

Chapter 1 : Remittance advice

The other issue is that if you are sending money in places, for example, like Wyoming, the cost of sending remittances is far higher than sending it from California. So this issue is of major importance.

International migration, the movement of people across international boundaries, continues to be one of the most important issues of the global policy agenda for it generates enormous economic, social, and cultural implications in both sending and receiving countries. The report also acknowledges that almost one of every 10 persons living in developed countries is a migrant. The more developed regions receive each year about 2. The increase in the total number of migrants boosted the flow of formal remittances from migrants to their relatives in their country of origin as well. The remittance flow has doubled in the last decade, reaching billion US Dollars in , with billion US Dollars going to developing countries 2. It surpasses foreign aid and is the largest source of foreign capital for dozens of countries 3. Historically, migration was considered and used as a last resort to maintain a moderate living standard which was deemed impossible to acquire in origin countries, and at the time it successfully responded to significant labor needs of the destination countries. Then, migrants had no difficulty to find jobs in host countries. However, economic, demographic and political developments coupled with the mounting concerns over the future of labor supply have renewed the attention of policy-makers on labor migration issues once again. Those were the years of a good economic climate, high economic growth and lower unemployment rates in some developed countries. The demographic developments in those countries, on the other hand, tended to imply an ageing workforce and ultimately result in a declining population of working age. In such environment, employers started to experience difficulties in finding workers with necessary qualifications. This meant a renewed interest in services of migrant workers 5. The need for migrants coincided with the growing global unemployment crisis, and the migrants enthusiastically responded to the calls for recruitment by the developed economies. At the same time, the governments of the developed countries inclined to develop policies which placed new mechanisms in order to better address their labor market needs. The new immigration policies were selective in nature and targeted those migrants who can fully respond to the labor market needs and easily integrate with receiving communities, causing new challenges for the economies of sending countries. Against this backdrop, the need for formulating effective policies, which will enable the governments of the receiving countries to reconcile the interests of their populations and the demands of millions who are in search of better living standards, has become the most daunting issue to address. The answer to this question is certainly not an easy one and requires meticulous analyses of the issue considering the fact that we live in such a globally interconnected world that any decision taken in one country for action will have to take into account the possible adverse effects it may give rise in another. For the sake of clarity and better understanding of such a complicated issue, the reader is also provided with an overview of recent international migration trends in the following chapter.

The Recent Trends of International Migration: The patterns of the flow of people between countries are widely influenced by international economic, political and cultural interrelations. International economic disparities, poverty and environmental degradation, combined with the absence of peace and security and human rights violations are all factors affecting international migration. Today, it is estimated that there are nearly million migrants are living in countries in which they were not born. According to the most recent UN statistics, Asia has some 49 million migrants, Africa 16 million and the Latin America and Caribbean region 6 million 6. It is also worth to note that the composition and concentration of stock of migrants considerably differ from those of the past. According to a UN publication entitled Trends in Total Migration Stock, most of the migrants are concentrated in a small number of countries. The predominant form of migration varies considerably from one part of the world to another as well. In Asia, for example, many migrants move on the basis of temporary labor contracts. In Americas and Africa, irregular migration is far more common phenomenon. Countries such as Australia, Canada, New Zealand and the USA continue to accept migrants for permanent settlement and citizenship, while the countries of the Middle East usually admit international migrants for fixed periods. In Europe, the major preoccupation of recent years has been the arrival of asylum seekers from other parts of the

