# C. INVESTMENT

## 1. BILATERAL MEXICO – U.S. FOREIGN DIRECT INVESTMENT

Foreign direct investment forms another part of the economic relationship between Mexico and the United States. Since the signing of NAFTA, Mexico has greatly reduced its entry barriers to investment from multinational corporations in hope that FDI will encourage development through knowledge spillovers and export led growth. The possible benefits of FDI include: increased capital, which may be easier to service than commercial debt or portfolio investment; technology, which can stimulate research and development and technological efficiency in local firms and also intensify competition bringing forth economic efficiency; new skills and management techniques; and market access through the MNC's exports. The effects of FDI are felt in efficiency, employment, factor prices and trade. Foreign direct investment also has potential costs. Problems arise when information and or coordination failures exist. It can crowd out local enterprises and, depending on the sector of the investment, may not provide dynamic advantages in exports over time. FDI can also weaken the bargaining power of workers and the regulatory capacity of the government.

A few examples will illustrate. In Mexico under the *maquila* program, the government allowed the assembly of "export models" that used 70 percent imported components, which hindered the integration of the automobile industry with the local suppliers. MNC's investing in the manufacturing sector in Mexico and other developing countries have often produced poor connections with domestic industry, which results in a division between the export sector linked to FDI and smaller local firms focused on domestic demand. A division has also been created between the northern states, which receive the FDI, and the south that lags behind. The high import content of Mexican exports has put many local firms out of business because of their inability to compete with the MNC's. The *maquila* industry produces the majority of manufactured exports but only uses 2 percent of local inputs (Pacheco-Lopez, 2004). In addition, FDI associated with mergers or acquisitions of already existing firms will have little impact on the productive system or the trade sector. For example, in 2001 BANAMEX was taken over by Citicorp, which accounted for 50 percent of the total FDI inflows that year. The acquisition had little impact on exports or output growth. The orientation and allocation of FDI plays a major role in the determination of imports, exports and economic growth. For sustainable long run development, Mexico needs to integrate domestic industries with the export sector.

The 2004 flow of new U.S. direct investment into Mexico amounted to US$7.4 billion (Banco de Mexico, 2005) (See Table C.1.1). The preliminary estimate for the first quarter of 2005 is US$1.7 billion. This is approximately 25percent below the last quarter of 2004 where U.S. FDI into Mexico amounted to $2.3 billion. The 2004 inflow of U.S. FDI was composed of $1 billion in equity, $0.11 billion in intercompany debt, and $6.3 billion in reinvested earnings. In 2004 the flow of U.S. FDI into Mexico accounted for 44.7 percent of FDI inflows. This is only 3.2 percent of total FDI abroad from the U.S. The United States is the largest source of FDI in Mexico.

TABLE C.1.1

**US/Mexico FDI Flows, 1994-2004**

**(Millions of dollars)**

| | Mexican FDI in the US (Flow) | US FDI in Mexico (Flow) |
|---|---|---|
| 1994 | 1,058 | 4,457 |
| 1995 | -263 | 2,983 |
| 1996 | -47 | 2,405 |
| 1997 | 331 | 5,596 |
| 1998 | 871 | 4,593 |
| 1999 | 1,273 | 8,164 |
| 2000 | 5,062 | 4,203 |
| 2001 | -716 | 14,226 |
| 2002 | 2,285 | 7,656 |
| 2003 | 2,045 | 4,666 |
| 2004 | -540 | 7,424 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis. <www.bea.gov/bea/di1.htm> Accessed June 5, 2005.

The stock of U.S. FDI in Mexico has increased from $17 billion in 1994 to $66.6 billion in 2004, almost a four-fold increase (BEA, 2005). Nearly half of total FDI in Mexico is in the manufacturing industry. (See TableC.1.2)

There is also Mexican FDI in the U.S., though it is much smaller than U.S. investment in Mexico. The 2004 FDI inflows from Mexico into the U.S. were composed of $1.3 billion in equity, an outflow of 1.5 billion intercompany debt, and an outflow of .35 billion reinvested earnings. The stock of Mexican FDI in the U.S. increased from $2.1 billion in 1994 to $7.9 billion in 2004, nearly a four-fold increase. In 2004 Mexico's FDI accounted for .38 percent of the total FDI in the United States.

TABLE C.1.2.

**U.S.-Mexico Foreign Direct Investment Positions, 1994-2004**

Historical Cost Basis

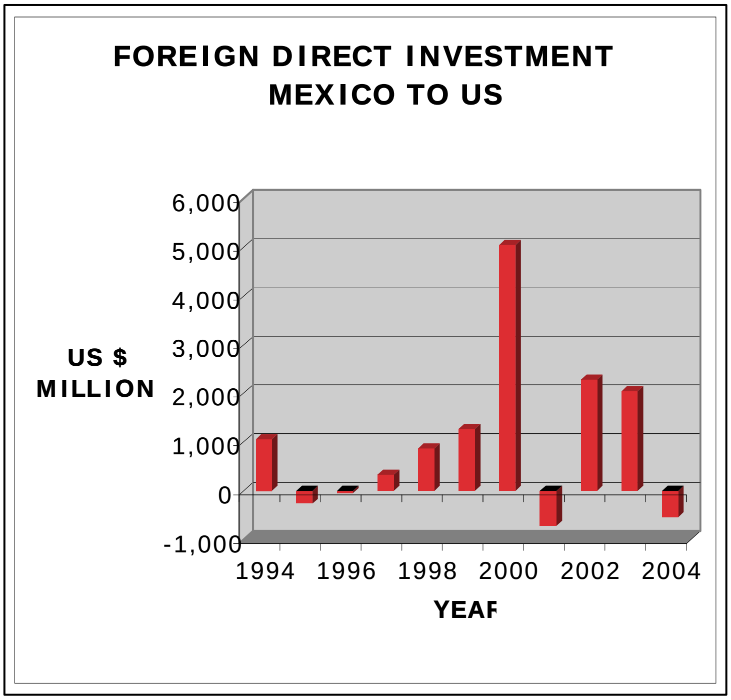
(Millions of Dollars)

