

Seminar:

## "Changing migration - migration in change"

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# Student Paper Nr. 6: Looking at remittances through the lens of gender

## 1. State of research

The most recent Migration and Development Brief by the World Bank Group's KNOMAD (Global Knowledge Partnership on Migration and Development) shows that remittance flows to low- and middle-income countries (LMICs) are currently about three times as high as overseas development aid to those countries (Ratha et al. 2022). According to the report, in 2021 remittance flows reached \$605 billion dollars, increasing by 8.6% in that year alone. Remittances as a source of external finance have also begun to exceed foreign direct investment to LMICs (excluding China) and were affected to a much lesser extent by the pandemic. As such, they have been key to resilience in these countries in the face of this global crisis, to gaining economic stability and reducing poverty (*ibid.*).

It is important to acknowledge that remittances take both material and non-material forms, ranging from domestic goods to the knowledge, skills or (formal) education that can be of use to the migrant upon return, as well as so-called "social remittances [which include] new values, ideas and attitudes" (Robert 2015: 20). However, since it is very difficult to assess the impact of other forms of remittances, most of the literature on remittances focuses on money sent in some form.

It is interesting to note that despite increasing options for online payments becoming available, remittances were still mostly sent in cash in 2016 (Pochyla 2016),

the lack of adequate infrastructure resulting in new payment technologies remaining inaccessible to many. Yet the transfer fees for remittances are substantially higher when they are sent non-digital. According to the World Bank's Remittances Prices Worldwide database, in Q1 of 2022 the average cost for sending remittances in general was 6.09% for 200\$, 0.05% up from Q4 of 2021 and still more than double the goal of 3% set by the UN's Sustainable Development Goals and more than the G20 Goal of 5%. But whereas the average fee for digital sending, which now accounts for 32% of all remittances, was much closer to these goals at 4.79%, and Mobile Money - the cheapest service - cost only 2.77% on average, the average cost for non-digital sending was 6.69%.

In order to inform policy on this issue, in 2016 the World Bank introduced the Smart Remitter Target (SmaRT) as an Indicator. It "aims to reflect the cost that a savvy consumer with access to sufficiently complete information could pay to transfer remittances in each corridor" (World Bank 2022: 9), taking the average of the three cheapest available transfer services in each remittance corridor. The percentage of corridors not meeting the G20-Goal of 5% by SmaRT standards has decreased throughout the course of the COVID-19 pandemic. (*ibid.*) However, KNOMAD claim in their Migration and Development Brief 35 that the shift towards digital remittance services during the peak of the pandemic has reached its limits: "Further growth will require greater progress in access to bank accounts (which is essential for using digital channels) for migrant populations." (KNOMAD-World Bank 2021: 7).



It appears the digitalisation of remittance sending processes has thus far been seen as a goal almost in and of itself, based on the assumption that they will continue to have comparatively low transfer fees and so benefit those involved. The question of how digital remittance processes affect sending patterns and of what impact they might have in the receiving countries is, however, yet to be researched.

### **Relationship between remittances and gender**

In her introductory review of literature on gender and remittances, Priyanka Debnath comes to the following conclusion “There is no strong consensus among the scholars regarding the role of migrants’ sex on remitting behaviour.” (2015: 188). This was confirmed by our own literature review, which pointed us to a central issue in this field of research: the lack of sex-disaggregated data from major sources on financial flows, such as the World Bank or money transfer companies including Western Union and MoneyGram. This makes it very difficult to reach more general conclusions about links between gender and remittance sending patterns (Dacids *et al* 2015). Though data from these sources could, in any case, show us only one part of the bigger picture on remittances, it certainly has the potential for more international comparability than we can currently claim on the basis of nationally specific data sets.

Sending patterns and the rules governing who receives remittances, who administers them and how they are spent, however, deeply complex matters. It can therefore be argued that they are much better captured on a case-study basis through the methodological approach of using data either from national household surveys (where available) or collected for the purpose of the respective study and interpreting the data based on interviews, as was the case in most of the literature we encountered. The differing outcomes of these studies show the significance of cultural context in understanding pre-existing gender roles and norms around family structures. Knowledge of cultural context was essential in each of these studies to interpret the patterns in sending and receiving of remittances as well as any changes that might occur over time.

