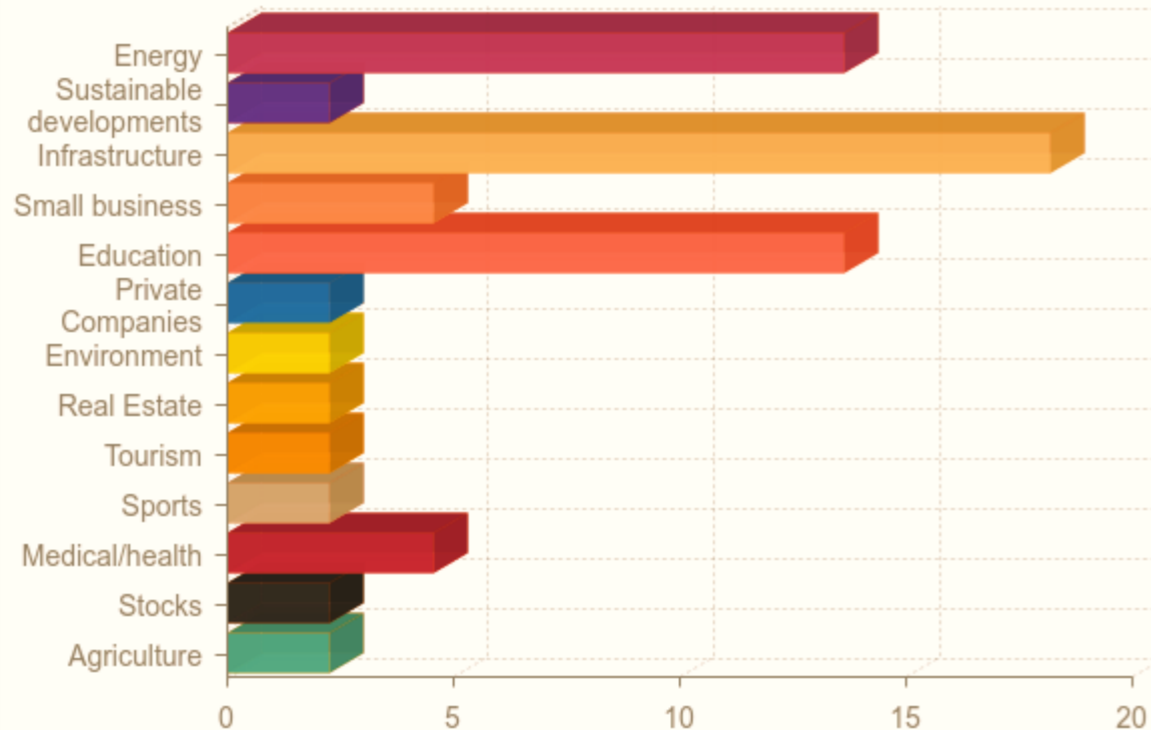


Private equity

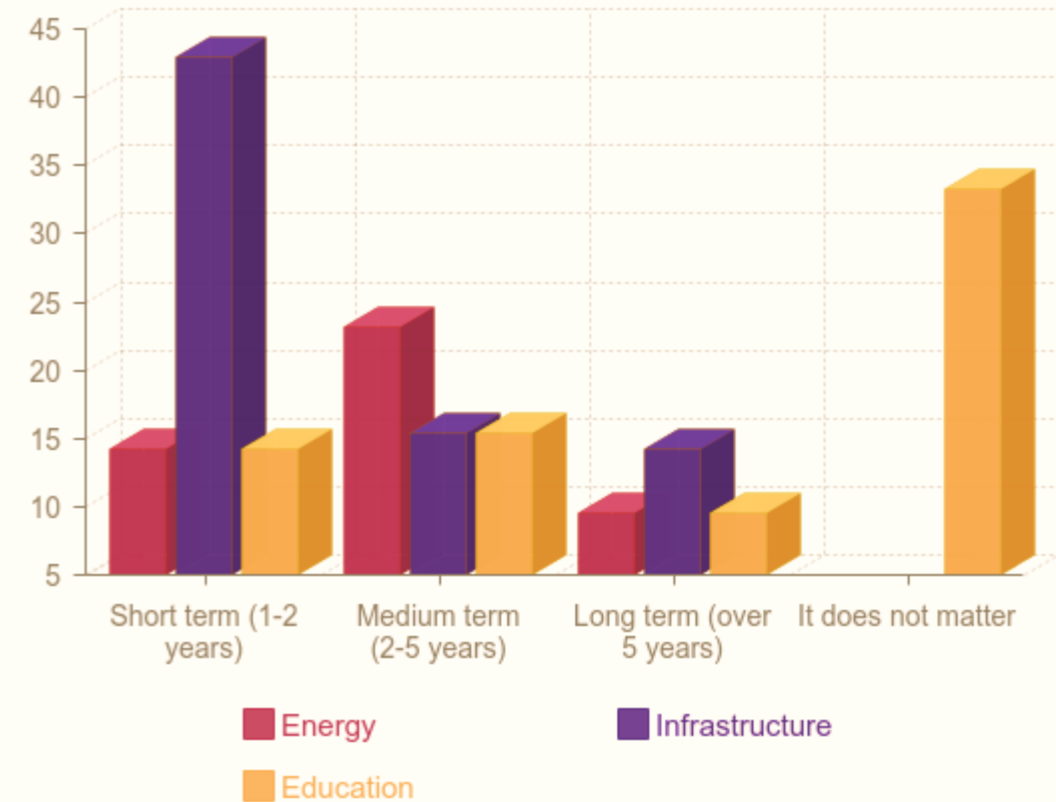
- Approximately 74.1 per cent of respondents expressed an interest in a diaspora investment product denominated in local currency.
- The main area of interest were stocks, real estate and bonds.
- Of note, the 41- 60 age group are mostly interested in investing in stocks while the Over 60 age group are the most interested in real estate and bonds.

