

Remittances from Spain to Latin America: some key figures

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Rationale

This article describes the key characteristics of workers' remittances (i.e. household-to-household transfers) sent from Spain to Latin America. The latter region is the main recipient of remittances sent from Spain, which is consistent with the share of the Latin American population in migratory flows into the country. From a Latin American perspective, Spain is the second largest source country for remittances, behind only the United States.

Takeaways

- In 2023 remittances sent abroad from Spain amounted to 0.7% of GDP (some €10.7 billion), up by 0.5 pp on the figure for 2000.
- Historically, Latin America has been the primary destination for remittances sent from Spain, followed by Africa. Around 60% of all remittances from Spain in the last decade have gone to Latin America, while seven of the top ten destination countries are located in the region, with Colombia topping the list.
- Remittance payments from Spain to Latin America have increased significantly over the last decade, to around €6.2 billion in 2023. However, following the pandemic the average remittance amount, adjusted for inflation, has declined.

Keywords

Remittances, migratory flows, Latin America.

JEL classification

F24, F66, J61.

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Introduction

According to the International Monetary Fund's (IMF) Balance of Payments and International Investment Position Manual, workers' remittances are current transfers made by employees to residents of another economy.¹ These transfers are recorded in the recipient (remitter) country as credits (debits) in the current account (specifically in the secondary income account).

For many recipient countries remittances play a crucial macroeconomic role: in addition to having an impact on external accounts and financial stability, they serve as economic stabilisers during crises and foster economic development.² From a microeconomic standpoint, they provide vital income that reduces recipient households' poverty and helps them to meet their basic needs.

Spanish remittances in recent decades

Remittance transfers have grown substantially over the last few decades, both globally and in Spain, reflecting changes in migratory flows.³ Although remittances from Spain have historically represented a small share of the country's GDP compared with the global average, they have grown considerably in the last 20 years (see Chart 1.a).

In particular, in Spain⁴ the balance of remittances (i.e. the difference between remittance credits and debits) turned negative from early 2000, due to an increase in payments driven by a growing immigrant population. This negative balance marked a shift from the trend of previous decades, when remittance credits tended to be slightly higher than debits. While there have been some fluctuations related to cyclical economic developments in Spain (see Chart 1.b), remittance debits have grown as a proportion of GDP over the last decade, reaching an all-time high of 0.73% in 2022, in step with the strong recovery in global remittance flows following the pandemic. In 2023 payments exceeded €10.7 billion, representing 0.7% of GDP, slightly down on 2022 and in line with the slowdown in global remittances during that year.

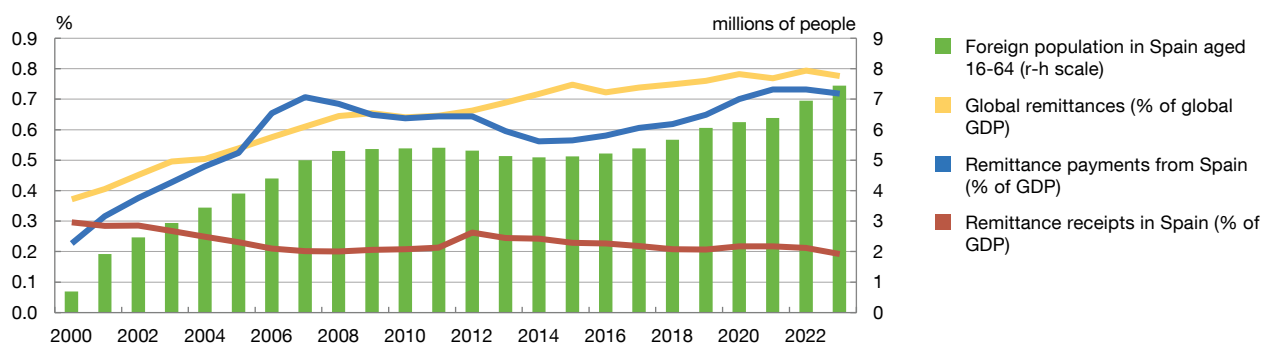
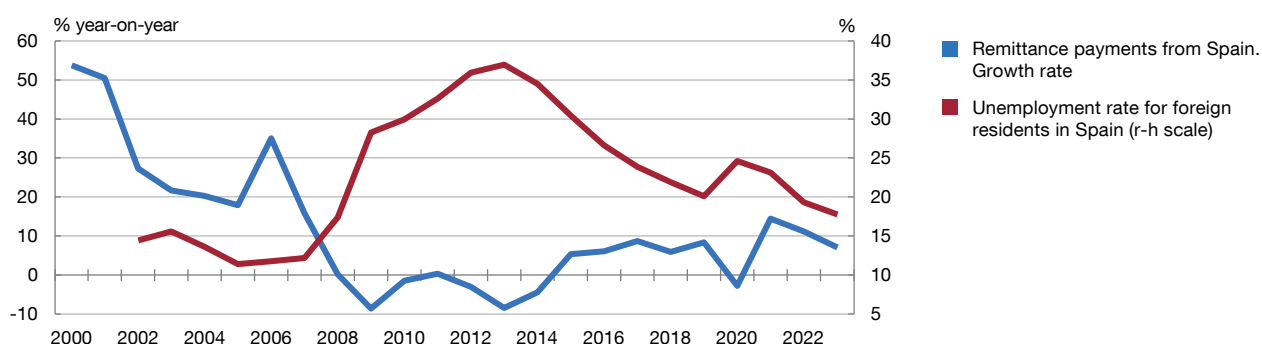
1 Remittances are recorded as a supplementary item under the personal transfers heading, which includes all current transfers, in cash or in kind, between resident and non-resident households. For a more detailed definition, see the sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6) published by the IMF.