world 8. However, the global oil crises have put an end to this type migration in most developed countries, saving only family and humanitarian migration. What renewed the attention of policy-makers on labor migration issue was nothing but a mere result of new economic, demographic and political developments. A good economic climate and years of economic growth in some developed countries have led to increasing employment, higher participation and lower unemployment rates. Aging population of developed economies coupled with falling fertility rates created serious concerns over sustainability of labor markets. As a result, the capacity of these economies to digest a bigger stock of migrants was expanded. However, having faced with serious difficulties concerning the integration of previous stock of migrants into their societies, the governments of the receiving countries started to be more selective in their immigration policies. They tended to target those migrants who can better respond to their labor market needs and easily integrate with their communities. The new policies also helped the receiving countries bring some sort of stability to the flow of migrants as well. Needless to say, such policies had created new implications on the economies of sending countries. The loss of qualified human resources for many countries of origin is the one which has been most cited. The upshot is, the number of migrants continues to grow despite the changes in the immigration policies of the receiving countries to stabilize it. The current global job crisis seems to do nothing but fuel this tendency in the coming years. ILO statistics indicate that in , some ,5 million people around the world were unemployed, an increase of 2. Almost half of the unemployed people in the world are young people. And young people are more than three times as likely as adults to be unemployed 9. Increasing number of women and men in developing countries are today looking for employment opportunities elsewhere as they are unable maintain a livelihood in their home countries. Needless to say, this promises a higher rate of growth in global stock of migrants. This estimation is based upon a hypothesis which assumes that by allowing workers to move to areas where they are more productive and valued, migration leads to a direct increase in global output and income. International migration also has the potential of facilitating the transfer of skills and contributing to cultural enrichment. This said, one should also maintain that international migration entails the loss of human resources for many countries of origin and may give rise to political, economic or social tensions in countries of destination. Almost half of these remittances are transferred between countries in the developing world. The leading recipients of remittances in were Mexico with 16 billion US Dollars a year, India with 9. Remittances are now close to triple the value of the Official Development Assistance ODA provided to low-income countries and comprise the second-largest source of external funding for developing countries after Foreign Direct Investment FDI. In short, remittances now play an essential role in sustaining national and local economies in many recipient countries. Remittances provide an important source of foreign exchange to recipient countries, boost the capacity of the financial sector and help to attract subsequent investment. Remittances evidently provide the most direct and immediate benefits to the people who receive them, many of whom, the World Bank has established, are amongst the poorest members of society Remittances help to lift recipients out of poverty, increase and diversify household incomes, provide an insurance against risk, enable family members to benefit from educational and training opportunities and provide a source of capital for the establishment of small businesses. Recognition of positive impact of remittances on the economies of developing countries is important and must be promoted. They should also promote the conditions necessary to increase domestic savings and channel them into productive investment. Migration can, however, also result in the loss of the most skilled and best educated human resources of the developing economies. In other words, brain drain deprives the state of revenue and prevents countries of origin from gaining an early return on the investment they have made in the education and training of those people. Most seriously, when it involves the departure of professionals in sectors such as health and education, migration can adversely affect the supply and quality of essential services. Mostly, the problems caused by the brain drain in poorer sending countries are enormous. Migrants from developing countries are generally more likely to stay in the host country than migrants from advanced countries. The sending countries will have to attract back these emigrants in order to assure that their fragile economies will be able to maintain enough number of highly skilled professionals for development. Regaining them can also bring valuable management experience, entrepreneurial skills and access to global networks. However, experience shows that such efforts have, for

most of the time, been fruitless. One way for sending countries to alleviate the negative impact of brain drain is to facilitate the return of migrants and their reintegration into their home communities, and to devise ways of using their skills. To encourage the return of qualified migrants who can play a crucial role in the transfer of knowledge, skills and technology is also a well recognized way of tackling with the issue of brain drain. The receiving countries can also play an important role in this respect. Use of short-term and project-related migration, as a means of improving the skills of nationals of sending countries can be a very helpful instrument. Bilateral or multilateral agreements can be signed and implemented for this purpose. There are conflicting views on the impact of immigration on the economies of receiving countries. Opponents of immigration believe that migrants steal the jobs and depress the wages. Another argument that the critics of immigration relies on is that immigration has the potential of producing conflict among ethnic groups. The reasoning behind this assumption is the possibility of emergence of such an environment in which low-income native-born groups regard the migrants as competing for jobs and resources. Proponents of immigration, on the other hand, contend that immigrants are not the cause of job loss on the side of local population as they mostly do those works which are considered too menial by their host societies. The proponents also add that migrants create added value to the economy since they are also consumers and stimulate the economy which in turn creates new jobs. International migration, proponents add, has the potential of facilitating the transfer of skills and contributing to cultural enrichment. The governments of the receiving countries seem to give credit to both the opponents and proponents of immigration. Indeed, there is a growing tendency on the part of receiving countries to be more selective in their immigration policies which restrict immigration to highly skilled workers. Countries like Switzerland, United Kingdom, Canada, Ireland, New Zealand have already either introduced such policies or are envisaging to introduce. Another mechanism commonly used by the receiving countries to control the flow of migrants is to receive migrant workers on temporary basis. However, there is still not enough evidence to conclude that these mechanisms are or will be producing the desired outcomes. In the case of temporary migration, there seems to be a consensus among the experts that this type of migration, in the long run, bears the potential of transforming itself into permanent migration. There are deficiencies and adverse effects of selective policies as well. It may encourage the potential migrants to seek asylum to be able to reach the labor markets of the developed countries. It also has negative implications on the economies of developing countries as it creates the potential of a bigger loss of skilled human resources for their economies. Population ageing is defined as the process by which older individuals become a proportionally larger share of the total population. It is a result of demographic transition in which mortality and then fertility rates decline. According to the UN statistics, the total fertility rate decreased globally by almost half, from 5. Presently, the total fertility rate is below the replacement level in all industrialized countries. This development has tripled the number of older persons in the last 50 years. It is also expected that this number will more than triple again in the next 50 years, raising serious concerns over sustainability of social security systems. Aging population has significant implications on labor markets as well. Older people today are significantly less likely to participate in the labor force than they were in the past. In , about 1 in every 3 persons aged 65 or over was in the labor force. In , this ratio decreased to just less than 1 in 5

