

Migration, Family Remittances, Assets and Skills Categories in Bangladesh



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Cover photo: A Bangladeshi labour migrant returns from Saudi Arabia. His whole family welcomes him back at ZIA International Airport in Dhaka. © IOM 2007/Bashir Ahmed SUJAN

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Foreword

Remittances sent by migrant workers play a very important role in economic growth and development in Bangladesh, just like everywhere else in the world. They are the second largest foreign currency earner in the country and their significance is increasing annually as labour migration increases. Remittances have already changed the livelihoods of rural communities, with tremendous impact on rural development and rural infrastructure in the country. However, there is evidence that portions of this hard-earned income is spent in some unproductive sectors due to lack of financial literacy and proper planning in the utilization of remittances.

IOM Bangladesh commissioned a study to understand the relationship between remittances, asset-building and economic development, which is of great relevance for countries with economies tied to labour migration. The report analyses this context as it pertains to Bangladesh and specifically explores whether migrants' job skills are a variable that influences the extent to which remittances impact household asset-building strategies. Based on its findings, the report outlines recommendations that directly connect remittances to development through gender-responsive asset-building and job-training strategies. The report also incorporates a gender perspective throughout its analysis and recommendations to address gender differences in asset ownership, household decision-making and financial vulnerability among remittance receivers.

Remittances have created a new dimension in the economic development of the country. Timely and appropriate initiatives from the Government of Bangladesh can rectify the problems related to remittance flow and utilization. IOM wishes that the findings and recommendations of this report will support the Government and other stakeholders in improving the contribution and utilization of remittances across different skills categories.

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Acronyms

BBS	Bangladesh Bureau of Statistics
BHRS	Bangladesh Household Remittance Survey
BRAC	Bangladesh Rural Advancement Committee
GCC	Gulf Cooperation Council
MoEWOE	Ministry of Expatriates' Welfare and Overseas Employment
RSP	remittance service provider
SUR	Survey on the Use of Remittance

Executive summary

Remittances, one of the most important economic indicators in Bangladesh, affect almost all the macroeconomic indicators of the country positively. It plays a vital role in the development of the country. Bangladesh was the third highest recipient of remittances in South Asia in 2018 and eleventh highest recipient globally according to the World Bank, and remittance flow into the country is growing day by day due to the increase in emigration from Bangladesh. Around 0.7 million Bangladeshi workers migrate every year, which has increased the scope of investment of migrant workers in the country. Though the investment is increasing, there is no planned remittance arrangement. Most of the hard-earned foreign currency is spent where no financial gain or income comes from it. In 2009, IOM Bangladesh conducted the Household Remittance Survey (hereinafter BHRS 2009), and in 2013, the Bangladesh Bureau of Statistics (BBS) conducted the Survey on the Use of Remittance (SUR 2013), which both formed the basis for this IOM 2019 study on family remittances. The BHRS 2009 covered over 10,000 migrant worker households and was a milestone research project that facilitated a greater microlevel understanding of the utilization and impact of remittances. The areas it focused on were:

- Determining the volume, destination and share of remittances in total household income;
- Profiling of migrants including their socioeconomic situation, gender and age, among others;
- Trends on migration patterns and remittance channelling and utilization.

Therefore, between 2009 and 2019, IOM further conducted an extensive study to provide a comparative, gender-based perspective on trends in migration and remittance transfers. The specific objectives of the study were to understand the following aspects:

- The migration cycle and the socioeconomic background of migrants and remittance-receiving households;
- Remittance transfer determinants, channels and associated costs;
- Remittance household impact across different skills categories;
- Costs of migration, and income earned abroad.

This study further investigated gender-differentiated patterns regarding remittances received, skills and assets.

This study involved four methodology components, namely survey interviews with remittance-receiving households; quantitative analysis of 2009 and 2019 survey data from IOM; interviews with policymakers and representatives from civil society, academia and the private sector; and analysis of best practices and benchmarks worldwide. The survey was conducted in March 2019 among 1,000 households in Bangladesh that received remittances, and survey questions explored the sociodemographic characteristics of remittance-receiving households and remittance senders, the costs of migrating and asset ownership among these households.

The study has revealed some findings that help to draw few recommendations. Some findings are as follows:

- Bangladeshi female migrants, though much fewer in number, generally remit more than male Bangladeshis working in the Gulf Cooperation Council (GCC) region. In 2019, the GCC countries were a more frequent destination among women (85.7%) than men (72.8%).
- Dhaka and Chattogram divisions had the highest concentrations of most remittance-receiving households in both 2009 and 2019 (76.1% and 75.8%, respectively).
- Data from the 2019 survey suggests that household heads in remittance-receiving households in Bangladesh have become increasingly feminized and most household heads are now women (65%).
- Although the percentage of male migrants with a high school education increased from 7.4 per cent to 21.9 per cent during this period, in 2019, nearly 80 per cent of male migrants had no more than secondary education.
- The 2019 survey data demonstrates that half of migrants worked as employees for a firm or company (49.2%) and nearly one quarter (26.2%) were labourers, of whom 14.0 per cent were hired on a daily basis and found themselves in a precarious situation in terms of income stability, while 12.2 per cent had a time-based contract and 15.3 per cent worked in construction.
- Differences in migrants' skills somewhat affect the quantity of remittances received and other decisions.
- Findings confirm that female remittance recipients are more financially vulnerable than male recipients.

Bangladesh has aimed to modernize its economy, and its policymakers consider migration as part of a job and wealth generation strategy. Some recommendations are drawn that connect the findings of the report to help policymakers in finding the best ways to align facts with policy to benefit the country. Few recommendations are stated below:

- Inform and educate financial institutions and remittance service providers (RSPs) about the gender dimension of migration dynamics;
- Create a working group on gender, remittances and financial inclusion formed by RSPs, civil society, governments and international organizations;
- Offer gender-responsive financial education to migrants and remittance recipients;
- Market gender-responsive financial products to and for the principal beneficiaries;
- Implement financial inclusion partnerships that are gender sensitive between RSPs and payout institutions;
- Conduct workforce training for men and women.

Recognizing the nexus between remittances, asset-building, economic development and gender is of great relevance for countries with economies that are largely tied to labour migration. It is important to target most of the policy recommendations on strengthening these groups' base of financial and human capital. As the report shows, financial independence is tied to remittances and is furthermore important for female recipients.

Section 1: Background

1.1. Introduction

Bangladesh has emerged as a major labour-sending country with around 0.7 million Bangladeshi workers migrating every year mostly concentrated in the Middle East and the Arab countries. Each year, around 2 million youth join the labour force of Bangladesh, while about 200,000 new workers are absorbed into the formal job sector. The rest find jobs in the informal sector or become self-employed, and a large section of them remain unemployed and underemployed. In 2019, remittances, along with exports, played a key role in supporting the Bangladeshi economy.¹ Bangladesh was the ninth highest recipient of remittances in 2018 at USD 15.9 billion, ranking third in South Asia – after India whose remittance amounted to USD 79.5 billion and Pakistan with USD 20.9 billion – according to the World Bank. However, the analysis of the nexus between remittance and development, despite drawing substantial interest of scholars globally, is largely focused on macroeconomic aspects while more detailed information on the underlying mechanisms at the household level is scarce.

In 2009, IOM Bangladesh conducted the Bangladesh Household Remittance Survey (BHRS 2009),² and in 2013, the Bangladesh Bureau of Statistics (BBS) conducted the Survey on the Use of Remittance (SUR) – both of which formed the basis for this IOM 2019 study on family remittances. BHRS 2009 covered over 10,000 migrant worker households and was a milestone research project that facilitated a greater microlevel understanding of the utilization and impact of remittances. The areas it focused on were:

- Determining the volume, destination and share of remittances in total household income;
- Profiling of migrants including their socioeconomic situation, gender and age, among others;
- Trends on migration patterns and remittance channelling and utilization.

¹ World Bank, *Bangladesh Development Update: Tertiary Education and Job Skills* (Dhaka, 2019).

² The Bangladesh Household Remittance Survey 2009 (BHRS 2009) was prepared under the IOM project Improved Utilization, Tracking and Understanding of Remittance Services. BHRS 2009 collected much needed information regarding remittance channelling and utilization patterns.

The IOM BHRS 2009 went beyond remittance utilization to dig deeper into a complete tracking of migration cycle activities and actors. The survey shows the following:

- Migrant worker households in Bangladesh produce higher education outcomes and have better access to health care, water and sanitation, and nutrition.
- The improved purchasing power of migrant households have a positive impact on local market structures, as remittances in Bangladesh support domestic consumption.
- Despite the wide recognition of the importance of migrant worker remittances for the development of Bangladesh, policymakers and development partners do not seem to engage in informed, coordinated and collaborative interventions towards better migrant-centred remittance management in Bangladesh.
- There is limited opportunity to utilize remittances in productive sectors of the economy, and the use of financial products targeted at remittance recipients is also limited.

