

2-26-1997

Mexican Citizens Moved Nearly US\$7 Billion to Foreign Banks in 1995, 1996

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Mexican Citizens Moved Nearly US\$7 Billion to Foreign Banks in 1995, 1996." (1997).
<https://digitalrepository.unm.edu/sourcemex/3707>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Mexican Citizens Moved Nearly US\$7 Billion to Foreign Banks in 1995, 1996

by LADB Staff

Category/Department: Mexico

Published: 1997-02-26

According to a report published by the Banco de Mexico (central bank) in mid-February, Mexican residents sent a total of US\$6.9 billion to overseas banks in 1995 and 1996. The report said capital flight coincided with Mexico's economic crisis, which followed the devaluation of the peso in December 1994. According to the report, the amount of money that left Mexico in 1995 and 1996 which were the first two years of President Ernesto Zedillo's administration was 40% higher than the capital flight reported during the last two years of the previous administration. Furthermore, the report said total deposits by Mexican nationals in overseas banks increased by about US\$11.9 billion between 1993 and September 1996. Roughly one-third of that total was deposited between the end of 1995 and September 1996.

Mexican residents in US also increase remittances to Mexico While capital was flowing to foreign countries from Mexico, there was also an influx of money from the US. A new report from Mexico's telegraph agency (Telecomunicaciones de Mexico, TELECOMM) estimates that the amount of money sent by Mexican nationals residing in the US has more than doubled since 1994, reaching about US\$4 billion annually by year-end 1996. According to financial market specialists, the increase can be attributed in part to the expansion in money-transfer options available to Mexican nationals residing in the US.

TELECOMM, which at one time was virtually the only option available for money transfers, now faces competition from banks and other wire-transfer companies. An agreement, for example, between Mexican appliance company Elektra and US-based Western Union is providing a novel alternative for money transfers. The Elektra-Western Union agreement, which has been in place since 1994, allows consumers in the US to transfer money to friends and relatives in Mexico via connections between Western Union offices in the US and Elektra outlets in Mexico (see SourceMex, 02/09/94).

Because of the increased choices, wire transfers of money from the US to Mexico are expected to increase to about US\$6.5 billion by the year 2000, up from the current US\$4 billion annually. According to Telecommm spokespersons, the two busiest days for money transfers from the US to Mexico are Mothers Day and Dec. 12, when Mexicans commemorate the appearance of the Virgin of Guadalupe. (Sources: The News, 10/06/96; La Jornada, 02/10/97)

-- End --