This is not to say that the relationship between gender and remittances should be looked at only on a case-by-case basis, but rather that interpreting data on this topic requires knowledge on the specific cultural and social context of those involved in the sending, receiving, and administering of remittances. In this sense, we must not only avoid prematurely reaching conclusions as to how remittances may or may not benefit gender equality, but also be cautious of the normative character of such interpretations. “What does ‘better’ or more effective use of remittances mean? Who determines the criteria for a more or less effective use of remittances?” Rahel Kunz (2008: 1403) asks, cautioning that “empirical studies can contribute to unsettling and challenging gendered representations and stereotypes” which in turn “can have very real effects even if their empirical foundation is shaky” (*ibid.*: 1404). Nevertheless, with this warning in mind, certain tendencies pertaining to gender and remittances that appeared throughout the literature shall be summarised in the following sections.

### **Receiving remittances**

The importance of cultural specificities when interpreting data on how gender relates to receiving and spending remittances (Guzmán and Morrison 2006) is shown in various studies. While the research of Deere & Alvarado on remittances and gender in Ecuador confirms findings of many other studies that women make up the majority of recipients of remittances, they warn that “few studies explore in much detail whether women are making the decisions over remittance use” (2016: 253) and suggest that more attention be paid to distinguishing between the roles of recipient and administrator or manager of remittances. Indeed, in their study women were even more likely to be administrators than recipients of remittances, while male recipients were more likely to be given instructions on how to spend the received remittances, this being the case irrespective of the gender of the remitter. Pertaining to Ecuador, this leads the authors of the study to conclude that “female managers exert considerable autonomy over these monetary remittances, particularly when the migrant is a man.” (*ibid.*: 261).

Elizabeth Robert, synthesising her experience at UN-INSTRAW (now UN Women), also cautions that researchers should not automatically equate female recipients to female empowerment without a closer look at the specific circumstances. Robert illustrates how different the impact of remittances can be depending on family structures and socio-cultural norms, even within the same national context, using contrasting examples from two regions of the Dominican Republic.

Whereas the authors of a study in the southern region with its predominantly Afro-descendent population were able to observe “the progressive feminization of remittance circuits” (Roberts 2015: 24), a study in the central region showed that “mothers-in-law and sisters-in-law play important roles in sustaining the exercise of power of the absent migrant husband in the single-parent family, blocking the possibility that wives of migrants assume leadership in the single-parent home and ensuring they remain submissive to patriarchal power” (*ibid.*: 25). Since the decision-making processes behind how remittances are used are so complex and heterogeneous it is difficult to generalise any findings as to how the gender of the recipient relates to the usage of remittances. However, López-Ekra *et al.* (2011) observe tendencies for women to use remittances mainly for their children, education and nutrition, while men prefer to make investments for the future and therefore use the received money for security purposes such as buying housing, land or even, if possible, start saving it.

### Sending remittances

Gender differences in remittance sending patterns are likely due in large part to women in general earning less money. The gender pay gaps in destination countries mean they often have to send a higher percentage of their income in order to cover expenses at home. This comes along with disproportionate employment of women in less economically valued work and a lesser respect for women's working rights (Roberts 2015). The tendency of women to send smaller sums more frequently than men also means that their remittances are disproportionately affected by transaction fees (UN WOMEN 2020).

How and whether migrant women can gain autonomy through sending remittances is, once again, strongly determined by the culture and gendered power relations in their country and community of origin and, to a lesser extent, in her destination country. For instance, while Deere & Alvarado (2016) find Ecuadorian women more likely to give instructions as to how remittances should be spent in the country of origin, thus providing them with greater autonomy, Debnath (2015) finds that female migrants in a Bangladeshi village were expected to remit to their own parents as well as to the parents of their husband while retaining less of the earnings for themselves, and that, unlike their husbands, they were expected to return home and resume unpaid care work in the aftermath of natural disasters. Kunz addresses the stereotype that “Women make better use of remittances than men” (2008: 1402), citing two studies from the Philippines and Morocco with findings to the contrary which emphasise the importance of the “cultural specificity of remittance practices” (*ibid.*).