The BHRS data (2009) provided helpful guidance for policy measures and remittance-linked product development in Bangladesh to promote pro-poor economic growth, improve access to transfer services and help reduce the cost of remitting money.

The Bangladesh Bureau of Statistics (BBS) subsequently conducted the Survey on the Use of Remittance 2013 (SUR 2013). This study provided insights into the characteristics of remittance-receiving households and the remittance utilization pattern on a national scale. Based on the IOM BHRS 2009 and the SUR 2013, there was however a need to assess how remittance utilization has evolved over time, through trend analysis of proposed survey results which in turn would enable more targeted interventions to influence or lead to more productive use of remittances as well as better financial inclusion and literacy prospects.

Therefore, between 2009 and 2019, IOM further conducted an extensive study to provide a comparative, gender-based perspective on trends in migration and remittance transfers. The study aimed to gather empirical evidence on the impact

of remittances on asset-building and wealth generation in Bangladeshi remittance-receiving households and whether skills or occupations are a differentiating variable affecting remittance impact. The specific objectives of the study were to understand the following aspects:

- The migration cycle and the socioeconomic background of migrants and remittance-receiving households;
- Remittance transfer determinants, channels and associated costs;
- Remittance household impact across different skills categories;
- Costs of migration, and income earned abroad.

This study further investigated gender-differentiated patterns regarding remittances received, skills and assets.

Section 2: Methodology

The methodology employed to generate the findings and recommendations involved four components, namely survey interviews with remittance-receiving households; quantitative analysis of 2009 and 2019 survey data from IOM; interviews with policymakers and representatives from civil society, academia and the private sector; and analysis of best practices and benchmarks worldwide.

This analysis is based on the following data sources:

- BHRS 2009, commissioned IOM Bangladesh;
- BHRS 2019, commissioned by IOM Bangladesh for this report;
- Data on remittances and payout locations collected by the consultant.

2.1. Survey interviews with remittance-receiving households

This methodological component involved commissioning a survey of 1,000 Bangladeshi households³ that received remittances at the time of the survey, selected from a list of families provided by the BBS. The survey was conducted in March 2019, and survey questions explored the sociodemographic characteristics of remittance-receiving households and remittance senders, the costs of migrating and asset ownership among these households. The questions also allowed for analysing whether households that received remittances from skilled migrants exhibited higher asset-building capability than those that received remittances from unskilled or low-skilled migrants.

Questions were designed to be comparable with BHRS 2009 so that patterns and trends between 2009 and 2019 could be analysed.

2.2. Quantitative analysis of 2009 and 2019 survey data

The quantitative analysis was based on the 2009 and 2019 BHRS data conducted by IOM Bangladesh. Two analytical samples were defined: heads of household in remittance-receiving households and migrants that send remittances. Sample sizes are as follows:

- (1) Household heads in households that received remittances
 - (a) 2009: 10,062 (5,577 men; 4,485 women)
 - (b) 2019: 1,000 (348 men; 652 women)

³ The households were selected through data obtained from the Bangladesh Bureau of Statistics (BBS).

- (2) Migrants that sent remittances
 - (a) 2009: 11,809 (11,612 men; 197 women)
 - (b) 2019: 1,000 (979 men; 21 women)

This methodological component involved two phases. The first phase employed univariate and bivariate methods to analyse variables such as changes in the sociodemographic characteristics of remittance-receiving household heads, the costs of migration and ownership of financial assets between 2009 and 2019. The 2009 and 2019 BHRs were the primary data sources and evidence from qualitative interviews was used to corroborate findings and inform analysis. The univariate methods involved averages, graphs and comparing percentage distributions across categories, whereas bivariate methods utilized cross-tabulations across subgroups and time periods.

The second phase of the analysis built on the first phase and incorporated bivariate techniques as well as multivariate methods such as multiple regression and logistic regression models. This second phase focused specifically on variables such as understanding the relationship between migrants' skills, the annual amounts remitted, the financial assets they owned and their investments in non-financial assets like education. It also explored the role remittances played in households' financial vulnerability and financial independence as a means of informing policy interventions favourable to development.

2.3. Qualitative interviews with experts

Interviews were conducted with experts from the central government, civil society, academia, and the private sector to gain key information on the migration cycle and the country's and government's challenges, priorities, needs and aims. This evidence helped round out the report's quantitative findings by corroborating or providing further insight into the patterns and behaviours detected. Interviews were also undertaken to ensure that the study's results aligned with Bangladesh's policymaking agenda (evidence-based policymaking).

2.4. Analysis of best practices for linking remittances and development

The final methodological component involved collecting, systematizing and analysing information with reference to global best practices relating to leveraging remittances for development through asset-building. This component focuses on the nexus between asset formalization in the local economy and investments in human capital (such as education).

Asset-building strategies may require differentiated strategies depending on national contexts. The resulting analysis therefore was tailor-made to serve as the basis for designing the development model presented in the recommendations for Bangladesh. In addition, the project researched good practices that can be replicated in Bangladesh as a means of strengthening the proposed model's development impact.

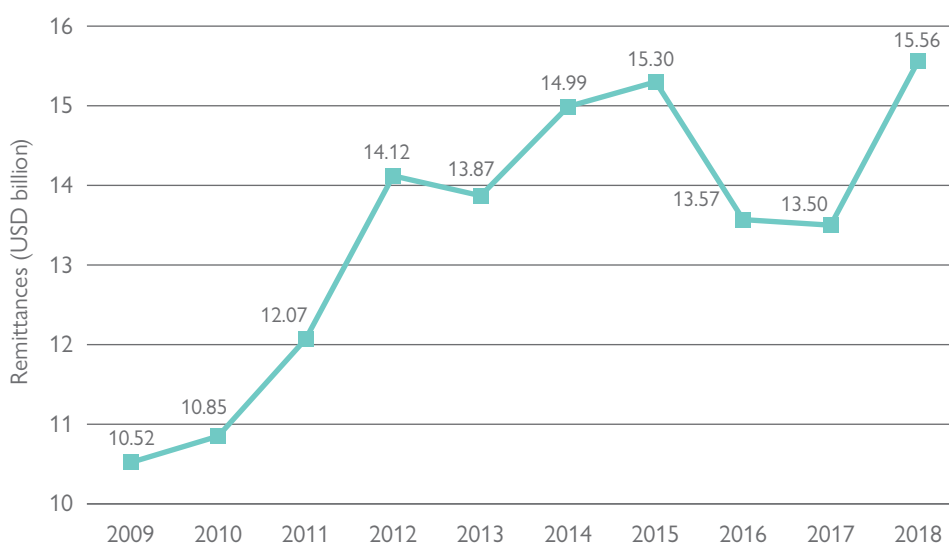
Section 3: Findings

3.1. The migration cycle

3.1.1. Migration destinations

Migration in Bangladesh established several clear trends during the 2009–2018 period. Between these years, there was a general upward trend in remittance flows, which rose from USD 10.52 billion in 2009 to USD 15.56 billion in 2018, and sharp dips were observed in 2015 and 2016, as indicated in Figure 1.

Figure 1. Personal remittances received in Bangladesh, 2009–2018



Source: World Bank, Remittance Prices Worldwide. Available at <https://remittanceprices.worldbank.org/en/about-remittance-prices-worldwide>.

Based on IOM survey results from both periods, top remittance senders' destinations are Gulf Cooperation Council (GCC) countries, followed by Malaysia. Survey data from 2019 shows that GCC countries continue to be the destination for most migrant remittance senders (73.1%), with Saudi Arabia and the United Arab Emirates being the primary destinations within the GCC region (see Table 1). Migrants to GCC countries also remit a larger amount each year than those in Malaysia. The 2019 survey also suggests that Bangladeshi female migrants, though much fewer in number, generally remit more than male Bangladeshis working in the GCC region. In 2019, GCC countries were a more frequent destination among women (85.7%) than men (72.8%).

Table 1. Migration destinations among Bangladeshi remittance senders by region and country, 2019

Region and country	Total
GCC countries	73.1%
United Arab Emirates	16.3%
Saudi Arabia	27.7%
Other GCC countries	29.1%
Non-GCC countries	26.9%
Malaysia	15.1%
Rest of the world	11.8%
Total (all countries)	100.0%

Source: IOM, BHRS 2019.