2 For an estimation of the impact of emigration on growth in Latin America, see Alina Carare, Alejandro Fiorito Baratas, Metodij Hadzi-Vaskov, Jessie Nabulambo Kilembe and Wenzhang Zhang. (2024). "The Joint Effect of Emigration and Remittances on Economic Growth and Labor Force Participation in Latin America and the Caribbean". IMF Working Papers, WP/24/175, International Monetary Fund. The findings indicate that the net impact is negative, as the positive effects of remittances received are outweighed by the adverse effects of reduced labour input. The paper also finds that the effects are more adverse in Central America and the Caribbean.

3 For a characterisation of migratory flows to Spain, see Pilar Cuadrado, Ángel Luis Gómez and Teresa Sastre. (2024). "Comparing the characteristics of migratory flows to Spain and other European Union countries". *Economic Bulletin - Banco de España*, 2024/Q3, 06.

4 The Banco de España publishes annual data on workers' remittances for the main counterpart countries in its *Statistical Bulletin* (Table 17.6a). The data on workers' remittances recorded for the "Rest of the world" sector in the Quarterly Non-Financial Accounts for the Institutional Sectors (part of the National Accounts) are identical to those recorded in the Balance of Payments.

Chart 1

Developments in global and Spanish remittances. Migrant population and unemployment rate for foreign residents**1.a Remittances and migrant population in Spain****1.b Remittance payments from Spain and unemployment rate for foreign residents in Spain**

SOURCES: World Bank, Banco de España and INE.



For Latin America as a whole⁵ and most of its individual countries, the main source country for remittances by volume is the United States, with Spain a distant second (see Charts 2.a and 2.b). Spain is a particularly significant source country for South America, where it accounted for 15% of all remittances in 2023 and had considerable shares in countries such as Paraguay (62%), Bolivia (31%), Ecuador (16%) and Colombia (13%).

Latin America as the primary destination for remittances sent from Spain

Traditionally, Latin America has been the main destination for remittances sent from Spain, followed by Africa,⁶ which has consolidated its position in second place in recent years. In the last decade,⁷ approximately 60% of Spanish remittances were sent to Latin America (see Table 1). Within the broader region, South America has been the main destination for remittances, accounting for 42% of the total sent from Spain in 2023 (consistent with the predominance of

⁵ This article covers all Latin American countries: Mexico, Central America, South America and the Caribbean.

