

AT A GLANCE

Refugees send remittances abroad less often than other migrants

By Adriana Cardozo Silva and Sabine Zinn

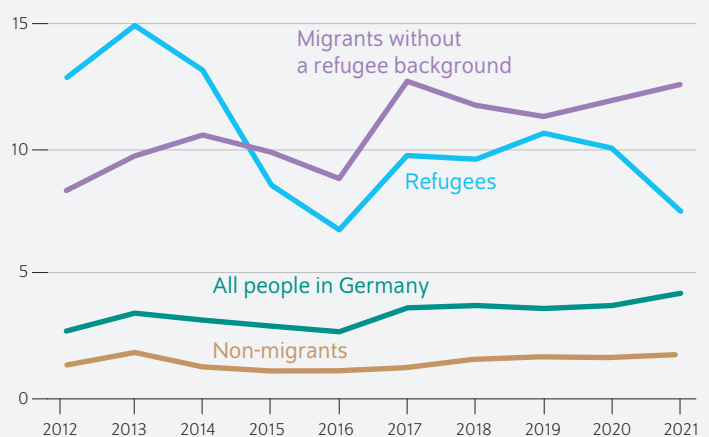
- Number of remittances sent abroad has increased over the past years, both in Germany and worldwide
- A study based on large-scale representative survey data shows how the share of people living in Germany who send remittances abroad has changed
- Only seven percent of refugees and 12 percent of migrants without a refugee background sent remittances abroad in 2021
- The likelihood of sending remittances declines the larger the household is and the less likely a person's intention to return is
- Role of remittances should be reassessed in political and media debates, especially as they make an important contribution to development in migrants' home countries

Share of refugees in Germany who are sending remittances abroad is declining

In percent of the respective groups



Source: SOEP v39 (weighted).



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FROM THE AUTHORS

“The claim that refugees dependent on basic social benefits are sending large sums of money abroad is unsupported by evidence. Instead, we should highlight the significant role remittances play as a vital form of poverty alleviation.”

— Sabine Zinn —

MEDIA



Audio Interview with Sabine Zinn (in German)
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ABSTRACT

Remittances sent by refugees to their home countries has been a hotly debated policy topic in Germany over the past years and has led to the introduction of a payment card for asylum applicants. This Weekly Report investigates how the share of people living in Germany who send remittances abroad has changed over time according to their migration background (with or without a refugee background) and which factors influence the likelihood of remitting. Based on Socio-Economic Panel (SOEP) data as well as the IAB-SOEP Migration Samples and the IAB-BAMF-SOEP Refugee Survey from 2013 to 2022, the analysis shows that migrants without a refugee background send remittances more often, while refugees are often rarely able to send remittances due to structural barriers. Thus, the political debate does not reflect reality. A person's family situation and their intention to stay in Germany long term are particularly important factors influencing the likelihood that they will send remittances abroad. In this respect, these results should contribute to a reevaluation of remittances, as they are an important instrument in achieving sustainable development goals, in stabilizing the economy in the migrants' home countries, and reducing poverty.

In recent decades, the volume of the global flow of remittances sent by migrants has grown significantly and reached historic peaks. According to World Bank data based on calculations by central banks around the world, these remittance flows have developed into a significant income source for many low and middle-income countries. These personal transfers, referred to hereafter interchangeably as “personal transfers” or “remittances,” help millions of families meet their basic needs and make an important contribution to local economic development.¹ Germany is also part of this global trend: Since the 2000s, the country has recorded a continuing increase of remittances sent abroad (Figure 1). By 2023, Germany was one of the top European nations in remittances sent, reaching over 24 billion dollars (22 billion euros).

This development reflects the change in migration dynamics that Germany has experienced over the past two decades. Since 2000, the share of the population with a migration background² has risen steadily. As of 2022, it was around 25 percent of the population, or around 21 million people. This increase is due both to the arrival of skilled migrants as well as of asylum seekers from crisis regions such as Syria, Afghanistan, and Ukraine. As of 2023, a new record of around 3.2 million asylum seekers are living in Germany.³ This situation reflects Germany's humanitarian commitment, but has also led to more debate on migration policy. Critical voices demand stricter regulations, especially regarding accepting asylum seekers. One key argument in this discussion is the