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They have played a non-negligible role in improving employment, lowering the level and severity of poverty, and increasing foreign exchange reserves thereby financing the current account deficit. Other foreign flows, mainly foreign direct investment, and foreign aid are volatile and greatly depend on the economic state and the diplomatic relationship with the sending country. However, one thing which remains a constant bright star is the support of about 7 million strong Diaspora in the form of remittances, which serve as an economic bridge for the country. In FY, recorded remittances were reported to be Malaysia emerges a new destination for Pakistani sent about Majority of these migrants are rural based and has the lower socio-economic background. Therefore they send, a small but frequent amount of money to support the families. The second type of diaspora is typically skilled or permanent resident at the sending country. To keep a strong connection with an origin country, they send remittances to the relatives, or philanthropic remittances to support their countryman in time of hardship or interested to invest. Remittances to Pakistan have grown significantly and are the second largest source of foreign income after exports Recently, the ruling PTI-led government sturdily recognises the importance of remittances in national development. Despite numerous efforts, challenges and way forwards still remain. Remittances costs are high in comparison to the informal channel, and there are many barriers to access affordable formal remittance channels. I have a five proposals that might be using an attempt to redirect remittances to official channels. First, compared to the informal transaction, it is perceived that the cost of sending remittances through the formal channel is likely to be high, especially when the amount sent is small. Due to strict regulatory issues, both bottom and top remitter are more likely to send remittances through an informal channel. It is recommended that the government should ensure that the cost of sending remittances is brought lower. According to a World Bank report, the global average cost of sending money has remained nearly stagnant, standing at 7. The government should strengthen efforts to reduce the use of the informal remittance channels, which so often underestimate the amount of remittances. According to different empirical estimates, more than half of remittances to developing countries sent to via informal channel pre-dominantly Hundi in the Pakistani context. The experience of the Pakistani Remittances Initiative a joint initiative of State Bank of Pakistan, Ministry of Overseas Pakistanis and Ministry of Finance launched in , seems to be a step in the right direction. About 85 percent of the post office branches is located at small and medium-sized towns and rural areas, where more than 60 per cent of the population lives. Therefore, when considering foreign remittance markets, the postal services are mainly overlooked. The government ought to complement the services of the postal choice in financial inclusion policies. Third, an aggressive marketing campaign must be launched, about the procedure, and the importance of remittances sending through formal channels. The government must utilise the social media, advertisement on TV, and more importantly, the brochure with this informations must be distributed at the different airport within a country. The government needs to set up a special counter at the airports with the assistance of Ministry of Overseas Pakistanis. The likelihood of receiving remittances through official channels would be increased, if migrant workers are assisted in opening bank accounts. What is more, on return to Pakistan, they may fill out the questionnaire, about the problem and issues regarding the transfer through the formal channel, and in what way it could be improved. Fourth, the government make it mandatory for the people to have at least bank account at a time of renewal of passport or attestation of certificates from the foreign office or applying for visa issuance. This will not just increase remittances through the formal channel but could be used as an instrument for financial inclusion. The considerable share of remittances received by families mostly used for consumption, and the rest used for investment mainly in real estate, and not for entrepreneurial development. As a significant share of migrants is rural based with an unfavourable business climate available to them. For instance faces issues like energy insecurity, corruption, and delays in the process at concerned government offices, political

uncertainty, less informed about possible investment opportunities, which may be the reasons of lower productive investment. The new government seems to be interested and actively involved in the real economic activity, devising a conducive policy for easing business particularly in the rural areas should be helpful for raising capital from remittances, this would also ease the labour market burden in the major cities. He can be reached at Junaid.