### Gender and method of transfer

We must also consider the role of formal banking in remittance processes, since it is easier for owners of bank accounts to send and receive payments, to accumulate savings, obtain credit and have access to various forms of insurance. Bank account ownership remains 6% lower among women than among men in developing economies. (Demirgü-Kunt *et al.* 2022) The latest policy brief by UN WOMEN on migration and remittances explains that “women tend to use private and less regulated money transfer businesses rather than banks owing to the barriers they continue to face in accessing the formal banking system, including opening accounts” (UN Women 2020: 4). The brief also names “limited information and access to secure and affordable remittance services” and the “persistent digital gender divide” (*ibid.*: 5), in reference to lower mobile phone ownership rates and access to internet among women as key issues. To address them, it recommends increasing “the digital and financial literacy of migrant women” as well as facilitating access to bank accounts to migrant women “by providing full and accessible information and streamlining documentation requirements” (*ibid.*: 6) in response to this.

## 2. A critical analysis at the state of research

There is no denying that the academic discussion around remittances and gender has been shaped by dominant western narratives around what constitutes gender equality. Deere & Alvarado's study, for instance, is based on the idea of the so-called ‘fallback position’ within household bargaining models as proposed by Amartya Sen (1990) and Cheryl Doss (2013). According to this theory, women become more empowered the more resources they have access to, should negotiations within the household break down. We might, however, criticise this approach for its reduction of women's empowerment to material ownership as a basis for negotiation, since it overlooks many social aspects of gender power dynamics, including family structures, religious constraints and non-quantifiable values that play important roles in sustaining gender inequalities.

It is also worth keeping in mind that gender should be understood as (only) one of many intersecting factors affecting remittance sending and usage. Debnath (2015: 187) lists age, marital status, migration with or without the spouse/family and duration of migration (temporary or permanent) as factors that must also be examined in relation to remittance processes, as well as the impacts of macroeconomic crises, armed conflicts, or natural disasters. Fig. 1 is an attempt to visualise the complexity of the factors affecting the remittance process. It attempts to show how overlapping individual factors are set within a certain cultural, social, economic, and legal context for both the sender and the recipient, and how crises, disasters and conflicts may have disruptive impacts. All of these aspects are, of course, either certainly or at least potentially subject to change over time.

