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# **Chopping Away At The Levels In Poverty In Brazil Through Cash Transfers**

If you were to ask a financial expert to explain the importance of money transfers into Brazil just a few years ago, they probably would have laughed in your face. But nowadays, many Brazilians migrate to places like Japan, Germany and the United States, and their families become depend on them for financial support.

Today, over 1.9 million Brazilians reside in other countries and wire cash regularly to Brazil. In 2007, formal remittance was estimated at \$2.8 billion, while Inter-American estimate the number at \$5.8 billion through both formal and informal corridors, making Brazil the second largest benefactor of transfers to Latin and South America.

Sadly, the tracking of remittance corridors was difficult to estimate up until this point. With the high fees banks charge and with the distrust people have with slower mail courier service methods, informal corridors quickly became the popular new way to wire cash.

Recently however, with more people choosing ATM remittance cards, it has become much easier to track informal corridors. Poverty-stricken families usually receive anywhere from \$400-\$600 and the debit cards greatly help avoid high fees, allowing more of the money to go to the poor recipients. And not only does this has a massive impact on declining poverty levels in the country, it also assists experts in tracking exactly where the funds go.

It is estimated by Nationmaster that in 2005, 31% of Brazilians lived below the poverty line, ranking the country at number 11. At the time it was also estimated that over 50% of all those receiving the transferred money used it for items such as food and shelter. Many others put the money toward furthering their education, investments and also for building up their credit score.

Remittance remains one of the biggest factors contributing to a declining poverty level in Brazil. Many people are unaware of the massive impact, but when the fees are low, the poverty in Brazil also goes down, and when transfers are down, it has a clear impact on poverty levels. Experts even suggest that people send money more often because of the rise in migration.

Even despite the effort by money experts to analyze remittance, information will be vague until more people use the methods more regularly. But now with remittance challenging internet companies, costs have lowered and the possibility of informal corridors becoming obsolete is more real then ever.

Those analyzing money transfers to Brazil must not only look into economics " they must also study politics and sociology, learn how to strengthen the economy and also look into the informal corridors.

With the rise in money transfers to Brazil, poverty levels have seen a decrease, and unlike in the past the gap between the rich and poor is narrowing. All those suppressed races, cultures or genders are unaware that all the money sent into the country is really more like an investment into their homeland.

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