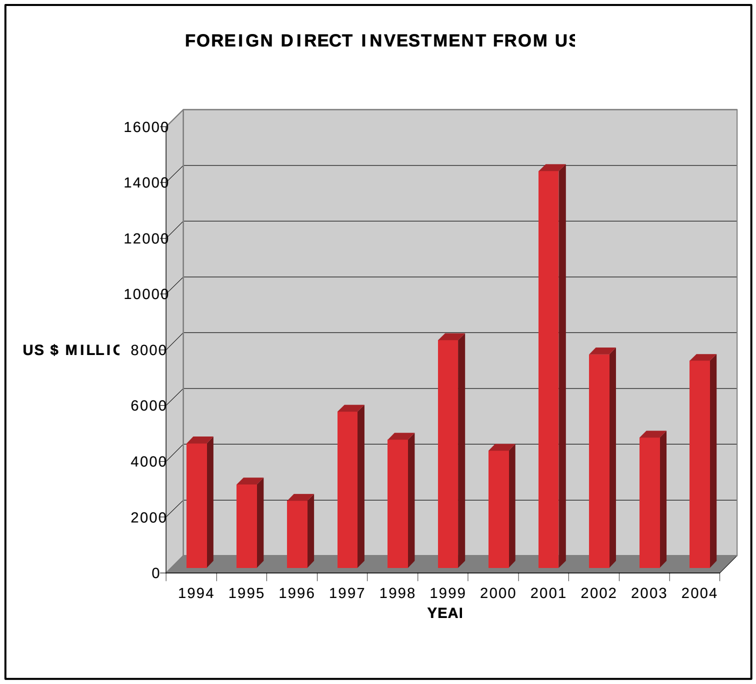
| | Mexican FDI in the US | U.S. FDI in Mexico |
|---|---|---|
| 1994 | 2,069 | 16,968 |
| 1995 | 1,850 | 16,873 |
| 1996 | 1,641 | 19,351 |
| 1997 | 3,100 | 24,050 |
| 1998 | 2,055 | 26,657 |
| 1999 | 1,999 | 37,151 |
| 2000 | 7,462 | 39,352 |
| 2001 | 6,645 | 52,544 |
| 2002 | 7,623 | 56,303 |
| 2003 | 7,707 | 59,070 |
| 2004 | 7,880 | 66,554 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis. <www.bea.gov/bea/di1.htm> Accessed June 5, 2005.

Chart C.1.1 provides a visual representation of the fluctuations in the FDI flows between the two countries.

CHART C.1.1
**Investment Flows between Mexico and the US, 1994-2004**



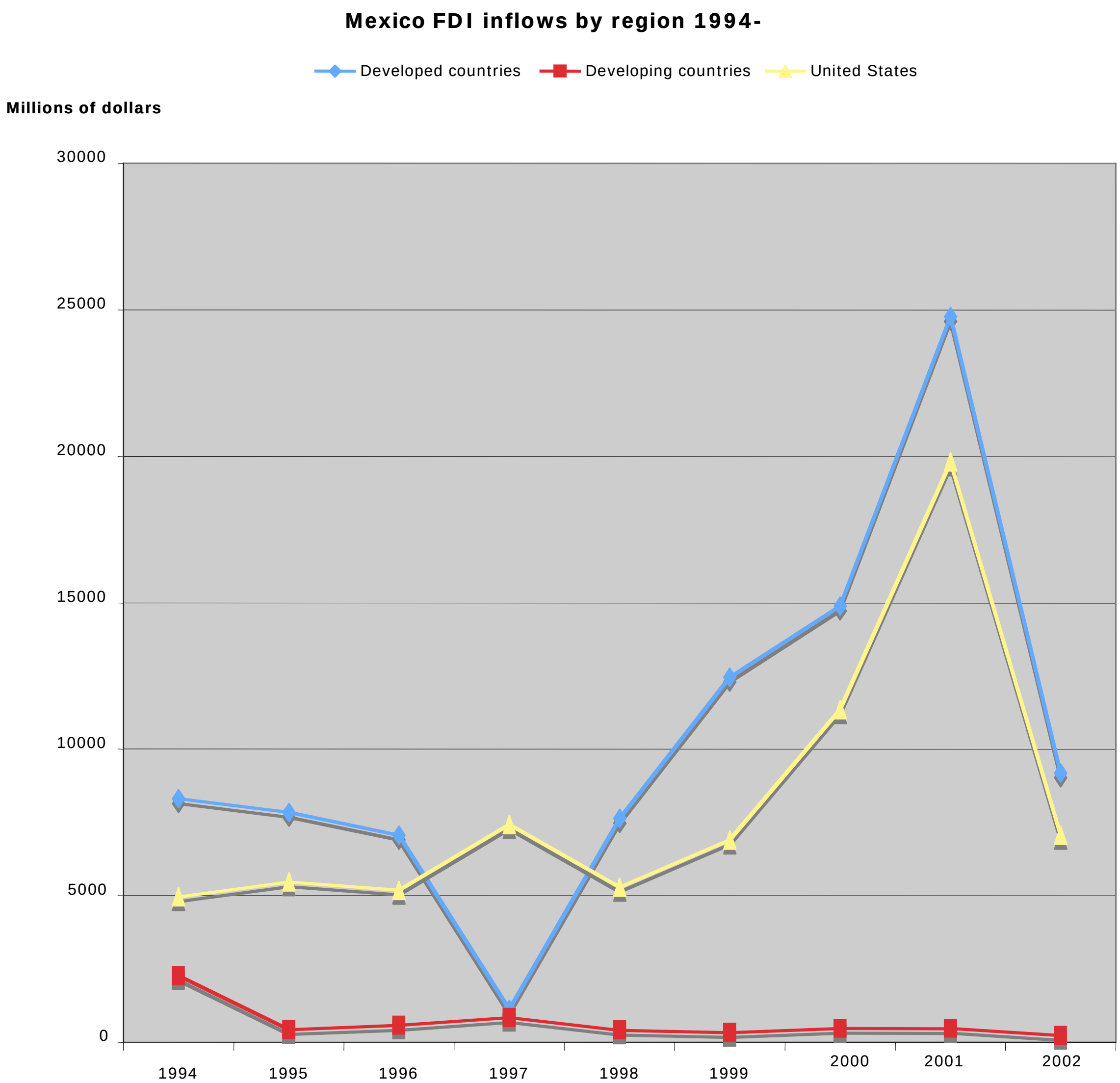




Source: U.S. Department of Commerce, Bureau of Economic Analysis.
<[www.bea.gov/bea/di1.htm](www.bea.gov/bea/di1.htm)> Accessed June 5, 2005.