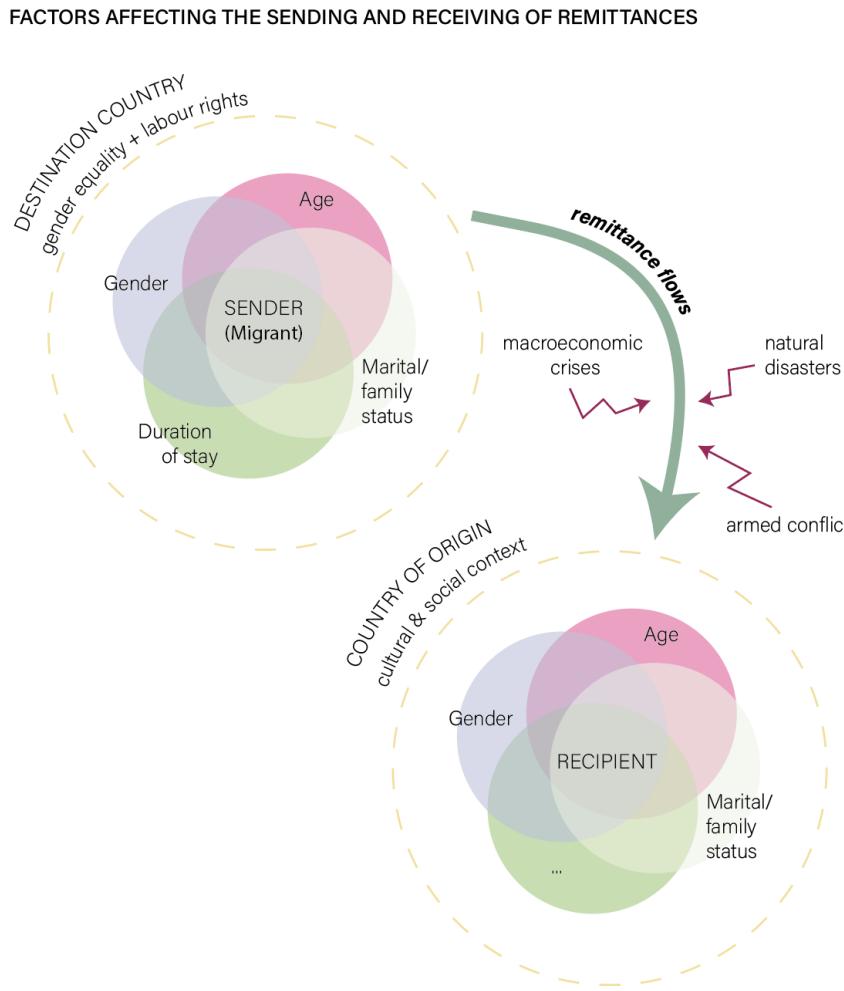


Fig.1: Factors affecting the sending and receiving of remittances. Illustration by the authors.

In our literature review we observed a tendency to focus on gender equality as it pertains to adult men and women of a working and/or parenting age. How remittances affect gender equality for those not yet/no longer working and/or parenting seems not to have been considered to the same extent though of course these populations, too, are subject to gender roles and disparities and are beneficiaries of remittances. Children and grandparents are often only mentioned as factors relevant to how and why remittances are sent, received, or spent by working-age adults, rather than as subjects in their own right. This seems to be somewhat of a blind spot, perhaps with the exception of research conducted for the IOM by López-Ekra *et al.* on 'The impact of remittances on gender roles and opportunities for children in recipient families' (2011).

On this note, we would suggest that a broader discussion on the value of (unpaid) care work is needed. The remittances sent by female migrants are often earned filling the gap in care work in the Global North. However, while the direct economic benefits of remittances are easily quantified and used as an argument for female migration, there is little examination of how this leaves a gap in care work in the global south. Nor are the long-term social and psychological effects on children of their parents having to live and work abroad and the potential for familial estrangement factored into the equation. Ethical considerations as to what sacrifices are demanded of parents and children just to cover necessities of the family 'left behind' are also rarely mentioned. Perhaps they are considered to be beyond the boundaries of the researchers' field of expertise or insufficiently grounded in empirical findings. Yet these issues must surely be relevant to social stability and development in the communities of origin.

Considering the lack of attention paid to these questions, it would seem that the relationship between remittances and gender has largely been reduced to short-term economic impacts thus far. Here we must concur with Rahel Kunz, whose criticism of the fact that research on gendered remittance behaviors is often merely descriptive, remains apt today:

"We need to move beyond, in order to explain why women behave differently from men in a specific context, i.e. we need to look at the gendered representations, norms and institutions that influence the behaviour of women and men in remittance activities, and how remittance activities in return influence gender relations." (Kunz 2008: 1401)

In our view, it is due to a lack of long-term and qualitative research that research rarely questions *why* remittance

behaviours differ depending on gender. This, we believe, is also why little is known about the reverse impact of the remittance process on gender roles and family structures. As shown in fig.2, the effect of gender roles on remittances is much easier to investigate as they have an immediate effect, whereas any reverse effect can only be observed over a longer time period, which is perhaps less convenient to research.