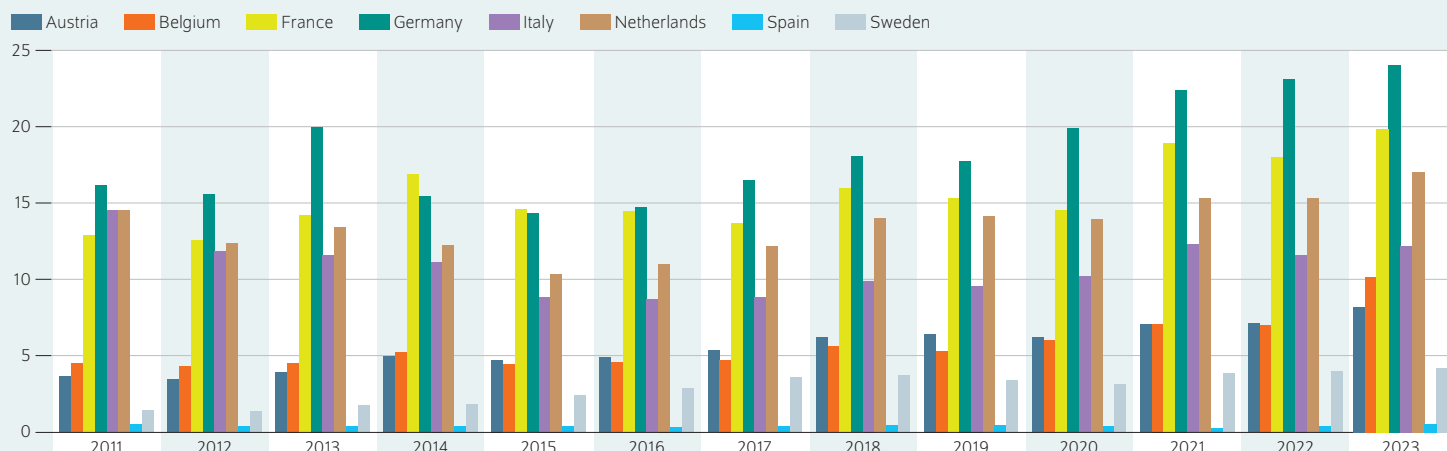
¹ Dilip Ratha et al., *Remittances Slowed in 2023, Expected to Grow Faster in 2024* (Washington, DC: World Bank, 2024) (available online. Accessed on November 2, 2024. This applies to all other online sources in this report unless stated otherwise).

² This Weekly Report does not differentiate between direct (born abroad) and indirect migration (at least one parent born abroad) backgrounds. Instead, both groups are considered migrants. We only differentiate between non-migrants and migrants (with and without a refugee background). The definition of migrants and their offspring is based on different characteristics that are available in the SOEP dataset, such as country of birth, country of origin, year of migration, and other information about their migration, cf. Miriam Gauer and Cornelia Kristen, “A guide to using the SOEP for Research on Individuals of Immigrant Origin: Samples and Contents of the SOEP-Core, Including the IAB-SOEP Migration Samples and the IAB-BAMF-SOEP Survey of Refugees, through a Migration and Immigrant Integration Lens,” *SOEP Survey Papers Series C*, no. 1332 (2024) (available online. Accessed on November 22, 2024).

³ Sozialbericht 2024, “Kapitel 1: Bevölkerung und Demographie,” eds. Bundeszentrale für politische Bildung, Statistischem Bundesamt, Wissenschaftszentrum Berlin für Sozialforschung und Bundesinstitut für Bevölkerungsforschung (2024) (in German; available online. Accessed on November 28, 2024).

Figure 1

Personal transfers in billions of USD



Note: At current prices.

Source: World Bank (World Development Indicators).

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Remittances sent abroad declined across Europe in 2015 and 2016, but have since been steadily increasing again.

presumption that refugees are sending significant portions of the state subsidies they receive abroad and that the ease of sending transfers encourages further asylum requests in Germany. This presumption has already led to concrete regulatory measures: For example, a payment card system has been introduced, which limits asylum seekers' access to disposable cash.⁴ The goal of this measure is to control the use of state subsidies more strictly and to ensure that refugees are mainly using this money to support themselves in Germany.⁵ However, this debate ignores the positive effects that remittances sent abroad have on the recipient countries.⁶

The increase in remittances and the related policy reactions emphasize the topic's complexity: They illustrate how closely related economic aspects of migration and social policy challenges and public discourse are. While these remittances are of great significance for the recipient countries, host societies face the challenge of addressing unsubstantiated concerns about public funds flowing abroad, while also ensuring support and integration for refugees.