3.1.2. Migration life cycle

The average life cycle for migration in Bangladesh is similar in 2009 and 2019, with most migrants having moved abroad five years prior and no more than 10 years. According to the 2019 survey data, the majority (77.1%) moved abroad no more than 10 years prior to the time of the survey. Slightly over half of migrants (55.3%) who lived abroad in 2019 had migrated no more than five years prior to the survey (2014–2019). The life cycle of international migration for Bangladesh in 2009 shows a similar pattern that 61.4 per cent of migrants moved abroad within five years of the survey and 82.6 per cent did so within 10 years.

Recent data on migration trends in Bangladesh's migration-intense districts, such as Dhaka, Munshiganj, Sylhet, Noakhali, Shariatpur, Tangail, Narsingdi and Cumilla, among others, sustains this finding and suggests that current migrants may extend their stay to two to three more years. In these districts, international migrations lasted an average of six to eight years.⁴

A second cyclical aspect of the migration life cycle is the composition of the replenishment stock, with the younger generations of migrant families themselves becoming migrants and entering the workforce.⁵ A migration expert from the Bangladesh Rural Advancement Committee (BRAC) has explained that this cycle continues because migrants' children do not receive higher education and do not become professionals. As a result, they migrate abroad as unskilled and low-skilled workers like their parents did.

⁴ This trend is according to an interview with Mr Zahid Hussain, PhD, from World Bank Bangladesh.

⁵ This is from interviews with Mr Hussain from World Bank Bangladesh and Mr Shariful Islam from the Bangladesh Rural Advancement Committee (BRAC).

3.1.3. *Women and the migration cycle*

While men continue to represent most Bangladeshi migrants, there is an increasing trend towards the incorporation of women into Bangladesh's migration cycle albeit still at a low rate, accounting for only 2 per cent of Bangladeshi migrants according to the 2019 survey. However, interviews with experts from the World Bank and BRAC indicate that women are joining the replenishment stock at an accelerated pace. In earlier years, women represented no more than 2 per cent of the total national migration stock but this is as much as 16 per cent of all migrants in certain regions of the country. As a result of the increase in female migration in recent years, government officials from the Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE) argue for differentiated efforts in addressing female migration, including through cultural recognition of the importance of women's migration.

3.2. Migration as an income-generation strategy

The understanding of elements that sustain migration's cyclical role in household income-generating strategies in Bangladesh, such as motivations, remittance sending and the labour market conditions in places of origin, was analysed.

3.2.1. *Motivations for migration*

As Table 2 shows, in both 2009 and 2019, economic hardship and the need for money was the main factor driving migration for nearly all migrants. This confirms the role of international migration as an income-generation strategy for Bangladeshi households. Although female migrants showed a greater tendency to migrate for family reunification in 2009, this difference was not detected among survey respondents in 2019. This shift may indicate a growing view that migration presents an opportunity for women to contribute to household income during tough economic times, regardless of whether their spouses have migrated or not. It is also consistent with the fact that women who migrate to join family abroad are drawn from the relatively small pool of migrants who move to non-GCC countries. As mentioned previously, migration to non-GCC countries tends to be permanent, and men bring their wives and families once they are established in the destination country.⁶

⁶ Information is from interviews with Mr Hussain from World Bank Bangladesh and Mr A.F.M. Ataur Rahman, PhD, from North South University.

Table 2. Motivations for migrating, 2009 and 2019

Motivation for migrating	2009			2019		
	Total	Male	Female	Total	Male	Female
Economic hardship/ Needed money	93.4%	93.5%	88.3%	99.6%	99.6%	100.0%
Searching for new opportunities	5.2%	5.2%	4.1%	0.0%	0.0%	0.0%
To study	0.7%	0.7%	0.0%	0.2%	0.2%	0.0%
To join a relative/ spouse	0.2%	0.1%	5.6%	0.1%	0.1%	0.0%
Other	0.5%	0.5%	2.0%	0.1%	0.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

Migrants' skill sets and the occupations they hold are important for understanding the economic motives behind most international migration. The report explores these skills in a later section.

3.2.2. Place of origin

Information about migrants' places of origin suggests that migration is a household, income-generation strategy primarily for households located in districts with structural labour market imbalances.

Migrant-sending areas are not widespread across the country. Instead, they are concentrated in two administrative divisions: Dhaka and Chattogram. According to the survey data presented in Table 3, these two divisions had the highest concentrations of most remittance-receiving households in both 2009 and 2019 (76.1% and 75.8%, respectively).⁷ Furthermore, the percentage of overall migration originating in each district has remained stable over time.

⁷ The overall distribution of remittance-receiving households in Bangladesh corresponds closely to actual remittance payout locations (see the section on determinants of remittance transfers, channels and associated costs).

Table 3. Divisions where remittance-receiving households are located, 2009 and 2019

Division	2009	2019
Dhaka	36.9%	38.8%
Chattogram	39.2%	37.0%
Sylhet	5.5%	11.0%
Rajshahi	9.0%	4.3%
Khulna	6.5%	3.5%
Mymensingh*	n.a.	3.5%
Barisal	2.9%	1.9%
Total	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

Notes: 1. Divisions are ranked according to 2019 percentages.

2. *Households in Mymensingh division were not surveyed in 2009.

3.3. Characteristics of migrants and remittance-receiving households

This section analyses the sociodemographic characteristics of remittance-receiving households, their household heads and a member who sends remittances. It also examines the extent to which these profiles changed between 2009 and 2019. This analysis sets the stage for understanding how the traits characterizing Bangladesh's remittance-receiving households influence income-spending and asset-building, particularly regarding remittances.

3.3.1. Characteristics of remittance-receiving households

3.3.1.1. Average annual household income

The following section analyses changes in remittance-receiving households' annual income between 2009 and 2019. As outlined in Table 4, the average household income during this period increased 5 per cent annually, excluding remittance income. Specifically, in 2009, remittance-receiving households reported an average annual income of USD 961 without remittances. Adding in average annual remittance income of USD 1,494 raised the average household income to USD 2,455 for the same year. In 2019, the average annual household income increased to USD 1,577 excluding remittances and reached USD 3,667 after including remittance income. This equates to a 4 per cent annual increase in the total household income including remittances between 2009 and 2019.

Table 4. Average annual income in remittance-receiving households, 2009 and 2019

Category	2009	2019	Annual increase
Income without remittances	USD 961	USD 1 577	5.0%
Total income including remittances	USD 2 455	USD 3 667	4.0%

Source: IOM, 2009 and 2019 BHRs.

3.3.1.2. Household size

Remittance-receiving households are relatively large and had an average of nearly 5 members (4.6) in 2019. Although the average number of members decreased from 6.6 in 2009, household heads continue to shoulder the burden of supporting several members. Findings presented in Chapter 4 of the report demonstrate how remittance dependence emerges in receiving households as a strategy for sustaining such large households.

3.3.2. Characteristics of the household head in remittance-receiving households

The household heads of remittance-receiving households are largely spouses of migrants or mothers and fathers or migrants' children. Most household heads are women, most of whom are housewives and often tend to be unemployed. Men represent a much smaller percentage of household heads. Many are over 60 years old and those who work are engaged in agriculture or as labourers. However, nearly one third find themselves outside the workforce due to unemployment or retirement.

3.3.2.1. Gender composition

Between 2009 and 2019, household heads in remittance-receiving households in Bangladesh became increasingly feminized. In 2009, this role was distributed almost equally between men and women, with 55 per cent of remittance-receiving households being led by men and 45 per cent by women (see Table 5).

Data from the 2019 survey suggests that this has shifted, and most household heads are now women (65%). This shift may be associated to many factors, one may be the growth of labour exports as an economic policy that evolved in the early 2000, after the passage of the Emigration Rules and the Overseas Employment Policy, and the dramatic increase in labour export from the mid-2000 to the present. Specifically, as largely male migration increases in volume, female-headed households increase. The increase in female-led households has implications for gender gaps in financial inclusion and financial vulnerability, as explained later in this report.

Table 5. Gender distribution of household heads in remittance-receiving households, 2009 and 2019

Gender	2009	2019
Male	55.0%	35.0%
Female	45.0%	65.0%
Total	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

These changes indicate a shift towards greater feminization of household headship. Between 2009 and 2019 the proportion of remittance senders who recognized themselves as the husbands of the household heads increased substantially relative to other kinship relationships.