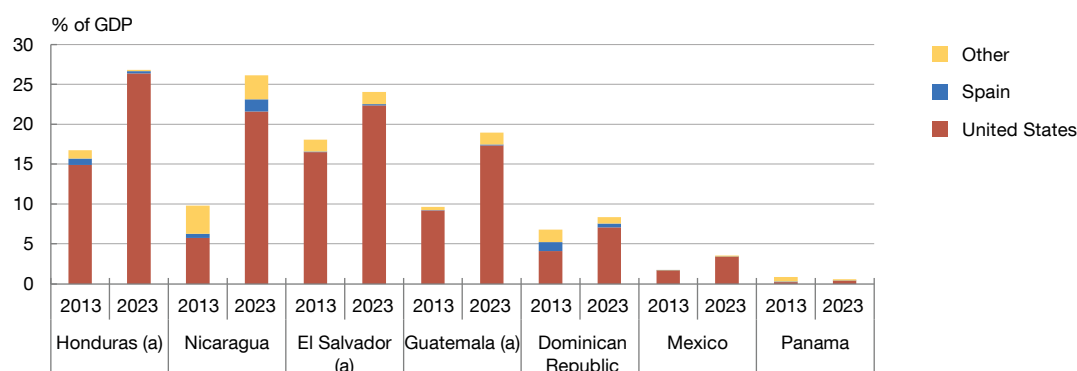
⁶ Morocco is Africa's main recipient country and the second largest destination in terms of all remittances sent from Spain, with 13% of the total.

⁷ The remittance data published by the Banco de España, with a breakdown by destination country, are available from 2013.

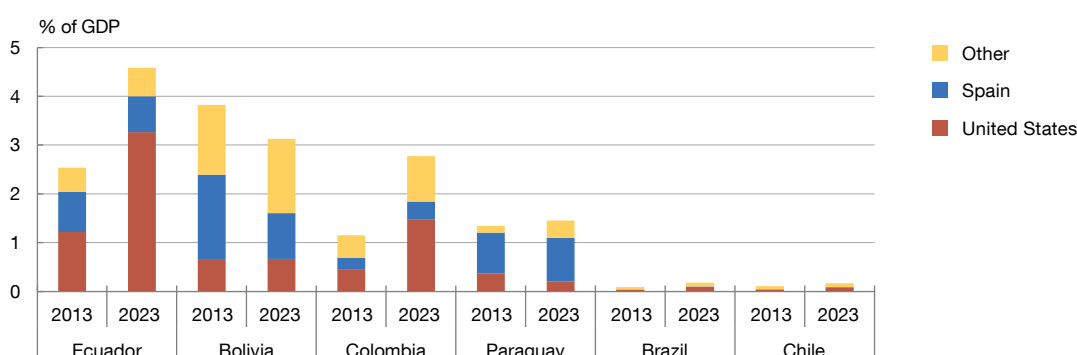
Chart 2

Main countries of origin for remittance receipts in Latin America (2013-2023)

2.a Central America, Dominican Republic, Panama and Mexico



2.b South America



SOURCES: National sources and World Bank.

a The breakdown for 2013 by remitter country has been obtained considering the percentage distribution by country based on the estimates published by the World Bank.



South Americans in Spain's immigrant population), although its share has declined from the 49% recorded in 2013. The share of total Spanish remittances sent to Central America and the Dominican Republic (CAPDR)⁸ has grown from 11% in 2013 to 15% in the post-pandemic years. This underlines the area's growing relevance as a source of migratory flows to Spain, driven by various agreements signed with CAPDR countries.⁹ Conversely, Mexico's share in total payments has held below 0.5% during this period, while that of the rest of Latin America has also grown, although it amounted to barely 1% in 2023.

Seven of the ten main destination countries for remittances from Spain are Latin American, led by Colombia (Table 2), which in the last decade has emerged as the top recipient, in step with the increase in the number of Colombians aged over 15¹⁰ resident in Spain. Its relative share of

⁸ The CAPDR region includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic.

⁹ See Box 3, "An overview of immigration from Central America, Panama and the Dominican Republic to Spain" in *Report on the Latin American economy. Second half of 2023*.

¹⁰ Although the minimum working age in Spain is 16, the National Statistics Institute's (INE) population figures and censuses provide data by five-year age brackets (in this case, the 15-19 age group).