However, the aggregated figures published by the World Bank, which use *Bundesbank* data for Germany, do not provide any insight into the amounts sent by migrants, especially refugees, and non-migrants (Box). Thus, a detailed analysis

of remittances sent only by migrants based on *Bundesbank* figures is not possible.⁷ Additionally, neither an individual's specific context nor their motives for sending remittances are recorded. This results in a certain unclarity, as the actual remittance amounts of the individual groups cannot be determined. Moreover, remittances sent via informal channels are often not included or are underestimated, which further distorts the overall figures.⁸

For a clearer understanding of who is sending remittances under what conditions, we must analyze the trends in remittances and the driving factors behind them more closely. Such an analysis provides not only a look at the economic relationships and realities of migrants in Germany, but also reveals what motives and challenges are driving them to send financial support to their home countries. This closer look is decisive for making informed policy decisions and better understanding the effects of migration and financial flows on societies, both sender and recipient countries.

This analysis is the first to use representative, longitudinal survey data from private households in Germany to

⁴ Cf. the details on the payment card on the German Federal Government's website (available online).

⁵ Herbert Brücker, "Eine Einschätzung der Bezahlkarte für Geflüchtete," *BIM Policy Brief* no. 2 (2024) (available online).

⁶ Hillel Rapoport and Frédéric Docquier, "The Economics of Migrants' Remittances," in *Handbook of the Economics of Giving, Altruism, and Reciprocity*, Vol. 2 (2006), 1135–1198 (available online).

⁷ Jörg Feuerhake and Maria Pia Cobián, *Personal transfers in the balance of payments: estimation under changing migration patterns* (Bank für Internationalen Zahlungsausgleich, Irving Fisher Committee on Central Bank Statistics: 2024) (available online).

⁸ Informal channels include unregulated methods, such as the Hawala system in which transactions are done on a trust basis, or having cash physically transported by a courier service. Informal channels are often faster and more affordable, but carry risks such as money laundering and a lack of consumer protection. Official channels are regulated by financial institutions such as banks, money transfer services (such as Western Union), or mobile financial services (such as M-Pesa). Cf. International Monetary Fund, "Understanding Remittances: Demography, Transaction Channels, and Measurement," in *International Transactions in Remittances: Guide for Compilers and Users* (2008) (available online); and Andrea Friedrich, Jens Walter, and Birgit Zeitschel, *The German remittance market – an overview* (Deutsche Bundesbank: 2007) (in German; available online).

Box

Method of calculation and international remittance data

International remittance statistics, as reported in the International Financial Statistics of the International Monetary Fund (IMF), follow the Balance of Payments manual (BPM6) methodology and divide transfers into two main categories:¹

- Compensation of Employees (CE): Includes the income of temporary migrant workers, such as seasonal workers. The gross income including the employer's social security contributions is recorded.
- Personal transfers (PT): Includes all monetary or in-kind transfers sent abroad by people living in Germany, independent of their relationship to the recipient.²

In Germany, transfer data is mainly collected via banks. Transfers of smaller amounts (under 12,500 euros) and informal remittances are frequently not included, which can result in the actual remittance volume being underestimated. In addition, the data can include remittances made by Germans without a migration background. Furthermore, there are challenges in recording informal and digital remittances.

SOEP data and methodology

The German Socio-Economic Panel (SOEP) data used in this Weekly Report can provide some of this more detailed information for Germany. SOEP is a representative and multidisciplinary household survey encompassing around 15,00 households (Version 39) that has been conducted every year since 1984. The analysis is limited to the years 2013 to 2022 to explicitly record the survey waves of the IAB-SOEP Migration Samples as well as the IAB-BAMF-SOEP Refugee Survey.³ Including these studies creates a representative population sample of people with migration and refugee backgrounds, which reflects the migration dynamics of the

past decade and can be compared with the rest of the population included in the SOEP.⁴

Questions used for the analysis on remittances abroad are located in the Family and Friends (*Familie und Freundeskreis*) section of the survey (see for example question 218 in the individual questionnaire (*Fragebogen Personen*, SOEP v39). The following question is asked in all samples: "Did you send money or other financial support to relatives or other people outside of your household in the last year (20xx)? If yes, what was the total amount you transferred in 20xx? Where does the recipient live?" The possible answer categories for recipient are: Parents, children, spouse/ex-spouse, other relatives, unrelated people, or no transfers sent.

Multiple answers are possible. This way, respondents can indicate that they sent transfers to relatives abroad as well as to relatives living in Germany. This makes it possible to record the remittance practices of respondents comprehensively while considering the different locations of the recipients.