3.3.2.2. Workforce participation and occupations

In remittance-receiving households, the proportion of female household heads who participated in the workforce was minimal. In 2009, 5.3 per cent of these women reported working, and in 2019, this figure is estimated at 1.2 per cent. The large majority are housewives or have reported being unemployed (see Table 6). A considerable proportion of male household heads also found themselves outside the workforce due to unemployment and retirement in 2009 and 2019 (30.4% and 39.4%, respectively).

Table 6. Workforce participation of household heads in remittance-receiving households, 2009 and 2019

Workforce participation	2009			2019		
	Total	Male	Female	Total	Male	Female
Working	40.9%	69.6%	5.3%	21.9%	60.6%	1.2%
Not working	59.1%	30.4%	94.7%	78.1%	39.4%	98.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

According to the occupational distribution for 2019 detailed in Table 7, although men participate in the labour market at higher levels than women, approximately one fifth (22.2%) are unemployed. Those who do work are primarily engaged in low-income occupations in agriculture and the informal economy.

Table 7. Occupations among household heads in remittance-receiving households, 2009 and 2019

Occupation	2009			2019		
	Total	Male	Female	Total	Male	Female
Businessperson	10.5%	17.4%	1.9%	4.1%	11.6%	0.0%
Employee/Labourer	0.4%	0.4%	0.4%	2.2%	4.5%	0.9%
Agriculture worker	21.6%	38.3%	0.9%	13.3%	38.1%	0.0%
Construction worker	0.7%	1.2%	0.0%	0.6%	1.7%	0.0%
Teacher	1.1%	1.8%	0.3%	0.4%	0.9%	0.2%
Retired*	n.a.	n.a.	n.a.	5.6%	12.8%	1.8%
Housewife	40.2%	1.9%	87.8%	63.2%	2.3%	95.8%
Unemployed/Not working	18.5%	28.0%	6.7%	8.3%	22.2%	0.9%
Professional	4.2%	6.7%	1.1%	0.2%	0.6%	0.0%
Student	0.4%	0.5%	0.2%	1.0%	2.3%	0.3%
Other	2.4%	3.9%	0.6%	1.2%	3.1%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

Notes: 1. *This category was not included in the 2009 survey.

2. Percentages do not add up to 100% due to rounding.

3.3.3. Characteristics of migrants who send remittances

The gender analysis presented shows that remittance senders are predominantly men and migrants of both genders are generally in their young to mid-range working years, that is, early forties. Engaging in paid work is a nearly universal characteristic of migrants and most are employed in low-skill, low-income occupations such as day labourers, drivers and handymen in the destination countries. After demonstrating that men represent nearly all migrants, the remainder of this section focuses on the characteristics of male migrants only.

3.3.3.1. Gender composition

Bangladeshi migrants and remittance senders are overwhelmingly male. According to the survey data summarized in Table 8, in 2009 and 2019 respectively, 98.3 per cent and 97.9 per cent of remittance senders were men.

Table 8. Gender composition of remittance senders, 2009 and 2019

Gender	2009	2019
Male	98.3%	97.9%
Female	1.7%	2.1%
Total	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

Although women migrate at much lower rates than men, their participation in remittance sending grew by 2.4 per cent between 2009 and 2019. These numbers are somewhat different from women's actual participation in migration, which is estimated to represent between 2.1 per cent and 16 per cent of the total migration stock and grew at a rate of approximately 10 per cent over the last decade. The BRAC migration expert explains that the volume of female migration varies across the country, and these differences may be associated with female migration patterns that differ from the typical migrant distribution, as the majority prefer closer destinations such as GCC countries and Malaysia.

3.3.3.2. Education levels

Most male Bangladeshi migrants interviewed had no more than a secondary education. Survey data documents this characteristic of Bangladeshi migrants for both 2009 and 2019 (see Table 9). Although the percentage of male migrants with a high school education increased from 7.4 per cent to 21.9 per cent during this period, those that only had a secondary education remained the majority in 2019. As shown in Table 9, in 2019, nearly 80 per cent of male migrants had no more than a secondary education.

Table 9. Highest levels of education among male remittance senders, 2009 and 2019

Level of education	2009	2019
Never attended	9.2%	11.6%
Primary	26.2%	26.3%
Secondary	51.2%	37.9%
High school	7.4%	21.9%
College and above	5.3%	2.3%
Other	0.7%	0.0%
Total	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

3.3.3.3. Workforce participation and occupation prior to migration and during migration

Considering the role of provider assigned to men in Bangladeshi society, a notable percentage of Bangladeshi male migrants in 2009 were unemployed before migrating, reemphasizing the economic needs that motivate migrations in Bangladesh (see Table 10). Their jobs were concentrated in the same low-income occupations that provide work for male heads of household back home in Bangladesh.

Table 10. Occupations prior to and during migration among male remittance senders, 2009 and 2019

Occupation	Prior	During	
	2009	2009	2019
Businessperson	25.1%	41.2%	3.9%
Employee/Labourer	2.5%	39.8%	49.2%
Agriculture worker	22.8%	8.1%	2.3%
Construction worker	3.1%	6.0%	15.3%
Teacher	0.6%	0.0%	0.1%
Retired*	0.0%	n.a.	0.0%
Housewife	0.2%	0.0%	0.0%
Unemployed/Not working	20.6%	0.9%	0.4%
Professional	10.4%	1.4%	0.0%
Student	8.5%	0.0%	0.3%
Other	6.2%	–	2.4%
Missing/Don't know	0.1%	–	–
Labour (daily basis)	–	–	14.0%
Labour (contractual)	–	–	12.2%
Total	100.0%		

Source: IOM, 2009 and 2019 BHRs.

Note: *This category was not included in the 2009 survey.

Table 11 outlines the occupations in which male migrants were working at the time the survey data was collected. In 2019, half of migrants worked as employees for a firm or company (49.2%) and nearly one quarter (26.2%) were labourers, of whom 14.0 per cent were hired on a daily basis and found themselves in a precarious situation in terms of income stability, while 12.2 per cent had a time-based contract and 15.3 per cent worked in construction.

Table 11. Occupations among male remittance senders during current migration, 2009 and 2019

Occupation	2009	2019
Businessperson	41.2%	3.9%
Employee/Labourer	39.8%	49.2%
Agriculture worker	8.1%	2.3%
Construction worker	6.0%	15.3%
Teacher	0.0%	0.1%
Retired*	n.a.	0.0%
Housewife	0.0%	0.0%
Unemployed	0.9%	0.4%
Professional	1.4%	0.0%
Student	0.0%	0.3%
Labour (daily basis)*	n.a.	14.0%
Labour (contractual)*	n.a.	12.2%
Other	1.2%	2.4%
Don't know	1.4%	0.0%
Total	100.0%	100.0%

Source: IOM, 2009 and 2019 BHRs.

Notes: 1. *These categories were not included in the 2009 survey.

2. Percentages do not add up to 100% due to rounding.

3.4. Determinants of remittance transfers, channels and associated costs

3.4.1. Determinants of channels for remittance transfers and associated costs

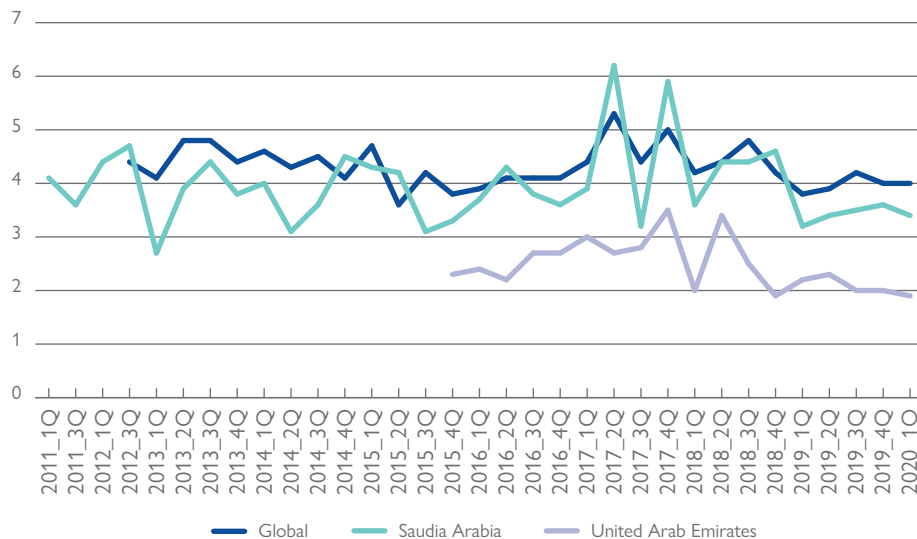
Sending money home depends on the presence of a set of intermediary mechanisms that permit a smooth transfer. These mechanisms include money transfer operators working with agents in countries of origin and destination to ensure payment occurs, a compliance monitoring mechanism against money laundering, and a wide range of transferring services. In the case of Bangladesh, remittance transfer mechanisms have been relatively competitive. This is because money transfer operators are present throughout the country, there are several competitors and transfer costs are below global costs.