Table 1

Distribution of remittances sent from Spain, by geographical area and volume

%

	2013	2019	2023	2013-2023 average	2013 (% of GDP)	2023 (% of GDP)
South America	49.0	43.0	41.7	42.4	0.3	0.3
CAPDR (a)	11.3	15.1	15.1	14.6	0.1	0.1
Rest of Latin America	0.5	1.2	1.0	1.1	0.0	0.0
Africa	13.0	19.0	22.8	19.0	0.1	0.2
EU	14.5	9.8	6.9	10.6	0.1	0.0
Other	11.7	11.1	12.5	12.3	0.1	0.1
Total	–	–	–	–	0.6	0.7

SOURCES: Banco de España and INE.**a** Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

Table 2

Distribution of remittances sent from Spain, by destination country and volume

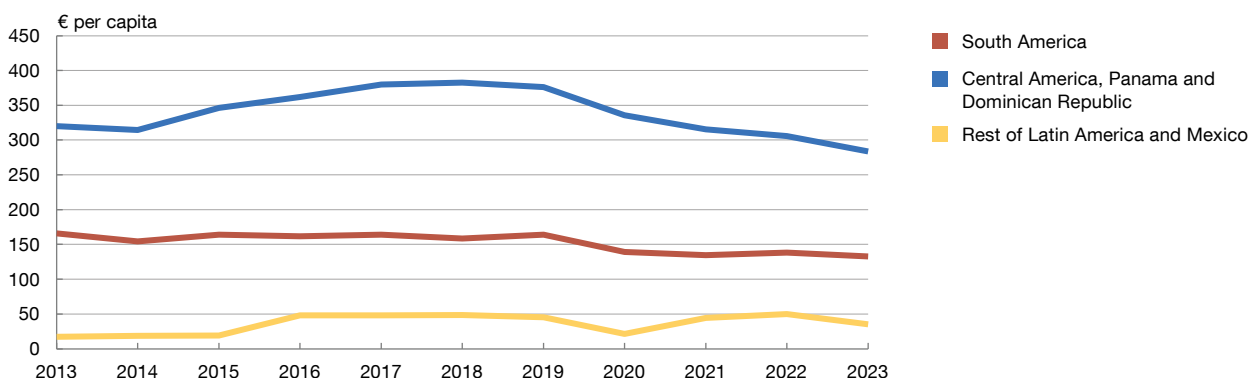
%

	2013	2019	2023 (a)	2013-2023 average	2013 (% of GDP)	2023 (% of GDP)
Colombia	13.2	13.7	14.7	13.0	0.08	0.11
Morocco	7.4	9.3	13.1	10.2	0.04	0.09
Ecuador	13.1	10.6	8.6	10.5	0.08	0.06
Dominican Republic	6.7	7.2	6.4	7.0	0.04	0.05
Peru	4.2	4.2	4.9	4.1	0.02	0.03
Honduras	2.1	4.8	4.9	4.0	0.01	0.03
Bolivia	8.6	5.9	4.8	6.3	0.05	0.03
Paraguay	4.7	4.4	4.7	4.4	0.03	0.03
Pakistan	2.0	3.4	4.4	3.6	0.01	0.03
Senegal	2.8	5.1	4.1	4.2	0.02	0.03
Romania	7.9	5.2	2.9	5.5	0.05	0.02
Nicaragua	1.7	3.0	2.8	2.6	0.01	0.02
Other	25.5	23.2	24.0	24.5	0.15	0.17
Total	—	—	—	—	0.60	0.72

SOURCES: Banco de España and INE.**a** The data for 2024 will be published on 14 April 2025.

remittances to Latin America was 25% in 2023 (€1.5 billion), followed by Ecuador, which receives 15% (more than €900 million in 2023), reflecting its status as the second-largest foreign nationality residing in Spain. The third destination is the Dominican Republic (11% of remittances), which is the largest recipient in Central America and the Caribbean, with close to €700 million in 2023. Lastly, Peru and Honduras received around €520 million in remittances from Spain in 2023. Money transfers to both these countries have grown significantly in recent years. In the last decade, transfers to Honduras have risen more than threefold in real terms, while in Peru their annual growth rate was close to 20% in 2022 and 2023.

Chart 3

Average monthly remittance per capita (a)**3.a Average monthly remittance per capita sent to Latin America in real terms**

SOURCES: Banco de España and INE.

a The average monthly remittance per capita is calculated as the ratio between annual remittances sent to each region divided by twelve and the labour force resident in Spain for each region (by country of birth).