Chapter 3 : Making migrant remittances more potent - Daily Times

Issues regarding the sending of remittances: hearing before the Committee on Banking, Housing, and Urban Affairs, United States Senate, One Hundred Seventh Congress, second session, on oversight hearing on issues regarding the sending of remittances, February 28,

For some countries, remittances make up a sizable portion of GDP. How do remittances work, and what are some of the pitfalls that developing countries face when dealing with such large inflows of cash? Remittances are funds transferred from migrants to their home country. They are the private savings of workers and families that are spent in the home country for food, clothing and other expenditures, and which drive the home economy. For many developing nations, remittances from citizens working abroad provide an important source of much-needed funds. In some cases, funds from remittances exceed aid sent from the developed world, and are only exceeded by foreign direct investment FDI. For more, see *Re-evaluating Emerging Markets. Remittances and Developing Nations* Many developing countries have difficulty borrowing money, just as a first-time home buyer might have difficulty obtaining a mortgage. Developing nations “the sort that are most likely to rely on remittances” tend to have less stable governments and are less likely to repay the debt or not go into default. While organizations such as the World Bank can provide funding, these funds often come with strings attached. For governments in the developing world, this may simply be too much of a step on sovereignty, especially if power is being held by a thread. Remittances give countries the ability to fund development their own way; however, like a teenager flush with cash from a first job, developing countries first have to understand just what it takes to effectively use remittance funds. If it is to efficiently use these funds the country must first develop policies that promote smart, stable growth, and to ensure that growth is not solely concentrated in the cities. **Country Effects** It is difficult to track how remittance funds are spent because they are private transfers. Other economists believe that funds from abroad help develop a domestic financial system. While remittances can be sent through wire transfer businesses, they can also be sent to banks and other financial institutions. Depending on restrictions on the movement of capital around the country, these funds can not only help individuals pay for the consumption of goods and services, but can also be used to make loans to businesses if they are saved rather than spent. Some banks may even seek to establish branches abroad to make the transfer of remittances easier. Research has also shown that migrants returning from working abroad have a higher propensity for developing their own business. They have seen how businesses are run in developed countries, and are able to recognize trends within their home country and create a company to take advantage of opportunities. The inflow of money from remittances has been compared to the windfall that countries with high-demand resources, such as oil, receive. The governments of these countries, flush with cash, often spend lavishly on social programs or poorly-planned projects, and find themselves in trouble when demand for a particular commodity slows down. Unlike oil revenues, which are typically held by the state, remittances are sent to individuals who are in charge of spending. **Remittance Problems** While remittances are an important lifeline in many developing countries, they can also foster a dependency on outside flows of capital instead of prompting developing countries to create sustainable, local economies. The more a country depends on inflows of funds from remittances, the more that it will be dependent on the global economy staying healthy. Remittance flows can be negatively impacted by a downturn in the global economy. Workers employed abroad may lose their job if they are in heavily-cyclical industries, such as construction, and may have to stop sending remittances. This has a two-pronged effect. First, the home country may see a significant portion of its income dry up, and thus not be able to fund projects or continue development. Second, workers who moved abroad may move back home, exacerbating the problem by increasing the demand for services on an already strapped economy. **Macroeconomic Effects** Large inflows in foreign currency can cause the domestic currency to appreciate, often referred to as Dutch Disease. Because the domestic currency is valued higher, consumption of imports begins to rise. This can snuff out the domestic industries of developing countries. The inflow of cash, however, can also help the recipient country reduce its balance of payments. To learn more, see *What Is International Trade?* It is

important to note that migrants do not only travel to the largest world economies for work; instead, they go where the likelihood of work is the highest. While construction-related jobs are often considered the job of choice, many workers flock to countries that are developing their economies as well. A more integrated and globalized world has allowed labor movements between countries to become more fluid, with more and more workers moving abroad to seek ways to provide for their families. Thus, immigrants who seek to send back remittances have become an integrated part of the economy. The funds immigrants send home keep wire transfer companies in business and allow the home country to purchase imports. Immigrants consume the goods and services provided by domestic workers. The presence of foreign workers can help alleviate labor shortages. The role of these workers is more of a partnership, with immigrant workers helping developed countries continue to expand while sending a portion of their incomes home as remittances. In addition, the social networks created by foreign workers can increase the reach of developed countries, and can foster a more integrated cultural understanding through interactions with the local population. Conclusion Immigration is often a hot-button topic in domestic politics, and parsing out fact from fiction when it comes to the economic effect of foreign workers can be difficult. The bottom line is that remittances are an important factor in the global economy, and help drive growth both at home and abroad. It is important for the developed world to provide guidance on the prudent use of those funds, and for developing countries to develop policies that will ensure that growth is efficient and well planned. Trading Center Want to learn how to invest? Get a free 10 week email series that will teach you how to start investing. Delivered twice a week, straight to your inbox.