The large variation in Mexican investment is the result of its small size and the effect of any one investment on the total. The same is true of US investment in Mexico in some years, e.g. 2001's large increase was due almost entirely to the purchase of BANAMEX.

Chart C.1.2 shows that virtually all of the FDI is from the US, with a minuscule amount coming from other developing countries. Only other developed countries are significant investors in Mexico. In their most active year, 2001, they contributed $5 billion of the total FDI of $25 billion.

CHART C.1.2




Source: UNCTAD FDI Country Profile. < [http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1](http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1) > Accessed August 15, 2005

Chart C.1.3 shows the growing importance of foreign direct investment to the Mexican economy. In 1994, the stock of foreign investment was only 7 percent of GDP; by 2003 this had increased to 27 percent. Chart C.1.4 shows that very little of this investment went into the primary, extractive sectors: agriculture, hunting, forestry, fishing, and mining. Rather most was in the secondary sectors: food, beverages, tobacco, chemicals, minerals, metals, and machinery. This was followed by the tertiary sectors: electricity, construction, trade, hotels, restaurants, transport, communications, finance, and real estate. Once again, the 2001 data reflect the acquisition of BANAMEX.

CHART C.1.3

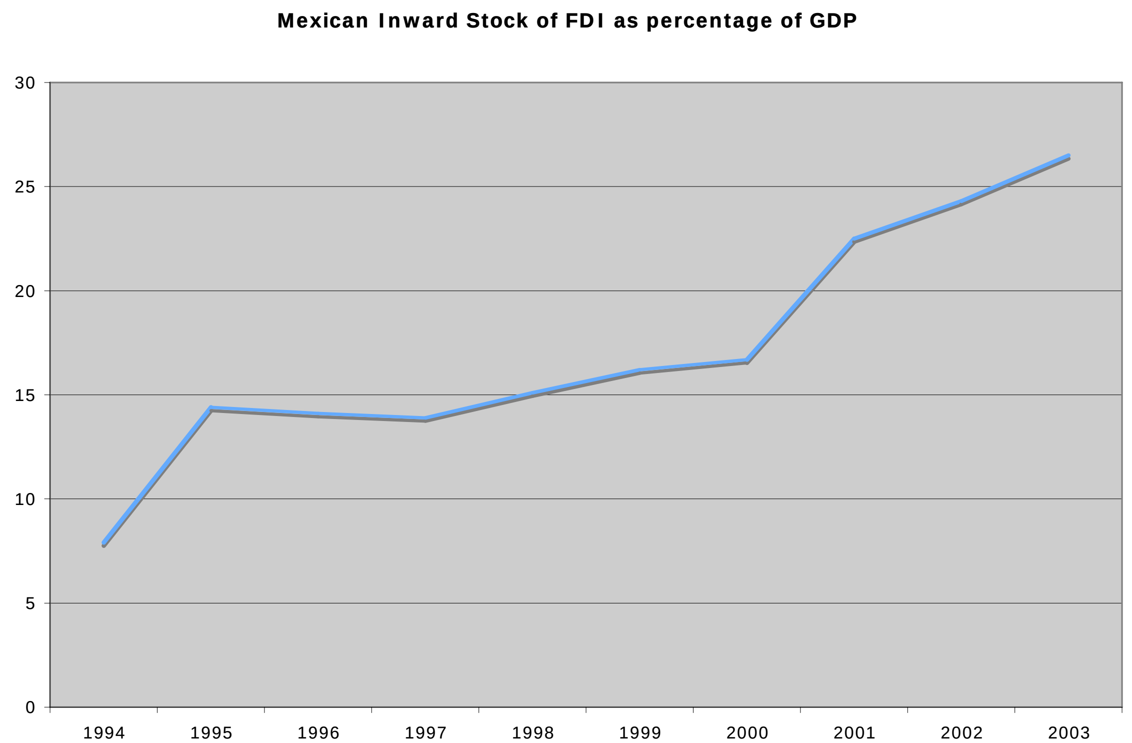
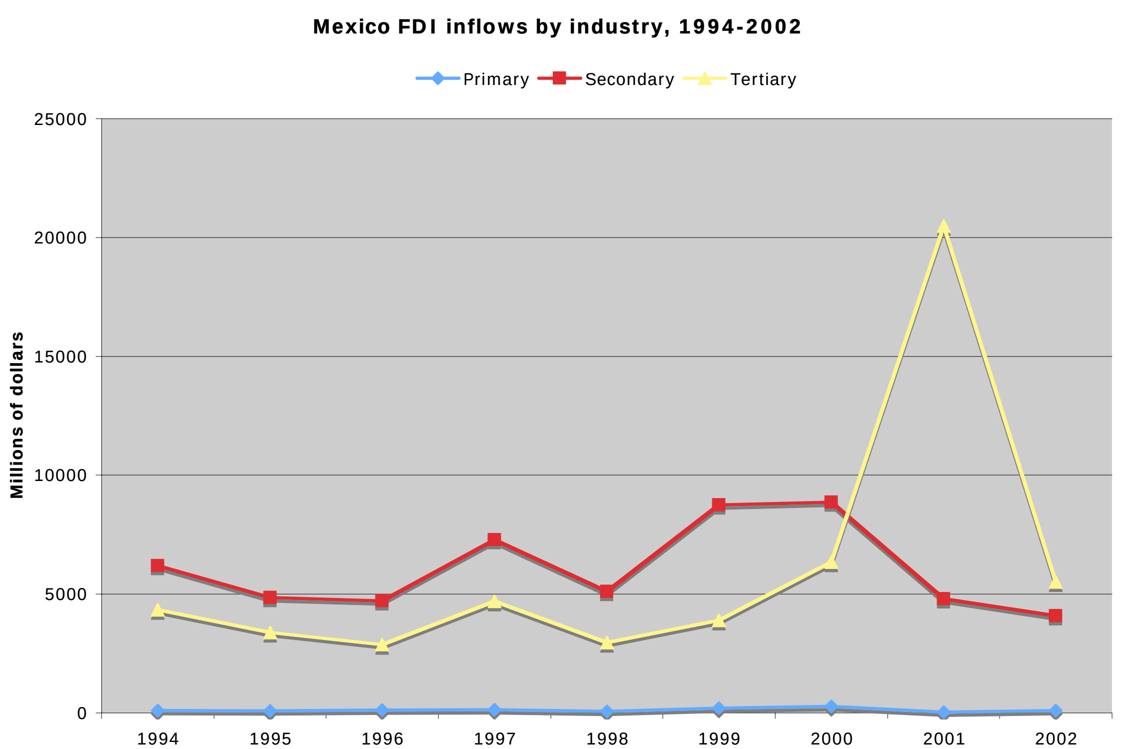