# INTEREST IN DIASPORA PRODUCT

I would prefer the Diaspora investment product to be linked to....



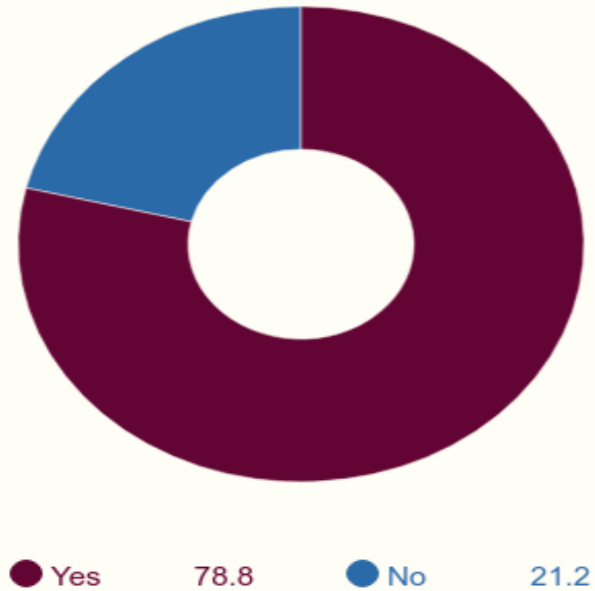
What tenor would you be interested in?



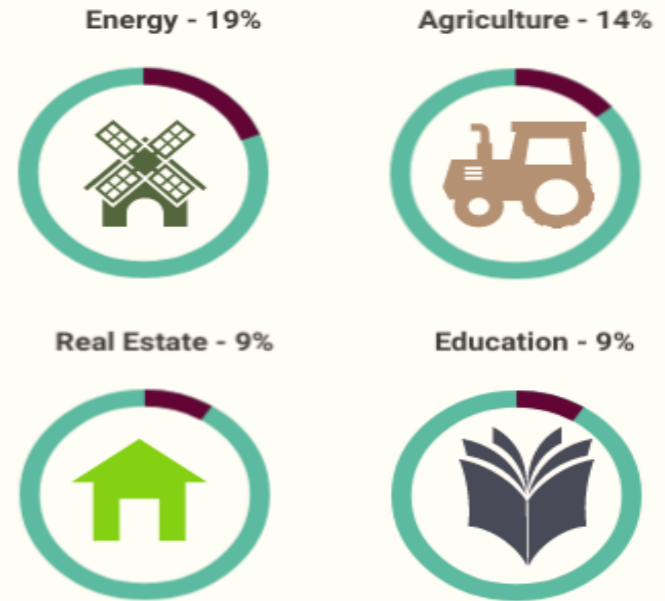
- There was an overwhelming interest in investing in infrastructure, education and energy.
- The majority of respondents who showed an interest in infrastructure were interested in short term investments. While the interest in energy leaned towards medium term investments.

# EQUITY INVESTMENT

Interest in Investing in Equity



Specific Sector



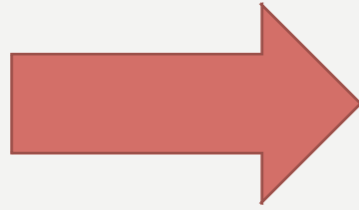
- Approximately 79 per cent of respondents conveyed their interest in investing in equity.
- Respondents expressed an interest in energy, agriculture, real estate and education.



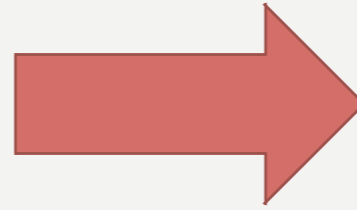
**THE WAY  
FORWARD**

# THE WAY FORWARD:

**BOJ**



PRIMARY  
DEALERS



FOREIGN  
AFFILIATES



# THE WAY FORWARD:

Partnership with Diaspora Leaders



# RECOMMENDATIONS

## Remittances

- Encourage stakeholders to educate members of the Diaspora who send remittances to Jamaica, as to the existence of alternate vehicles for the transfers.

## Economic Involvement

- Expand the reach of the National Inclusion Strategy to the Diaspora.
- Determine the appropriate framework for the issuance of a Diaspora-focused investment product whether bond or equity investment.
- This should be targeted based on the areas of interest outlined in the surveys.
- Any product which is developed should be in line with the government's Medium Term Debt Strategy.