Remittance transfer cost, the cost of sending money to Bangladesh, is however expensive relative to personal income. This expense makes a dent on a Bangladeshi migrant's budget. Although the transfer cost is lower than for other countries, it is

expensive relative to a migrant's purchasing power. This cost represents 2 per cent of a migrant's monthly income. Considering other expenses, such as food, mobile phone and other utility payments, the transaction is expensive.

The next section focuses on data from Saudi Arabia and the United Arab Emirates, as there are millions of Bangladeshi migrants in the GCC countries and the GCC region is a very critical corridor especially for low-skilled female migrants. Sending an average of USD 200 back to Bangladesh from Saudi Arabia and the United Arab Emirates costs USD 6 and USD 4 per transfer, respectively. Figure 2 shows the 2011–2019 trends in the share of the total remittance amount that transfer costs represent.

Figure 2. Percentage costs of sending USD 200 to Bangladesh from the countries in the Gulf Cooperation Council, 2011–2019



Source: World Bank, Data Bank, World Development Indicators. Available at <https://databank.worldbank.org/indicator/>.

These transfer fees may be priced given the operating costs associated with money transfer in Bangladesh. The prevailing agent-based business model requires that agents receive a commission per transaction, and the remaining portion of the fee is used for regulatory compliance, marketing, client services and management. The model is cost efficient but still clients cannot afford it, and payment technologies are expensive and not accessible to senders or recipients. Therefore, most of these transfers are handled by six money transfer companies: four that originate predominantly in Saudi Arabia and two in the United Arab Emirates. Table 12 provides more detail about all remittance transfer companies, including the number of cash pickup locations and the market share of each service provider, and the percentage costs for a USD 200 remittance.

The number of remittance pickup locations dramatically increased from 15,928 in 2012 to 111,664 in 2019. The expansion of remittance service providers and remittance pickup locations reflects growing competition as well as greater efforts to reach clients and make cash pickup locations as close as possible.

Table 12. Remittance service providers, number of cash pickup locations in Bangladesh and percentage costs of transfer to Bangladesh, 2019

Remittance service provider	Number of cash pickup locations	Market share	Percentage cost of sending USD 200	Corridor
Al Zamil Exchange	14 834	13%	2.99%	Saudi Arabia
Al Rajhi Bank	12 319	11%	2.98%	Saudi Arabia
WorldRemit	11 846	11%	4.87%	United Arab Emirates
Xpress Money	11 691	10%	2.78%	Saudi Arabia
UAE Exchange	11 677	10%	1.99%	United Arab Emirates
Western Union	11 246	10%	2.94%	Saudi Arabia
RIA	9 433	8%	3.92%	United States
Money Gram	6 694	6%	3.25%	Saudi Arabia
Xoom	5 916	5%	n.a.	United States
Samba	5 220	5%	4.12%	Saudi Arabia
Telemoney	3 883	3%	3.23%	United Arab Emirates
Remitly	3 482	3%	1.5%	United States
Enjaz Banking Services	3 423	3%	2.94%	Saudi Arabia

Source: Cash pickup locations data collected by the author; World Bank Pricing Database, 2019.

Another important feature in the remittance transfer market is the presence of a wide-ranging set of financial banking and non-banking entities that pay out remittances and handle USD 15.56 billion in payments to families. Ninety per cent of all transfers are paid out through banking institutions and the rest by a mix of entities (see Table 13). Nearly 20 per cent of all payout locations are handled by more than 300 entities, the large majority of which are non-banking financial institutions such as foreign exchange bureaus.

Table 13. Remittance payout partners and number of cash pickup locations in Bangladesh, 2019

Remittance payout partner	Number of cash pickup locations	Market share
Xpress Money	23 382	20.9%
Sonali Bank	12 030	10.8%
Western Union	11 246	10.1%
Agrani Bank	9 530	8.5%
Janata Bank	8 181	7.3%
Bangladesh Krishi Bank	6 216	5.6%
Transfast	3 588	3.2%
Pubali Bank Limited	3 311	3.0%
Rupali Bank Ltd.	2 840	2.5%
Islami Bank Bangladesh	2 373	2.1%
Uttara Bank Ltd.	1 880	1.7%
BURO Bangladesh	1 396	1.3%
BRAC Bank	1 302	1.2%
Dutch Bangla Bank	1 288	1.2%
National Bank Limited	1 230	1.1%
Social Islami Bank Limited	1 085	1.0%
Other payers	20 786	18.6%

Source: Cash pickup locations data collected by the author.

Remittance payout partners are also ubiquitous. Operations across the country show a concentration of payments occurring near the urban settings, including the capital city of Dhaka (see Table 14). A significant number of remittance pickup locations are found across the country, especially considering the size of Bangladesh, and the nationwide nature of remittance payments offers an opportunity to strengthen financial access in those locations.

Table 14. Distribution of remittance pickup locations by district

District	Number of cash pickup locations	Market share
Barishal	6 133	5.5%
Chattogram	23 742	21.3%
Dhaka	35 704	32.0%
Khulna	12 705	11.4%
Mymensingh	5 274	4.7%
Rajshahi	12 034	10.8%
Rangpur	7 891	7.1%
Sylhet	8 181	7.3%
Total	111 664	100.0%

Source: Cash pickup locations data collected by the author.

Note: Percentages do not add up to 100% due to rounding.

3.5. Migrants' skill levels as a determinant of remittances

Statistical analysis demonstrates that differentiated migrant skills affect remittances. Table 22 summarizes these results. Importantly, when looking at the relationship between the annual amount remitted and migrant skills, as well as other possible determinants, the effect of skills is positive and statistically significant. An increase in skills categories increases the amount remitted by BDT 21,655.

Similarly, increases in income and skills categories are correlated with the amount remitted. This finding offers important cues regarding the relevance of continuing efforts in strengthening migrants' skill base. Interviews conducted with BRAC support this finding by noting that the economic return on migration is lower in Bangladesh than in countries with a skilled migrant workforce because the amounts that unskilled and lower-skilled workers remit are much lower than those sent by skilled workers.

3.6. Remittances, asset-building and impact across different skills categories

As discussed in the literature review, analysing remittances in relation to economic development involves understanding the role of remittances vis-à-vis household income and asset generation. Among the factors achieving economic independence

are owning liquid savings, having a bank account, having disposable income, having knowledge of money management and having earnings above the cost of living.

This section of the report delves into these issues as they pertain to Bangladesh.

This section focuses on income among remittance recipients, the profile of these recipients and the extent to which migrants influence day-to-day spending decisions. It also explores whether differences in skills are reflected in the amounts received.

- The main finding is that income dependence on remittances is substantial but not overwhelming. Some groups are more dependent than others. Three main groups of individuals capture 90 per cent of all remittance recipients: female spouses of migrants; mothers of migrants; and fathers of migrants. Female spouses are among those with the fewest assets.
- Another finding is that migrants do have a say on expenditure, but they are not the main decision makers regarding how income is spent.
- Finally, differences in migrants' skills somewhat affect the quantity of remittance received and other decisions.

3.7. Income and remittances in remittance-receiving households

Within the Bangladesh context, remittance recipients exhibit patterns of remittance dependence that are similar to the findings in the contexts of other nationalities.

First, among Bangladeshis with relatives abroad, nearly half of the household income is based on remittances – that is, households do not depend exclusively on remittances, but 2019 survey data and interviews with BRAC and World Bank experts confirm that these resources are an important part of the household income because they help cover basic expenses such as food and health care. The report explores these issues in greater detail in later sections.

Second, remittance-receiving households' income, including remittances, puts this population group in the top 10 per cent of the country's income ladder. Third, three groups make up most remittance recipients: spouses of migrants (48%); mothers of migrants (17%); and fathers of migrants (26%). Regarding their occupations, the spouses and mothers are housewives, and the fathers are either unemployed or retired. Fourth, migrants are not the main decision makers when it comes to spending and, in many cases, they share decisions over household expenditures.

The average income dependence on remittances is 55 per cent. The fathers of migrants depend on remittances for 52 per cent of the household's total income. Although fathers have the highest income of the three groups being compared,

their responsibilities as the head of household are also the greatest because, on average, they take care of six people. However, dependence on remittance income is greater among women than men, regardless of whether this difference is analysed by looking at housewives or mothers. The immediate impact of remittances is that they increase the household income by at least 100 per cent and lifts households to a more comfortable position on the society's income ladder.