CHART C.1.4



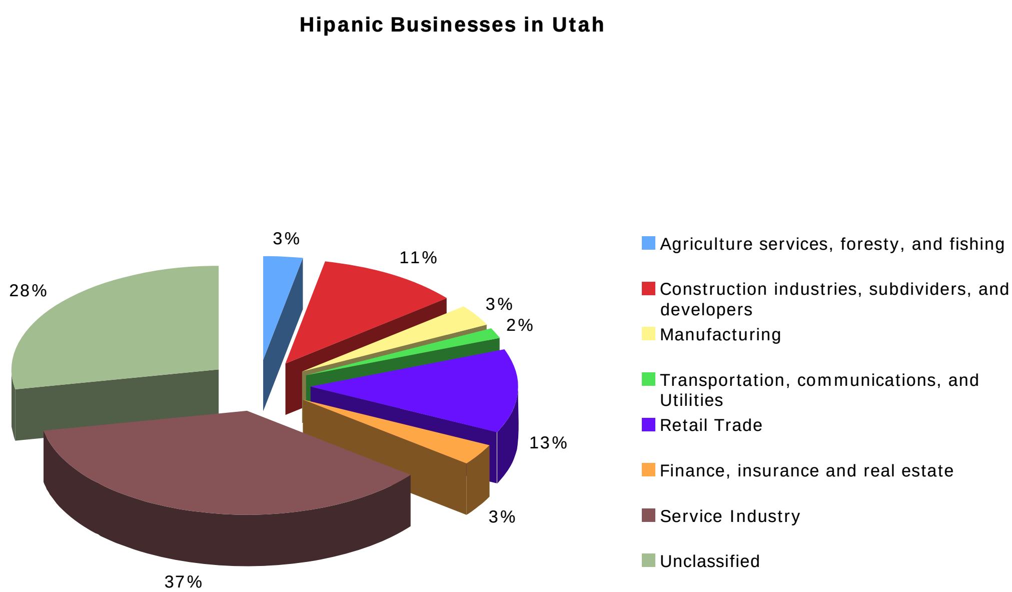

Source: UNCTAD FDI Country Profile
http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1 >Accessed August 15, 2005

## 2. MEXICAN OWNED BUSINESSES IN UTAH

There are many foreign owned businesses that operate in Utah. As of 1997 there were 1,199,896 Hispanic owned businesses in the United States; 472,033 of these were Mexican owned (US Economic Census, 1997). Of this total 211,864 were businesses with paid employees and 90,755 of these were Mexican owned. Sales of all Hispanic owned firms in the United States totaled approximately $186 billion and they employed 1,388,746 workers. Mexican owned business sales totaled $73 billion. Total compensation to workers totaled approximately $30 billion by all Hispanic owned firms and that by Mexican owned amounted to $15 billion.

The 1997 Economic Census also provides information on Utah.[1] In Utah there were 4,740 firms owned by Hispanics with sales of $455,385,000 and 1,834 firms owned by Mexicans with sales of $227,021,000. Firms with paid employees in Utah owned by Hispanics totaled 847 with sales of $372,776,000, 5,947 employees, and $85,310,000 was paid in labor compensation. Mexican businesses with paid employees numbered 495, with 3,243 employees, sales of $186,325,000 and $46,828,000 in payroll.

CHART C.1.5




Source: US Census Bureau. 1997 Economic Census. < http://www.census.gov/epcd/mwb97/ut/UT.html >

[1] The 2002 Economic Census does not have similar data for individual states. The 1997 data do provide suggestive information on the size and sectoral composition of Hispanic and Mexican owned businesses in Utah today.

The Hispanic firms located in Utah are most heavily concentrated in the service industry followed by retail trade and construction.

3. BANKING AND CREDIT CARDS

Checking and savings accounts are important ways for immigrants and low-income people to integrate into their local economies and build assets. Credit card use is also a useful measure of financial literacy and the degree to which people take advantage of financial instruments. Information about the financial literacy of Mexican immigrants in the United States is not available, but data about Hispanics in the U.S. suggest that Mexicans use fewer banking products and services than other groups. Nationally, 65 percent of Latinos in the United States say they have a bank account, compared to 95 percent of whites and 76 percent of African-Americans (PEW/Kaiser Foundation, 2002). The same study found that 51 percent of Latinos report having a credit card, compared to 77 percent of whites. Latinos with household incomes under $50,000 are much less likely to use these traditional financial resources than whites and than Latinos of earning more than $50,000. Native-born Latinos, approximately 51 percent of the Mexican population, are more likely than foreign-born Latinos to have credit cards and an account with a bank.