Developments in the average remittance

Remittances to these countries have grown proportionally more, in nominal terms, than the Latin American labour force residing in Spain. However, the rise in inflation after the pandemic meant that the average monthly amount sent by workers¹¹ decreased somewhat in real terms (Chart 3). Specifically, adjusting for inflation, the average monthly remittance sent to CAPDR fell from €320 per capita in 2013 to €284 per capita in 2023.¹² The average monthly remittance sent to South America is lower; between 2013 and 2019 it held stable at around €162 per capita but fell to €133 in 2023. Moreover, there is considerable heterogeneity within this sub-region.¹³ For instance, on average, remittances to Mexico between 2013 and 2023 amounted to less than €100 per month in real terms.

In any event, as a proportion of their average earnings,¹⁴ the average monthly remittance sent by Latin American immigrant workers in Spain has remained unchanged (at around 8%).¹⁵ And this

11 Calculated as the ratio between the total annual volume of remittances sent to a given country and the labour force born in that country working in Spain, divided by 12. This ratio differs to a greater or lesser extent from the average monthly amount actually sent, depending on the number of workers who send remittances to their country.

12 Costa Rica, Nicaragua and Dominican Republic are above the aggregate, with monthly amounts of €343, €335 and €307, respectively, while Honduras, Guatemala, Panama and El Salvador stand below, with €272, €220, €140 and €138, respectively.

13 For Argentina, Chile, Venezuela and Uruguay, the volume of remittances is very low compared with the population resident in Spain, and the average remittance is less than €50 per month. By contrast, the average remittance per capita is around €200 in the following countries: Bolivia (€237), Colombia (€199), Ecuador (€183), Peru (€146), and significantly higher in Paraguay (€344).

14 According to the data on average annual earnings per worker in the INE's Structure of Earnings Survey (EES, by its Spanish abbreviation). This calculation is based on the economic sectors that employ at least 1% of Latin American workers in Spain, which encompass over 80% of the Latin American labour force resident in this country.

15 According to the surveys conducted by the Inter-American Development Bank (IDB), the remittances sent by Latin American immigrants account for between 6% and 23.2% of their wages, depending on their country of origin. See René Maldonado and Jeremy Harris. (2024). "Remittances to Latin America and the Caribbean in 2024. Diminishing rates of growth". Technical note, IDB-TN-3050, Inter-American Development Bank. This report also notes that the longer immigrants stay in the host country, the less money they tend to send to their country of origin. This owes to a number of factors, such as their economic integration and

Table 3
Latin American labour force resident in Spain. Sector of employment (a)

%	2013	2019	2023	2013-2023 average
Administrative and support serv.	7.9	7.1	7.9	7.5
Health and social work	7.2	9.2	8.5	7.9
Trade	13.5	14.0	12.6	12.6
Construction	5.2	7.5	10.1	7.3
Hospitality	14.3	18.1	15.4	16.8
Manufacturing	6.6	7.4	8.4	7.5
Domestic service	23.7	14.1	13.4	17.2
Transportation and storage	3.4	5.0	6.2	4.7
Other	18.2	17.5	17.6	18.5

SOURCE: LabourForce Survey (INE).

a Data provided by the Labour Force Survey for Argentina, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela.

in a context in which Latin American workers residing in Spain have, over the last decade, been moving to better paid sectors.¹⁶ Construction is one of the sectors that has gained relative weight, with an increase of almost five percentage points in the last decade, to account for 10% of the Latin American labour force in Spain in 2023 (Table 3). In addition, the percentage of Latin American workers in the transportation and storage sector doubled between 2013 and 2023, from 3% to 6%. Conversely, the proportion of Latin American workers in domestic service has dropped significantly.¹⁷ A similar trend, albeit less pronounced, was observed in the hospitality and retail sectors following the pandemic.

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greater financial obligations in the host country, and, in some cases, improved economic conditions in the country of origin, which reduces the need for remittances. According to [United Nations](#) data, remittances sent account for around 15% of immigrants' earnings. The [latest available survey](#) on Latin American immigrants in Spain (2015) shows that 69% of those resident in this country sent money home. On this assumption, if 69% of Latin American residents sent remittances to their countries in 2022, these would account for 11% of their average earnings.

16 According to the INE's 2022 EES, the average annual earnings per worker in the transportation and storage, construction and hospitality sectors totalled €27,354, €25,419 and €16,275, respectively.

17 This has been particularly pronounced in countries like Bolivia, El Salvador, Guatemala, Honduras, Nicaragua and Paraguay, where the proportion dropped from around 65% in 2013 to 40% in 2023.