The spouse as a remittance recipient exhibits quite a low annual income of less than USD 100 (excluding remittances). That income is typical to the country's average per capita GDP and is slightly above the lowest 20 per cent of the population, that is, the household's earnings are also above the median income. The remittance received by the husband, for instance, increases the spouse's household income three times and puts the household on the fourth 20 per cent of the income ladder.

Mothers of migrants earn a household income equivalent to the second 20 per cent of the population. Once remittances are added, their income doubles to an amount like that of migrants' spouses and moves their position to the fourth 20 per cent of the income ladder (see Table 15).

Table 15. Income among remittance recipients and comparison to income distribution

Reported household income (2019)				
	Total household income (BDT)	Income (excluding remittances) (BDT)	Income dependence on remittances	Household size
Housewife	94 467	109 833	62%	4
Other occupation	320 801	53 417	52%	6
Spouse (female) of a migrant (48%)	99 033	92 381	68%	4
Father of a migrant (26%)	15 327	53 858	52%	6
Mother of a migrant (17%)	98 954	31 450	55%	5
Average income	308 205	132 569	57%	

Income distribution in Bangladesh (2016)		
	Personal income (BDT)	Household income* (BDT)
Income share held by highest 10%	284 997	569 994
Income share held by highest 20%	220 129	440 258
Income share held by fourth 20%	113 786	227 578
Income share held by third 20%	85 606	171 212
Income share held by second 20%	65 932	131 864
Income share held by lowest 20%	45 727	91 454
Per capita income	106 342	–

Source: IOM, 2019 BHRS.

Note: *Assuming two income earners live on the same amount.

3.8. Asset-building and gender in remittance-receiving households

This section looks at financial asset ownership and its implications for financial vulnerability in remittance-receiving households. It also explores differences according to the gender of the household head (see Chapter 2 for discussion of gender gaps related to ownership of financial assets).

Financial product ownership among remittance recipients is relatively low. As outlined in Table 16, most household heads only own one or two financial products. The most owned products are a checking account and a loan taken out while seeking foreign employment. Although most household heads own a checking account, most of them do not have other types of products like a savings account. No more than 40 per cent of recipients have a savings account; in fact, the percent of people with loans to migrate abroad for work is higher than those with savings accounts in Bangladesh. Those with other types of financial product such as a mortgage, an insurance or other types of loan are generally below 10 per cent.

Table 16. Financial products owned by remittance recipients

Financial product	Remittance recipient's relationship to the migrant		
	Wife	Father	Mother
Bank account (current account)	84.6%	88.4%	85.5%
Loan while going on foreign employment	42.3%	49.0%	47.9%
Savings account	38.8%	41.0%	34.5%
Stock of savings	BDT 29 422	BDT 46 026	BDT 37 300
Life insurance	16.0%	12.7%	18.2%
Mortgage	8.3%	12.7%	6.1%
Deposit certificate	8.6%	5.2%	4.8%
Health insurance	3.3%	4.0%	3.6%
Debit card	3.9%	3.6%	4.2%
Credit card	0.9%	0.8%	0.0%
Student loan	0.0%	0.0%	0.0%
Consumer loan	0.4%	1.2%	1.8%
Small business loan	0.9%	4.8%	4.2%
Home or mortgage loan	0.4%	1.6%	0.0%
Migrant insurance	1.1%	0.4%	0.6%
Retirement fund	0.2%	2.0%	1.2%

Source: IOM, 2019 BHRS.

The number of financial assets a head of household owns is related to the household's level of financial vulnerability. The low levels of financial product ownership increase remittance recipients' financial vulnerability because they lack resources to cope with external shocks or to build other assets, such as investments in fixed assets. Wives and mothers, who are typically housewives, appear to be more financially vulnerable than fathers. For example, 1 in 10 fathers of migrants have a mortgage as opposed to only 1 in 20 wives and mothers. Moreover, the stock of savings is

one tenth the average amount a migrant borrows to work abroad.⁸ Table 17 shows a breakdown of the degrees of financial vulnerability⁹ among the main groups of remittance recipients.

Table 17. Financial positions of remittance recipients

Remittance recipient's relationship to the migrant	Financially vulnerable	Semi-vulnerable	Financially stable	Financially robust	Median age
Wife	34.2%	38.6%	20.9%	6.3%	32
Father	29.2%	38.3%	26.3%	6.2%	58
Mother	36.5%	35.7%	25.2%	2.6%	51
Other	30.6%	38.4%	25.5%	5.6%	52

Source: Author's calculations using data from the IOM 2019 BHRs.

These findings confirm that female remittance recipients are more financially vulnerable than male remittance recipients, with migrants' mothers being the most vulnerable group followed by migrants' wives. That is, these women do not have savings, savings accounts, income above the median or real estate property (their own home). In relation to skills, they also typically have low educational attainment and are housewives (see Chapter 1 of the report). Therefore, remittance-receiving households led by women, particularly migrants' mothers and also migrants' wives, have greater financial vulnerability than those headed by migrants' fathers.

From a policy perspective, this population should be the target of development intervention for savings generation, savings formalization, and debt management as measures that mitigate vulnerability and support a path towards financial independence. This approach is important because, as shown earlier in the report, household heads who are migrants' mothers tend to be middle-aged and with lower chances of accessing a job or investing.

8 M. Al Amin, In a vicious cycle of poverty, migrant workers struggle to pay off loans, *Dhaka Tribune*, 24 November 2018. Available at www.dhakatribune.com/bangladesh/migration/2018/11/24/in-a-vicious-cycle-of-poverty-migrant-workers-struggle-to-pay-off-loans.

9 Financial position is measured by identifying whether a person has resources to provide a financial base to leverage them for asset-building. Four key factors that ensure a financial base include owning a savings account, possessing real estate, having savings above the median (BDT 20,000) and having an income above the median. Financially vulnerable are those who do not meet any of those four criteria. Financially stable are people who meet two criteria, while financially robust are those who meet all four factors.

3.9. Decisions about remittance spending and investment

The analysis presented in the previous section establishes that remittance-receiving households are typically financially vulnerable, especially those headed by women. This section looks at whether migrants influence the way their family members manage their incomes and particularly how they manage remittance transfers. These findings shed light on the role migrants play in encouraging asset-building through savings and investments and set the stage for analysing whether their skills are further related to their households' asset-building activities.

When remittance recipients were asked who decided on how to spend remittances, there are differences over time. Table 18 details these differences by survey year and, for 2019, the remittance receiver's relationship to the migrant. In 2009 the household head was the main decision maker, whereas in 2019 the decision shifted to a joint affair. One reason may be that these joint decisions more often prevail among married couples than other types of relationship (66%). For example, 47 per cent of the household heads who are migrants' mothers are involved in joint decisions on how remittances are spent.

Table 18. Decision-making on remittance expenditures

Decision maker	Percentage		Remittance recipient's relationship to the migrant, 2019		
	2009	2019	Wife	Mother	Father
Household head	69.9%	33.0%	29%	52%	26%
Migrant	1.6%	3.8%	6%	1%	3%
Jointly	22.8%	63.2%	66%	47%	71%
Other family member	4.2%	0.0%			
Total	100.0%	100.0%			

Source: IOM, 2009 and 2019 BHRs.

Note: Percentages do not add up to 100% due to rounding.

However, it is also important to point out that 40 per cent of remittance senders have asked their relatives to spend the money on certain goods or services. Migrants typically request that the money be used for loan payments. Notice that female recipients (mother or wife) are asked to spend on health care and education rather than use the money for loan payments to a greater extent than fathers.

Table 19. Migrants' requests on how to spend the remittances sent, 2019

Expense	Remittance recipient's relationship to the migrant		
	Wife	Father	Mother
Education	21.3%	16.7%	17.8%
Health care	26.4%	30.4%	28.0%
Loan payments	36.0%	42.6%	37.6%
Insurance payments	2.6%	0.5%	2.5%
Savings	4.6%	3.9%	1.9%
Marriage of family member	5.8%	2.9%	7.0%
Post-disaster maintenance	2.6%	2.0%	5.1%
Other	0.8%	1.0%	0.0%

Source: IOM, 2019 BHRS.

3.10. Asset-building, skills and gender in remittance-receiving households

This section looks at the relationship between remittance income, migrants' skills and asset-building in remittance-receiving households. It explores the relationship between skills, spending and investing in non-financial assets like education. Households that receive remittances often exhibit a higher propensity to save and invest, and, particularly, have a demand for education services for their children and themselves. The report finds this to be true for the Bangladesh context as well, with relevant differences by skill category.