CHART C.3.1

**Credit Cards and Bank Accounts**

| | | | | | | Among Latinos | | |
|---|---|---|---|---|---|---|---|---|
| | Latinos | Whites | African Americans | Foreign-Born Latinos | Native-Born Latinos | Spanish-Dominant | Bilingual | English-Dominant |
| **HAVE A CREDIT CARD** | | | | | | | | |
| **Total** | **51%** | **77%** | **54%** | **47%** | **58%** | **40%** | **64%** | **58%** |
| By Household Income | | | | | | | | |
| Less than $30,000 | 43 | 63 | NA | 43 | 44 | 40 | 54 | 42 |
| $30,000 – < $50,000 | 58 | 78 | NA | 59 | 56 | 56 | 64 | 53 |
| $50,000 + | 84 | 88 | NA | 84 | 85 | NA | 88 | 86 |
| **HAVE AN ACCOUNT WITH A BANK** | | | | | | | | |
| **Total** | **65** | **95** | **76** | **58** | **77** | **50** | **77** | **79** |
| By Household Income | | | | | | | | |
| Less than $30,000 | 54 | 91 | NA | 51 | 61 | 47 | 66 | 62 |
| $30,000 – < $50,000 | 79 | 93 | NA | 76 | 82 | 72 | 82 | 83 |
| $50,000 + | 96 | 99 | NA | 92 | 98 | NA | 97 | 98 |

Source: Pew/Kaiser Foundation. 2002 Survey of Latinos (2002). <http://pewhispanic.org/files/reports/15.pdf> Accessed July, 17,2005

These trends are similar in Utah, where Hispanics use fewer financial products than the state average. In the Salt Lake Metropolitan Area, 68 percent of Hispanics have savings accounts (vs. 80 percent for the state) and 66 percent have some kind of credit card (vs. 76 percent of the overall population). Hispanics are also one-half to one-third as likely to have investment assests, such as mutual funds, tax-exempt retirement accounts, stocks and bonds. Two-thirds of Hispanics in the Salt Lake metropolitan area have no investment assets, compared to 37 percent of the overall population. Only 12 percent of Hispanics have 401-k accounts and 6 percent have IRA accounts, compared to 26 percent and 16 percent of the state population as a whole. On the other hand, Hispanics demand certain financial services such as auto loans, home equity loans, and personal loans, on par or in excess of the general population.

Chart C.3.2 Use of Financial Services

| Financial Service | Hispanic Adults | Salt Lake Metropolitan Area Adults |
|---|---|---|
| Savings Accounts | 68% | 80% |
| Auto Loans | 31% | 32% |
| Personal Loans | 12% | 6% |
| Home Equity Loans | 11% | 13% |
| Certificates of Deposit | 3% | 9% |
| 401k | 12% | 26% |
| IRA | 6% | 16% |
| Money Market Account | 7% | 16% |
| Credit Card | 66% | 76% |
| Debit Card | 64% | 65% |

Source: “Hispanics and Banking in the Salt Lake Market” 2005.

The Pew study estimated that 47 percent of Mexicans have a credit card, which is much lower than other Latinos, e.g. 71 percent of Cubans reported having a credit card. Sixty percent of Mexicans report having a bank account. Many banks have seen the potential market growth in this segment. Some, including Zion’s Bank, now offer free remittance services in order to attract new users.[2]

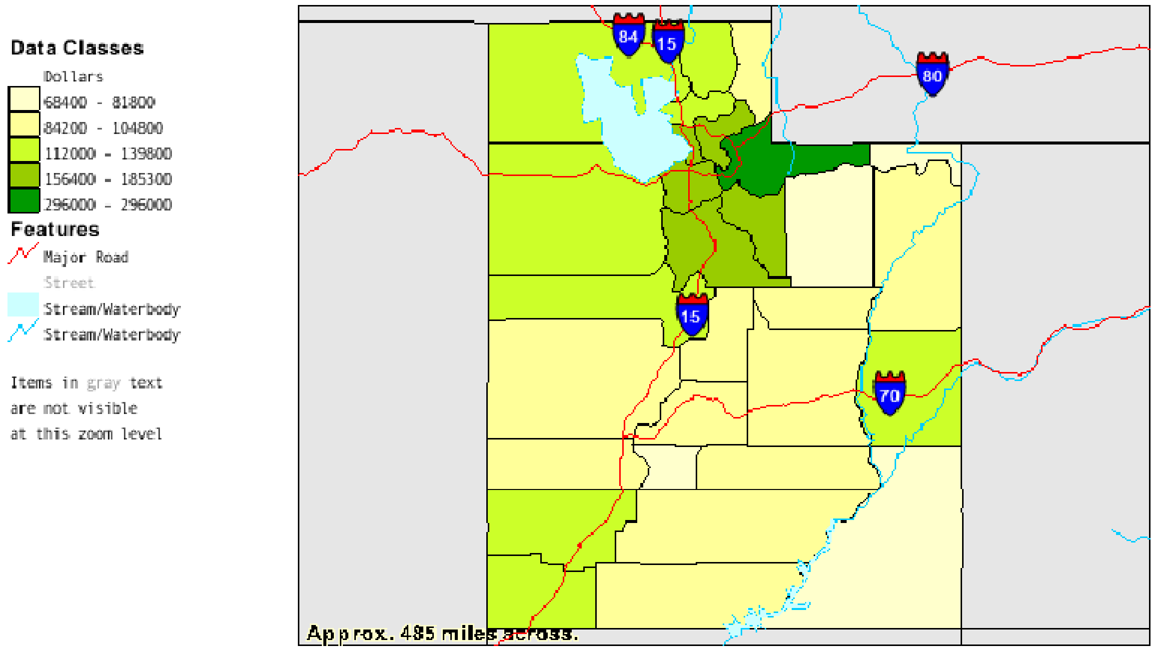
## 4. REAL ESTATE IN UTAH

Home ownership is an important way for people to build assets, but immigrants and Latin populations often face significant obstacles in purchasing homes. According to the 2000 Census, the total number of housing units in Utah was 768,594. Out of this total number 701,281 were occupied units: 501,547 were owner occupied and 199,734 renter occupied. The median value of an owner-occupied unit was $146,100 and the median gross rent in Utah was $597. The total value of the housing market in Utah in 2000, valued at the median value for Utah, reached over $100 billion. Chart C.4.1 shows that the urban median values are far higher than most of the rural values and that Summit county’s home values are in their own category.

[2] See section C.5 for a further discussion of remittances.