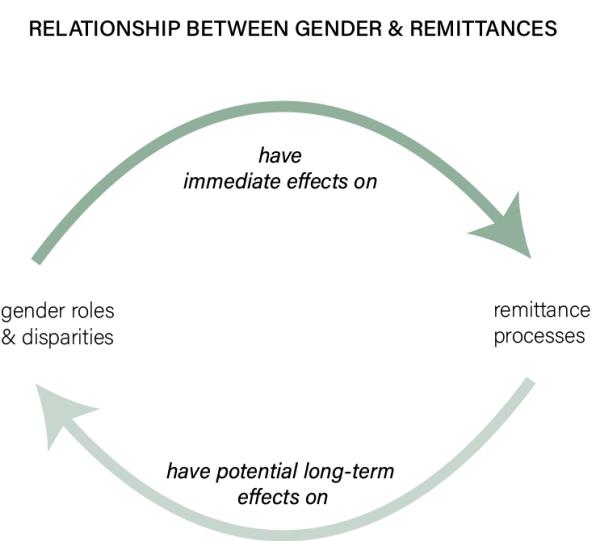
Fig.2: Impact of gender on remittances and vice versa. Illustration by the authors.

### **3. Questions and areas for further research**

In our critical analysis at the state of research on gender and remittances we found that the questions needing further research could be broadly summed up into two areas.

Firstly, in order to reflect the complexity of remittance processes, it is necessary to broaden the research horizons. This

includes everything from adopting interdisciplinary approaches to questioning western theories of female empowerment and conducting case studies over longer periods of time so that any reverse effect of remittances on gender roles might be captured and assessed. While there seems to be a growing awareness of the importance of cultural context and knowledge in case studies analysing social structures, this could also certainly be increased and better integrated, for instance by involving more researchers who are themselves from the cultural contexts in question. This could also help in reassessing western concepts of empowerment and autonomy before simply applying them to women of other cultures. Here, collaboration with researchers from the fields of sociology, psychology, gender studies, anthropology or philosophy could help to find more suitable frameworks for comparative studies. A more multi-faceted and in-depth approach could, hopefully, look beyond the short-term economic impacts of remittance processes to include less easily quantifiable aspects that nevertheless may have far-reaching effects in the future. These aspects, such as the impacts of social remittances, the impact of long-term separation of families or the development of a care gap in countries of the Global South cannot be overlooked if the research is to do those involved in remittance processes and their generations to come justice.



Secondly, future research must take into account how new payment technologies play into the relationship between gender and remittances. Bither & Ziebarth (2020) as well as Rühmann *et al.* (2020) in their OECD working paper suggest that new payment technologies including blockchain, mobile money, cryptocurrency, social media and fintechs may provide safer, cheaper, and faster ways to transfer remittances that are potentially less dependent on gender and social status than traditional banking. These are, however, only useful to remitters and recipients if they have access to the necessary infrastructure such as internet, mobile phones, and options for cash withdrawal within reasonable distance to their homes (in business terms called the ‘last-mile delivery’). Users must also have sufficient knowledge of both the benefits and risks - such as data security - of these technologies in order to be able to make truly informed choices. Research could aid in the creation of educational campaigns and in experimenting with participatory formats to give remittance senders and recipients a voice and inform future policy. Such praxis-oriented research should look particularly at the needs of women in remittance processes, since they continue to pay higher transaction costs than men and, as previously mentioned, make up the majority of the unbanked (and thus more economically vulnerable) population in addition to facing a digital gender divide. Thus, women stand to benefit the most from those new payment technologies which offer alternatives to formal banking if they are given a voice and provided with information.

Lastly, as students of urban planning ourselves, we would also like to propose that a closer look be taken at issues that arise from remittance processes within our own field. These could include how to provide infrastructure for increased mobility and sending of consumer goods as remittances or how social infrastructure can help to fill care gaps and alleviate demographic issues due to migration of certain age groups and gender imbalances. Since access to remittances often provides a significant economic advantage to recipients, urban planners may also have to address issues such as socio-spatial segregation. In any case, we would suggest that the research on remittance processes, and in particular how they relate to and impact gender roles, is in need of more diverse and interdisciplinary perspectives that go beyond describing short-term economic impacts and look, instead, to their long-term effects.

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The views presented here express the opinion of the authors, responsible in the sense of the law is the Networking Unit Paradigm Shift at TU Berlin.



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