Chapter 4 : Remittances to Developing Countries Edge Up Slightly in

The sending of remittances by migrants is an old topic in the study of migration, but one that recently has stirred renewed policy attention. As estimates of global remittances by migrants rise, to a level that is on par with global development assistance and foreign direct investment in the developing world, it is not surprising that the phenomenon is of interest to development policymakers.

Explore the latest strategic trends, research and analysis More people are on the move around the world than ever before. An estimated million people are currently living outside their country of origin. Every migrant chooses to leave home for different reasons, but they all bring their life experiences, knowledge, culture and ambitions with them. As they settle into life in their host countries, they acquire new skills and know-how. And they contribute to their families and communities in their country of origin by sending money home. Financial remittances have been recognized as an important developmental vehicle associated with migration. Financial remittance flows have steadily increased in volume from the s to the present day. Money sent home from abroad is shown to be more stable than both private debt and portfolio equity flows, and several times larger than international development aid. Top remittance receivers in Image: IMF and World Bank At the individual and community levels, remittance flows for migrant families can be economic lifelines. As we celebrate the International Day of Family Remittances on 16 June, we must reflect on the impact that these essentially private flows have on families. An estimated million people worldwide are directly supported by remittances from relatives and loved ones abroad, according to the International Fund for Agricultural Development IFAD. Remittances lift families out of poverty, improve health and nutrition conditions, increase education opportunities for children, improve housing and sanitation, promote entrepreneurship and reduce inequality. The impact of social remittances was most strongly felt in areas such as education, health, employment, business and aspects of governance, found a study conducted by IOM in Tanzania in However, to leverage the true development benefits of financial and social remittances, there is still work to be done. First, governments can create an enabling environment to encourage remittance flows to productive sectors of the economy. Diaspora communities have habitually been important contributors to development in their countries of origin through financial flows, such as remittances, investment and trade, and the transfer of skills and social, cultural and technological capital. Second, the historically high cost of social and financial remittance transfers needs to be reduced. However, in still too many parts of the world, high financial remittance transfer costs cut into the availability of funds at an individual level. All amounts are in US dollars Image: World Bank Transparency in the market There are now more than 3, remittance services providers worldwide, according to IFAD, and a shift from the usage of banks to less costly Money Transfer Operators MTOs has thrown the sector into a state of flux. New platforms such as online transfer services, digital wallets and mobile money applications, combined with new technologies such as cryptocurrencies, have created greater competition and transparency within the remittance transfer market, though they do warrant a degree of caution from a security and fraud perspective. Multiple-entry visas, residence permits allowing an extended stay abroad without losing residence rights, and diaspora ID cards have proven to be effective in allowing travel back and forth between countries, facilitating social remittance transfer. Third, awareness raising, financial literacy and access to affordable financial services are necessities for migrants in their new countries of residence and for their families back home. This will enable migrants to make informed choices about the cheapest and most secure means of sending money home, as well as provide them with an understanding of financial products in which their families can invest. This in turn will bolster the financial systems in countries of origin and residence. Finally, regarding social remittances, there is a need to address the issue of an overwhelmingly negative narrative about migration. We need to look at migrants as agents of change in their home countries who can contribute directly to human development at a grassroots level. The need to engage diasporas effectively is becoming more and more expedient. A long road ahead In short, there is a lot work to be done. IOM, UN Migration Agency, in partnership with specialized organizations, civil society, academia and the private sector, have engaged in several concrete projects and initiatives aimed at improving knowledge

of social and financial remittance usage and corridors. They have conducted studies on the impact of remittances on families and communities, and worked to enhance the development impact of remittances, financial inclusion and diaspora engagement.

Chapter 5 : Introduction To Remittances

Firstly, the staff may brief the migrants about sending remittances through banks, MTO's, tell about the Pakistan remittances initiative. about the problem and issues regarding the transfer.

Chapter 6 : Electronic Fund Transfers (Regulation E); Amendments | Consumer Financial Protection Bureau

Main policy issues regarding remittances z Cost of sending \$ declined by Overview of Main Policy Issues on Remittances.