CHART C.4.1

**Median Value of Owner-occupied Units 2001**

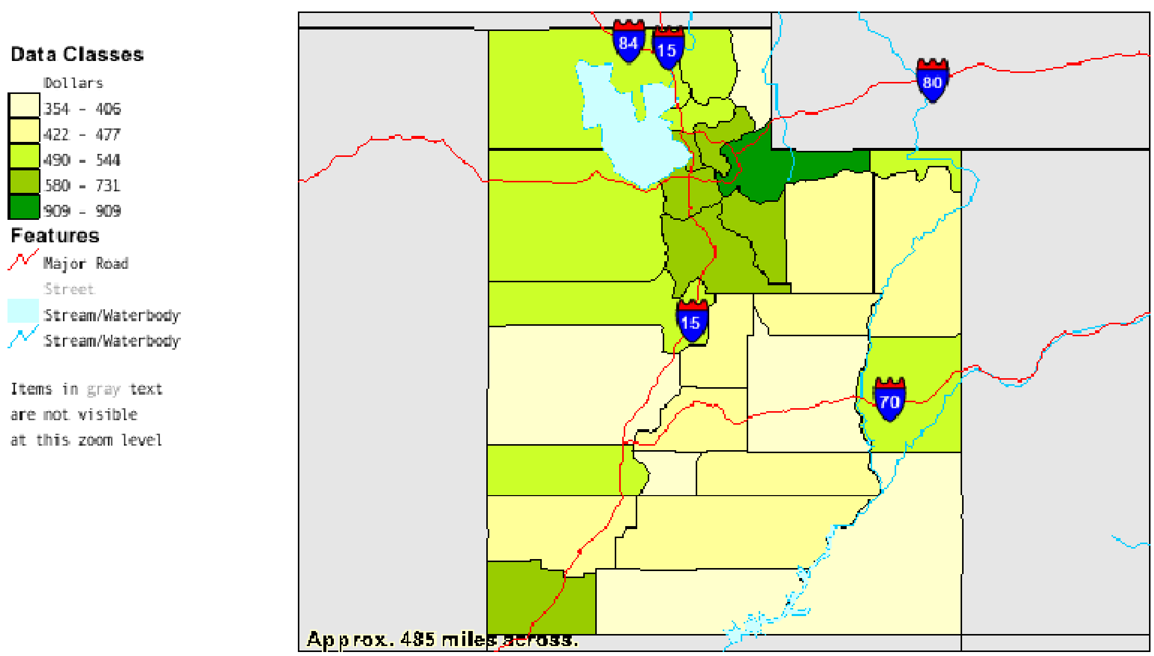



Source: http;//factfinder.census.gov/

The pattern of median rents is quite similar, as shown in Chart C.4.2.

CHART C.4.2

**Median Monthly Gross Rent of Housing Units in Utah 2001**




Source: http://factfinder.census.gov/

In 2000 the Census reports for Utah that the Hispanic or Latino population owned 23,284 housing units and they occupied 22,888 rental units. The home occupancy pattern of Hispanics or Latinos in Utah shows approximately a 50-50 split between home ownership and renting. The median value of a Hispanic or Latino owner-occupied unit was estimated at $123,200, slightly lower than the state average of $146,100. We can use these figures to calculate the housing expenditures of the Mexican population in Utah. We estimate that they spend approximately $18.9 million in rent and $11.6 million in mortgage payments per month.[3] This adds up to $ 366 million per year. These estimates are in line with the Kaiser Foundation study, which reports that 40percent of Hispanics or Latinos own their home. The same study reports that white home ownership is 70percent.

Home equity for low to middle income Hispanics is a large share of their net worth. It has been estimated that home equity composes two-thirds of a family's net worth. This group is highly vulnerable to predatory lending practices. A study done by the National Council of La Raza found that high-cost sub prime mortgages accounted for more than 40percent of Hispanic mortgages in 2002, compared with 18 percent for whites (Bowdler 2005). Less than half of Hispanics in the nation own a home. In Utah 45 percent of Hispanics own their own home (compared to 60 percent of the overall population) and 25 percent of Hispanics have home mortgages (compared to 37 percent of the overall population) (Experian-Scorex 2005). It was found that the number of Latino's entering the housing market is on the rise, with closing purchase mortgages 185 percent higher in 2002 than in 1993. Sub-prime loans account for more than 40 percent of Hispanic purchase mortgages and when refinancing they were more likely than whites to refinance with sub-prime loans. The traditional housing financial institutions are not reaching the Hispanic community and causing them to lose out on this opportunity to build wealth. Bowdler (2005) concludes that stronger enforcement mechanisms to make sure organizations such as Fannie Mae and Freddie Mac reach their mandated quotas are needed. Also quotas for assistance to immigrants should be introduced. The Federal Deposit Insurance Corporation is a governmental agency that encourages banks to lend and invest in these underserved markets. Recently in Wisconsin the state housing agency decided to help banks lend to illegal immigrants (Jordan, 2005). Immigrants lack access to information about available housing programs. The "Expanding Housing Opportunities Through Education and Counseling Act" (H.R. 3989) is a recent effort that could enhance the ability of Latino families to purchase homes. The act seeks to set higher standards for the counseling industry, create software that will be available on the internet, and commissions a study on the causes of default and foreclosure (Agenda 2004).[4] The National Council of La Raza supports the former act and two other avenues to promote and facilitate housing to Latino families. The first is The Community Homeownership Tax Credit which will provide capital to subsidize the building of units for low income families. Secondly is The National Housing Trust Fund which will provide a funding

[3] This was calculated using the Mexican population in Utah, 136,416, and assuming the undocumented rent, $29,915. Of the documented population it was assumed 50 percent rent and 50 percent own, following the trend of data for Hispanics or Latinos in Utah. The median value of rent in Utah was $597 and the median mortgage payment $1,102. The average number of occupants of an owner occupied housing unit was 3.28 and that of renter occupied 2.75.

[4] A hearing was held in March of 2004 by the House Financial Services' Subcommittee on Housing and Community Opportunity but as of this writing the bill has not passed.

source for the construction of affordable housing. The following is a list of Utah Housing programs that may assist Mexicans with home ownership.