Table 20 shows that the percentage of Bangladeshi recipients of remittances from skilled migrants spend more on education than those who receive this income from unskilled migrants. This is consistent with the link between skills and income levels presented in the literature. This greater spending is seen both in terms of the total amount spent on food relative to all household expenditures. Education expenses are the second priority after food.

Table 20. Household expenditures among remittance recipients by migrant skill category, 2019

Expenditure	Unskilled		Skilled	
	Amount (BDT)	Percentage	Amount (BDT)	Percentage
Food	4 954	54%	6 639	54%
Education	1 103	12%	1 650	13%
Health (medicines, doctor visits)	1 139	12%	1 461	12%
Entertainment	252	3%	506	4%
Savings	922	10%	811	7%
Utility services (phone, electricity, water, etc.)	561	6%	806	7%
Other expenses	283	3%	406	3%
Total	9 214	100%	12 279	100%

Source: IOM, 2019 BHRS.

However, survey data shows that when migrants intervene and request that money be allocated for a specific activity, skilled migrants do not ask for the income to be invested in educational expenses as much as unskilled migrants do. The difference may appear as counter-intuitive; however, skilled migrants send to households that already have higher incomes, and therefore, they can afford to spread the remittances across other activities. Unskilled senders tend to request that their money be used to pay loans. It is important to consider the fact that people's real experiences with budgeting are largely limited and their response to money management may appear subjective.¹⁰

Table 21 shows that migrants more often request spending on other types of expenses like celebrations such as marriage. Survey data also finds that a slightly higher percentage of skilled migrants than unskilled migrants ask that money be put in savings. The most important finding is that skilled migrants do not ask for money to be spent on loans as compared with unskilled migrants.

¹⁰ The author has worked in financial literacy programmes with more than 500,000 remittance recipient families in more than 15 countries worldwide. The statistical evidence shows that recipients do not budget; once trained on budgeting, their resources are managed independently and without intervention from migrants.

Table 21. Requests for remittance expenditure on investments among skilled and unskilled migrants

Type of investment	Unskilled	Skilled
Educational expenses	43.6%	34.2%
Health-care expenses	62.2%	55.3%
Loan interest or payment	84.2%	63.2%
Insurance payments	5.4%	0.0%
Savings	8.4%	10.5%
Marriage of family member	11.2%	21.1%
Post-disaster maintenance	6.4%	5.3%
Other	1.5%	2.6%

Source: IOM, 2019 BHRS.

This higher investment among households that receive remittance from skilled migrants may stem from the fact that these households tend to exhibit higher income and receive higher amounts of remittances than those receiving remittances from unskilled migrants.

The study finds that highly skilled migrants send more money than less skilled migrants do, and this increases the income of remittance recipients' households (see Table 22). They are also migrants who have been away for longer periods of time than their unskilled counterparts; for example, wives of skilled migrants have received remittances for more than 10 years as compared with wives of unskilled migrants who have received remittances for just over 6 years.

Households that receive remittances from skilled migrants have a slightly higher income dependence on migrants than those receiving remittances from unskilled migrants. This could be attributed to the higher amounts of remittances being sent against earnings in Bangladesh.

Table 22. Remittance recipients, unskilled and skilled migrants, and income

	Remittance recipient's relationship to the migrant				
	Wife	Father	Mother	Other	
Unskilled	Recipient's household income (BDT)	277 895	298 486	282 219	296 690
	Income dependence on remittances	0.68	0.52	0.55	0.52
	Remittances per year (BDT)	177 037	149 504	147 207	150 009
	Months receiving remittances	78	49	55	54
Skilled	Recipient's household income (BDT)	474 353	451 522	402 500	421 875
	Income dependence on remittances	0.73	0.53	0.59	0.55
	Remittances per year (BDT)	296 500	249 138	241 130	237 143
	Months receiving remittances	139	54	92	74

Source: Author's calculations based on the IOM 2019 BHRS.

3.11. Remittances, asset-building and financial independence

Understanding remittances' impact on asset-building is a central issue about the economics of migration both on the household and national levels. The impact offers cues as to whether vulnerable remittance recipients can leverage this income as a means of achieving financial independence in the future and how the economy can better absorb these flows within the local economy's productive base. It is also consistent with questions regarding how remittances affect spending and whether skilled migration affects remitting.

When the role remittances play in households' financial independence is examined, the study finds that financial independence among remittance-receiving households increases as the amounts of remittances received increase and as the households set aside funds for savings.

Although the skill variable does not play a role in shaping financial independence, complementary analysis presented earlier indicates that a migrant's skills do matter. Being a skilled worker is statistically correlated with two variables that are statistically important in determining financial independence: higher remittance amounts and

being sent for a longer period. The earlier descriptive analysis suggests this statistical relationship. Therefore, the skill variable is captured within the scope of remitting and financial independence.

Research efforts such as these are important because there are few best practices, and just as Bangladesh has aimed to modernize its economy and its policymakers consider migration as part of a job and wealth generation strategy, finding the best ways to align facts with policy will benefit the country.

Section 4: Conclusions and recommendations

This section looks at previous efforts to link remittances to development and offers recommendations based on the findings presented in this report and that are connected particularly to asset-building.

4.1. Conclusions

Recognizing the nexus between remittances, asset-building, economic development and gender is of great relevance to countries with economies that are largely tied to labour migration. Development practitioners have attempted to focus programmatic efforts to introduce projects along those lines, but for the most part, they are not directly connected to how remittances intersect with development and assets. As Appendix A shows, part of the problem is that interventions are broad or untested.

Efforts targeting female recipients are key to leveraging remittances for development, according to experts. The reasons they cite align with the asset-building activities this report finds to be related to migrants' skills. For example, the World Bank data on microcredit clients shows saving rates to be higher among female entrepreneurs compared with the rates among males. Female respondents also invest more in their children's education, as this report indicates. Incomes from occupations typically performed by women abroad are higher than the incomes they would earn for performing the same jobs in Bangladesh.

Secondly, it is important to target most of the policy recommendations on strengthening these groups' base of financial and human capital. As the report shows, financial independence is tied to remittances and is furthermore important for female recipients.

To bridge the financial vulnerability and inclusion gap between women and men (especially those who are middle-aged or older) and strengthen the link between women's financial inclusion, remittances and household assets, it is important to consider formal dialogues, training, partnerships and technical support. These initiatives are a first-level approach to find symmetry between existing challenges and possible solutions and proportional responses to the challenge.

4.2. Recommendations

The following are recommendations that could have a positive impact on wealth generation, particularly when considering economies of scale and replicable, commensurable, and self-sustainable strategies.

Inform and educate financial institutions and RSPs about the gender dimension of migration dynamics.

It is important to inform and share data with the financial services industry about the financial conditions of the three and most salient groups – namely female spouses, mothers and fathers – and suggest ways and potentially financial products for companies to get involved in improving financial access. Workshops, conferences and training exercises with these companies and their partners (e.g. money transfer agents and back-end processing companies such as banks) would greatly enhance awareness and knowledge about women's specific needs and concerns.

Create a working group on gender, remittances and financial inclusion formed by RSPs, civil society, governments, and international organizations.

Along the lines of engaging the industry with greater knowledge about financial inclusion, it is important to establish a working group or a task force on financial inclusion, gender and migration.

The task force can encompass a wide range of players within the money transfer industry, the policy sector, international organizations, and academia to identify objectives, milestones and agreements to advance financial inclusion.

At the same time, it is crucial to involve governments, other national and international organizations, and the private sector in initiatives that are managed or initiated by development organizations that, as such, may depend on donors for funding. Their involvement is necessary to ensure long-term sustainability.

The MoEWOE, with executives from Probashi Kallyan Bank, can also provide information and incentives for families of migrants and for women to address their financial needs and ways to access financial institutions. Interviews with public officials from the Ministry point to their work in providing different kinds of orientations prior to a migrant's departure. Discussing financial management tools and guidance on how to enhance income and assets among remittance-recipient households before remittances are received will improve aspects of financial planning among households. Research of Probashi Kallyan Bank products and services shows a scope of work that can be expanded significantly through their branch operations and design of new differentiated products beyond loans.

Offer financial education to migrants and remittance recipients that are gender responsive.

Financial literacy for migrants and remittance recipients has proven to effectively improve asset-building activities. Remittance-receiving households often think short term when making spending decisions and often do not spend income to diversify assets, which reproduces their dependence on remittances as part of the day-to-day income.¹¹

One tested initiative with positive impacts for women is financial education. The Inter-American Dialogue's project on remittance recipients has shown that providing financial access to women contributes to their independence, especially among homemakers.

