

Nicaragua: The Specter of Controls over Family Remittances

By Ivan Olivares (Confidencial)
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Greater surveillance increases the risk that money will come in through informal routes



Western Union office. File photo: lavozdelsandinismo.com

HAVANA TIMES – One day last March, ‘Emiliana’, a 36-year-old Nicaraguan living in a city on the Pacific Coast, went to one of the agencies that receives and processes remittances from abroad, to pick up \$70 that had been sent to her. She was only able to receive the money after two days of paperwork and an interrogation in which she was even asked about her religion.

“They had sent us the money to help somebody in the group, who is sick. A contact in Spain got \$50 for us, and somebody in Costa Rica contributed \$20 more,” she told *Confidencial*, without revealing the names of those who were helping the sick person.

She went to the branch office that day, thinking that it would be a “normal withdrawal”. But to her surprise, they made her fill out a form requiring her to provide a great deal more information than one would think necessary: who does she live with? What is her marital status? Religion? The names of her parents? “Why would

I have to provide so much personal information, just to receive a little money?" she asked, but she still doesn't know.

The staff at the branch office called the central office in Managua, making her wait nearly another hour, and in the end told her that she had to bring in a letter explaining her relationship with someone she had sent \$20 to in Guatemala a year ago, "while right next to me somebody received \$700, without being asked a single question".

"I asked them why so much paperwork, and they told me that the system had issued an alert. Alert for what? I asked, and they told me that it could be a fraud alert." In the end, they let her leave with the first \$50.

More paperwork

This behavior coincides with the warning by some banking experts on the rules issued by the Financial Analysis Unit (UAF).

"Throughout the region there are regulations similar to this one that force (these agencies) to pass information to the Financial Analysis Unit, but in Nicaragua that raises suspicions that the UAF is functioning as a political police force, making people feel insecure knowing that there is an entity which may be using the information for espionage purposes. The UAF should not be used as an auxiliary of the Police or State security, as they have another purpose," said the expert.

Although at that time there was still more than a month before the new rules would officially take effect, 'Emiliana' was subjected to the same kind of scrutiny that many remittance recipients may begin to experience.

She returned the next day with the letter they asked for. At that point, the employees "made another call, and made me waste a lot of time." In the end, she received the remaining 20 dollars, and left with the warning that each time she made a similar transaction, she would have to repeat the process all over. Shortly after that, she was sent \$100 for her birthday, and asked that it be put in the name of someone else in her family, who was able to receive the money without problems.

Looking for other ways

The UAF regulations, which oblige agencies to report any remittance of \$500 or more, could force those who send money to Nicaragua to look for alternative ways to assist their relatives, without being subject to the regime's supervision.

"There will be people who do not want to be subjected to the scrutiny of the regime', said the expert quoted above, who added that they will hardly stop sending money to their families. "What might happen is that they will send amounts under the UAF threshold, but they will not stop sending." In his opinion, people might start sending

the money with a relative, or someone else traveling to Nicaragua, as long as they do not have to give explanations to anyone.

In similar terms, Nicaraguan political scientist Manuel Orozco, researcher with the Inter-American Dialogue, wrote in an op-ed for *Confidencial*:

“The consequences of this regulation against remittances are multiple, and one is that they will have a tendency to influence informal channels, especially among those who fear being watched, or who feel intimidated by the very act of being under the magnifying glass of a repressive state,” he warned.

The Nicaraguan economy is highly dependent on remittances — in 2018, families received US \$1.5 billion in remittances from outside of the country. They are essential for the economy to function.