- Olene Walker Housing Loan Fund
- Utah Housing Corporation
- Individual Development Accounts
- U.S. Department of Agriculture Rural Housing
- Salt Lake City American Dream Downpayment Initiative
- Salt Lake City Neighborhood Housing Services
- Salt Lake City Housing and Neighborhood Development

## 5. REMITTANCES

Remittances are the portion of migrant workers' earnings that are sent back to their countries of origin. They are a common means of financial support to family members remaining behind. In fact the possibility of sending remittances back to family members is one of the most common motivations cited by Mexicans for undertaking labor migration to the United States.

Remittances to Mexico, which reached a record of $16 billion in 2004, have more than doubled since 2000 and have grown fourfold since NAFTA went into effect in 1994 (Banco de México 2005).[5] The explosive growth of remittances to Mexico over the past decade are a direct result of increasing migration of Mexicans to the United States, coupled with new technologies that make it easier and cheaper to send funds to families back home.[6] As such, remittances reflect the increasing social and economic integration of the United States and Mexico (Suro 2003: 4).

This financial flow represents opportunities for both Mexico and the United States, and in particular for banks and business in states like Utah that are receiving more Mexican immigrants each year. Remittance flows hold great potential for financial integration between Utah and Mexico, and serve as a point of entry through which a broad segment of the Latino population in the United States engages with banks, credit unions, and other financial institutions (Suro et al. 2002). However there are many obstacles that inhibit these positive synergies from developing, including elevated transaction costs, financial illiteracy, distrust of banks by Mexican immigrants, state policies that discourage the integration of immigrant populations, and inefficient methods of receiving remittances in Mexico.

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[5] There is some controversy surrounding the way that remittances are quantified in Mexico. Mexican Central Bank estimates omit so-called "commuter remittances" that are carried into Mexico by Mexican workers living along the U.S.-Mexico border, as well as other remittances that migrants carry on return visits. (Zarate 2005) On the other hand, research by Corona (2000) and Corona and Santibañez (2004) suggest that Bank of Mexico data overestimate the actual size of remittances (see also Lozano 2004). We choose to use Bank of Mexico data because it is the only source of time series data on remittances, and because they are the official figures used by the Mexican government.

[6] Some of this increase is also due to changes in the way the Bank of Mexico measures remittances (beginning in 1994) and to improvements in the bank's ability to identify and measure remittance transfers (Lozano 2004).

**Table C.5.1**

| Remittance Flows From the U.S. To Mexico, 1989-2005 | | |
|---|---|---|
| Year | Remittances (Millions of USD) | Change from previous year |
| 1989 | 1,680 | --- |
| 1990 | 1,980 | 17.9% |
| 1991 | 2,414 | 21.9% |
| 1992 | 3,070 | 27.2% |
| 1993 | 3,333 | 8.6% |
| 1994 | 3,475 | 4.3% |
| 1995 | 3,673 | 5.7% |
| 1996 | 4,224 | 15.0% |
| 1997 | 4,865 | 15.2% |
| 1998 | 5,627 | 15.7% |
| 1999 | 5,910 | 5% |
| 2000 | 6,280 | 6.3% |
| 2001 | 8,895 | 41.6% |
| 2002 | 9,815 | 10.3% |
| 2003 | 13,266 | 35.2% |
| 2004 | 16,613 | 25.2% |
| 2005* | 9,278 | 17.8% |

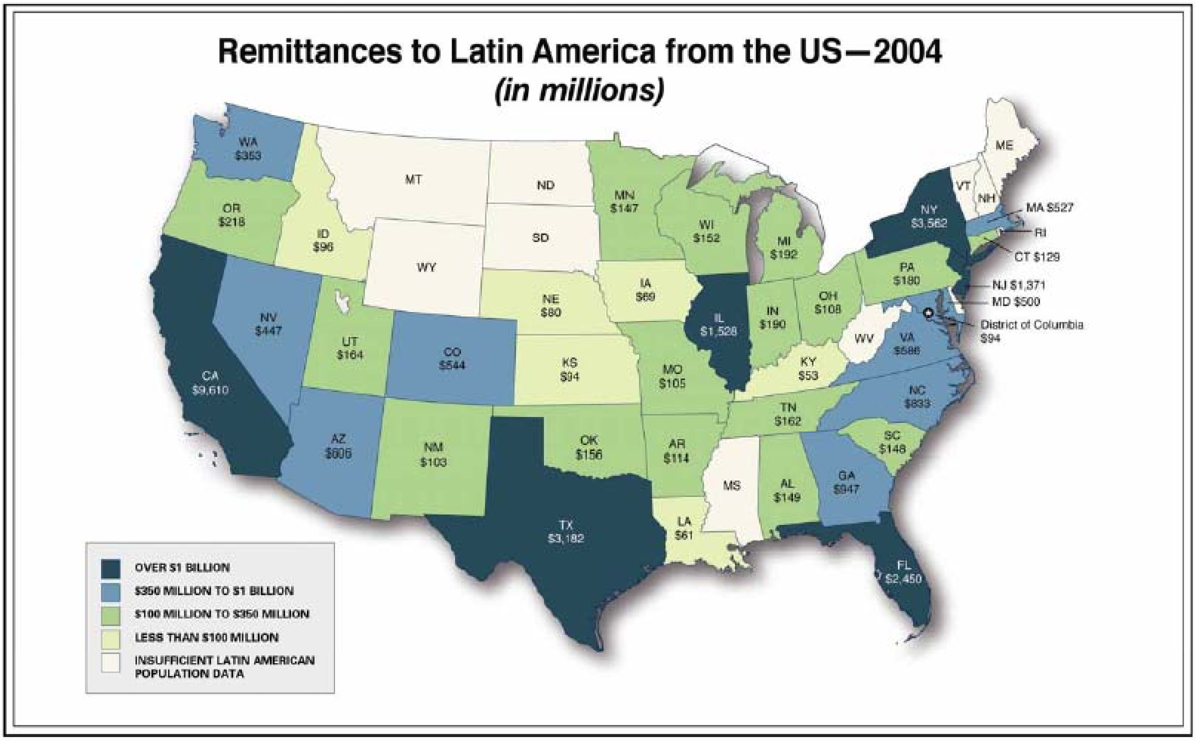
Source: CODUSEF, Bank of Mexico.
* Figures are for January-June, 2005 as reported by the Bank of Mexico

**Remittances from Utah**

According to research conducted by the Inter-American Development Bank (IDB) in 2004, $164 million dollars of remittances to Latin America originated in Utah, ranking Utah 20th among sending states. The average amount sent by each Latino resident in Utah was $1,785 per year, which is below the national average of $1,804 per Latino resident. Utah ranks 30th in the average amount sent home by each resident, far behind states like Maryland, North Carolina, Alabama and Georgia, where immigrants send on average more than $2,700 each year. Neighboring states like Colorado, Arizona, and Nevada send up to four times more remittances than Utah, in part because of larger immigrant populations, and in the case of Colorado, also because immigrants send more money home each year on average.