The financial advice formalizes savings of over 20 per cent of remittance recipients upon receiving assistance. Meanwhile, the Atikha Overseas Workers and Communities Initiative has implemented several initiatives geared to empower female migrant workers in Hong Kong, increasing knowledge and awareness of financial options and decisions.

Regarding the Bangladesh context, the experts interviewed for this report have recognized the efforts of the Government of Bangladesh to educate the public about the importance of opening a bank account and protecting themselves from fraud. However, representatives from some institutions encourage financial literacy and advising projects that specifically target remittance recipients and that promote savings and investment as strategies for reducing remittance dependence. Methodologies must be also be inclusive for non-literate and low-education beneficiaries, especially those targeting migrants' mothers. The high percentage of remittance receivers – both men and women – with bank accounts (see Chapter 4) suggests that government efforts to educate the general public about opening bank accounts have been effective. Expanding government financial literacy initiatives to target remittance-receiving households could, therefore, be an effective strategy for encouraging these households to adopt savings and investment practices.

Probashi Kallyan Bank can play an important role in supporting these initiatives. What matters, however, is not who to partner with but to ensure that an implementation of strategy focuses on specific targets that go beyond project results and demonstrates a development impact, it relies on economies of scale, it ensures self-sustainable mechanisms, its objectives are commensurable to the needs and strategies empower beneficiaries.

¹¹ This is according to an interview with representatives from BRAC.

Market financial products to and for the principal beneficiaries that are gender responsive.

Remittance recipients and migrants, and transnational households at large, have specific needs and demands for financial products. It is important to assess which products are linked to the rich findings of this study, as well as to introduce and market them to women in ways that support financial independence.

The working group should include commissioning experts to conduct such an assessment of needs and benchmarks for financial independence. These products may include insurance or specific savings products that could be differentiated by gender, such as products for female spouses, mothers and fathers of migrants.

The financial institutions interviewed for this report do not have differentiated products for this population. However, because economies of scale exist for the three main groups (at the very least 7 million households), it is important to design products and benchmarks for impact.

Along these lines, it is important to assess whether existing financial education workshops are currently producing effective results on financial household management. Banks interviewed for this project stressed that they conduct training sessions for prospective migrants. However, there are no clear indicators nor indications about the effectiveness or success of these efforts.

Promote financial inclusion partnerships between diaspora organizations and RSPs in the host country that are gender responsive.

One area of interest among diaspora organizations is promoting development for women in their homeland. One way to enhance their outreach is by partnering with financial institutions, including RSPs, to focus their efforts on financial inclusion for women, including financial education campaigns and workshops among migrants and/or their female family members/relatives.

Implement financial inclusion partnerships between RSPs and payout institutions that are gender sensitive.

Another way to ensure that financial institutions and RSPs have an impact on financial access is by becoming enablers of a financial services value chain, where senders and recipients can benefit from marketed financial products on both ends.

These RSPs and their payout partners already have agreements over their methods for payments and transfers. However, they could partner to introduce, market and promote specific financial products as a transnational bundle.

For example, cross-border bill payments are growing in demand among migrants to cover personal obligations in origin countries, or in addition to remittances, contribute to their relatives' financial obligations. Advertising their partnership would enhance awareness among migrants of the product options available to them.

| Conduct workforce training for men and women.

Skills are central to strengthen Bangladesh's economy. The labour force that returns can benefit with skills that can be adapted to the changing conditions in the country towards greater competitiveness. In interviews with a civil society organization in charge of programmes to help migrants gain skills before migrating, it was mentioned that the cycle of unskilled and low-skilled migration repeats itself because young people do not have access to a higher education that would allow them to become professionals in high-skilled occupations. One way to address this issue is to make higher education economically accessible for the youth from low-income households and introduce features that incentivize participation, especially among young women. These could include providing alternatives for the youth who must also work or do not live close to a school. On that note, this same civil society organization emphasized that good migration governance must include policies to ensure that migrants' children have access to education.

Similarly, most of the remittance recipients are spouses – homemakers – with limited education and skill levels, low financial access and are in the prime of their productive years. It is important to incorporate them into the labour force, considering the spouse's return and limited job prospects.

Workforce training for men and women would also help address the skill mismatch in the labour market associated with migration. Employers report that they do not find domestic workers and bring in migrant workers, while Bangladeshi workers report that they migrate because they do not find the right jobs in Bangladesh.¹² Expert recommendations from the World Bank suggest that investment in skill training so that workers are able to meet the needs of the domestic and international job markets would help address this mismatch. The efforts of the Government of Bangladesh to develop a national skill development authority with greater authority than the current council is an important step towards implementing such a policy.

Thinking about bridging the migration–development gap in the medium to long term, it is important to consider investments in education to acquire professional/higher education or new skills. This issue is particularly important for women considering the gender gap in professional education, as it was found that higher education

¹² This is from an interview with Dr Zahid Hossain from World Bank Bangladesh.

among women decreased between 2009 and 2019. Moreover, given the finding that those with skills are more likely to send more funds and somewhat increase spending on education, there seems to be a positive feedback between remittances, skills and education worth exploring further.

Appendix A: Review of development initiatives

The donor community has shown increasing interest in implementing development projects related to remittances since the early 2000s. Efforts have reflected a learning curve regarding the significance remittances have for economic and social development, as well as shifts in the donor community's practical interest in defining and determining the relationship between remittances and development.

For this section, over 200 mapped projects carried out by development organizations and that addressed economic activities associated with migration (remitting, donating, investing, etc.) were reviewed. Information on these projects spans a 15-year period that covers from 2000 to 2015. The majority of these projects focus on remittances and development as they relate to financial access issues. Very few deal specifically with the gender dimension of financial access. None deal with the interplay between gender and financial access as it relates to remittances. However, as it has been made clear in the previous sections, any policy intervention needs to consider a gender and asset-building approach.

Previous policy interventions

A total of 227 projects related to migrants' economic activities (e.g. remitting, donating, investing) were financed with development funds and implemented by a range of organizations.

The projects were selected based on the following four criteria:

- The funded project is directly connected to remittances, diaspora investment or philanthropy;
- Funds are partly but not entirely provided by the diaspora or remittance-related organizations;
- The project has either been finalized or is ongoing for at least nine months;
- The proposed project includes a development-related objective.

Over 50 per cent of the projects focused on activities related to financial access for remittance recipients (see Table 23). Twenty-eight per cent were diaspora investment initiatives and 6 per cent were dedicated to money transfer competition. Table 23 presents representative types of initiatives funded.

Table 23. Projects on remittances and development

Thematic focus area	Percentage of all projects
Enabling postal offices to offer remittances services	1.0%
Improving access to identity documents	2.7%
Improving money transfer system competition	5.7%
Increasing access to financial services (loans, payments, savings, etc.)	52.4%
Joint diaspora initiatives for wealth generation	28.2%
Philanthropic efforts	10.1%
Total	100.0%

Notes: 1. n=221.

2. Percentages do not add up to 100% due to rounding.

In most cases, these initiatives did not include a gender component. Table 24 identifies only 12 projects (out of 227) aimed at women. While six of these projects focused on women and microfinance in a high-emigration area, none of them were remittance specific. More importantly, in most cases, there were few lessons learned from such efforts.

Table 24. Remittance-related funded projects with a gender component

Type of initiative	Number of projects
No gender focus	215
Increase access to financial services (loans, payments, savings, etc.) for women	7
Philanthropic efforts	3
Joint diaspora initiatives for wealth generation	2
Total	227

Despite the limited scope of these projects, this report shows important issues that merit attention.

Appendix B: Key informant interviewees

Table 25. Key informant interviewees

Contact	Institutional affiliation	Position	Interviewed
Mr Shariful Islam	BRAC	Programme Head, BRAC Migration Programme	✓
Mr A.F.M. Aatur Rahman, PhD	North South University	Associate Professor, Department of Economics	✓
Mr Ahmed Munirus Saleheen, PhD	Ministry of Expatriates' Welfare and Overseas Employment	Additional Secretary	✓
Mr Abdul Wahab	Sonali Bank	Deputy General Manager (Division Head)	✓
Mr Md. Shams-ul Islam	Agrani Bank	CEO and Managing Director	✓
Ms Naiyar Afrin	Asian Development Bank	Associate Finance and Administration Coordinator	n.a. (communication was through email)
Mr Zahid Hussain, PhD	World Bank Bangladesh	Lead Economist/ Macroeconomics, Trade and Investment Team	✓



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