**Figure C.5.2**

# Total Money Sent




Source: IDB-MIF: http://www.iadb.org/exr/remittances/images/Remesas_USMAP2004

The IDB study does not document the destination of remittances, but it is possible to estimate the size of remittances from Utah to Mexico using estimates of the size of the Mexican immigrant population in Utah. The IDB study estimates that there are 91,868 immigrants from Latin America living in Utah, of which 66,478 or 72.4% were born in Mexico (Census Bureau). Using this proportion yields an estimate of $118.7 million in remittances flows from Utah to Mexico.[7] Given a 25% increase in the population of Mexican immigrants between 2000 and 2004, remittance flows likely approached $148 million in 2004. The IDB study also provides the following information on Utah and remittances:

- 65% of Latin American immigrants in Utah send money to relatives in their home country. The highest percentage is 84% for residents of North Carolina, the lowest is 38% for residents of New Mexico.
- On average, Latin American immigrants in Utah make 11.5 transfers each year.
- The average size of each transfer from Utah is $240.

[7] These are probably conservative estimates of the actual remittance flows from Utah to Mexico in 2004, given that Census studies typically undercount undocumented immigrants, and given that the size of the Hispanic population in Utah has grown by an estimated 25% since 2000 (Census Bureau).

Several factors affect the amount and frequency of remittance payments by immigrants in the United States. The most obvious factor is income: immigrants who earn more money are more likely to make larger and more frequent transfers to Mexico. In Utah, Mexican immigrants earn on average $18,138 per year, with documented immigrants earning $19,523 and undocumented immigrants earning $16,467. This is far below the national average annual earned income of $30,916 (see Section A.2). Second, the length of stay also seems to be important. According to the 2003 National Survey of Latinos conducted by the Pew Hispanic Center and the Kaiser Family Foundation, remittance senders are concentrated among the more recently arrived immigrants. About half of all Latin American immigrants who have been in the U.S. for ten years of less are regular remittance senders, while the money flow drops off among those with longer tenure (Suro 2003). Third, the ease and cost of sending remittances is a factor influencing people's decisions about how much and how frequently to send money. Most money transfer companies like Western Union and Moneygram, which handle the vast majority of transfers, charge flat rates for sending money to Mexico.[8] Banks tend to charge lower fees for money transfers, but the fact that recent immigrants tend not to open bank accounts inhibits the size of remittance flows.

<u>Impact of Remittance Flows from Utah on Mexico</u>

Remittances are rapidly becoming an important source of capital in Mexico and are key to Mexico's macro-economic stability and growth in the future. Remittance flows bring in more money than tourism and are second only to oil as a source of revenue for the Mexican economy, and generally far exceed the economic aid and direct foreign investment coming to Mexico from the United States (Banco de México 2005). More directly, remittances are an important source of income for millions of families, especially women and children. According to research by the Multilateral Investment Fund (MIF) of the IDB and the Pew Hispanic Center, 18% of Mexican adults receive remittances from abroad. These remittances flow to all sectors of Mexican society, to both urban and rural areas, and to virtually every state.

The large remittance flows from the United States to Mexico also create an opportunity for closer financial integration between banks in the two countries. Some of the largest banks in the United States, such as Bank of America, Citibank, and Wells Fargo, as well as regional banks such as Zion's, have moved aggressively to partner with Mexican financial institutions to offer less expensive ways to send remittances to Mexico. This also encourage senders and receivers to open savings accounts. For example, Wells Fargo's Intercuenta Express accounts allow senders to transfer remittances from their accounts directly to the beneficiary's account at one of Wells Fargo's partner banks in Mexico.[9] Recipients can then access this money using their bank's ATM or debit card. These products have the potential to lower transaction costs for remittances through increased competition. For example, it currently costs $60 to send $2000 to Mexico through a money transfer with Western Union, whereas

[8] In August 2005, Western Union charged $14.99 for a $300 online money transfers to Mexico; MoneyGram charged between $10 and $18 for similar transactions.

[9] Currently Wells Fargo has agreements with three of Mexico's largest banks: BBVA-Bancomer, Banorte and HSBC Mexico.

Intercuenta account holders can send up to $3000 for an $8 transfer fee plus a $10 annual fee.

Impact of Remittances on Utah

The most obvious impact of remittances on Utah is financial. The financial benefits come primarily from the capture of transaction fees and, potentially from the deposits captured by banks and credit unions. We estimate fees from remittance transactions between Utah and Mexico generated $7.5 million in revenue for local businesses in 2000,[10] and as much as $9 million in 2004.[11] These estimates do not include check cashing fees or revenue from advantageous exchange rates used by money transfer firms.

[10] According to the IDB, 65% of Latino immigrants living in Utah send remittances each year; given an estimated population of 66,478 Mexican immigrants in 2000, this suggests that approximately 43,211 Utah residents sent remittances to Mexico in 2000. If each immigrant made on average 11.5 transactions each year (IDB) at an estimated cost of $14.99 per transaction, then there were an estimated 496,926 separate money transfer transaction to Mexico from Utah in 2000, producing a net cash flow of $7.45 million

[11] According to the latest U.S. Census Bureau Estimates, the Hispanic or Latino population in Utah increased 25.6% between 2000 and 2004. Since most of this increase most likely came as a result of immigration by Mexican nationals, we can estimate that the number of remittance transactions also increased by approximately 25%.

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