A distinction is made between personal transfers made exclusively within Germany and personal transfers abroad for the analysis in this Weekly Report. However, the survey does not provide more exact information on what specific countries the remittances are being sent to. Based on this definition, this Weekly Report focuses on people who have sent remittances abroad to one or more of the recipients mentioned.

As is well known in research, remittance amounts reported by respondents are often incomplete and subject to underreporting and inaccuracies.⁵ A detailed analysis of these values requires a complex method of multiple imputation, which is beyond the scope of this Weekly Report. Therefore, the present analysis focuses on if a person has sent a remittance abroad or not, without taking full account of how much was sent.

¹ Andrea Friedrich, Jens Walter, and Birgit Zeitschel, *The German remittance market – an overview* (Deutsche Bundesbank: 2007) (in German; available online).

² International Monetary Fund, *Balance of Payments and International Investment Position Manual. Sixth Edition (BPM6)* (2009) (available online).

³ IAB-SOEP Migration Samples (M1, M2, M7, M8 or M8b), data from 2013–2022 (in German; available online); IAB-BAMF-SOEP Refugee Survey (M3-M6), data from 2016–2022 (in German; available online).

⁴ cf. Jan Goebel et al., "The German Socio-Economic Panel (SOEP)," *Journal of Economics and Statistics* 239, no. 29 (2018): 345–360.

⁵ Cf. Duane F. Alwin, Kristina Zeiser, and Don Gensimore, "Reliability of self-reports of financial data in surveys: Results from the health and retirement study," *Sociological Methods & Research* 43, no. 1 (2014): 98–136.

distinguish specifically between migrants without a refugee background, refugees, and non-migrants in regard to remittances.⁹ It is based on data from the Socio-Economic Panel (SOEP),¹⁰ the IAB-SOEP Migration Samples from 2013 to 2022, and the IAB-BAMF-SOEP Survey of Refugees

from 2016 to 2022.¹¹ These surveys belong to the most comprehensive and long-running multidisciplinary household panel worldwide and offer a unique basis for well-founded analyses of the population with migration and refugee backgrounds (Box).

⁹ The authors would like to thank Leon Prag and Jan Kacprzak for their research assistance.

¹⁰ The SOEP is an annual representative and multidisciplinary survey of private households that has been running since 1984. It currently surveys around 15,000 households; cf. Jan Goebel et al., "The German Socio-Economic Panel (SOEP)," *Journal of Economics and Statistics* 239, no. 29 (2018): 345–360.

¹¹ Herbert Brücker et al., "The new IAB-SOEP Migration Sample: an introduction into the methodology and the contents," *SOEP Survey Paper* no. 216 (2014); Herbert Brücker, Nina Rother und Jürgen Schupp, "IAB-BAMF-SOEP-Befragung von Geflüchteten 2016. Studiendesign, Feldergebnisse sowie Analysen zu schulischer wie beruflicher Qualifikation, Sprachkenntnissen sowie kognitiven Potenzialen," *DIW Politikberatung kompakt* no. 123 (2017) (in German; available online).

Motives for sending remittances: Altruism, strategic opportunities, and cultural bonds

Sending remittances abroad has been intensively investigated in both migration and economic research. In essence, there are three main motives for sending remittances: altruism, strategic or investment reasons, and social and cultural bonds.¹² These motivations can overlap and reflect different needs and circumstances, which can vary depending on the migrants' individual situation and the nature of their migration.

Altruistic motives

A key motive for sending remittances is altruism, the desire to support relatives in need. This motive drives more remittances during crisis periods in migrants' home countries in particular, when families are faced with economic challenges, political instability, or natural disasters. In such cases, remittances are vital aid to secure basic needs such as food, medical care, and education.¹³ This form of assistance is common among both migrants without a refugee background as well as refugees, although the latter may be under particular pressure to provide financial support due to their refugee situation and the often precarious situation of their families.¹⁴

Strategic or investment motives

Remittances are strategic investments for some migrants, especially those who are economically stable. Remittances are used to acquire or maintain assets in their home country, such as real estate or family businesses. Generally, the goal is to secure long-term sources of income or to ensure a possible return.¹⁵ This is generally a motive for migrants without a refugee background, who, unlike refugees, tend to have a secure work situation and thus can use their financial resources to plan for long-term investments in their home country.¹⁶ Favorable investment conditions, such as changes in exchange rates or low interest rates or transaction costs, can also stimulate this type of personal transfer.

Social and cultural bonds

In addition to economic motives, remittances are also sent to maintain a connection to one's home country or to live up to familial or cultural expectations. For many migrants, regularly sending remittances strengthens not only familial

¹² Frédéric Docquier, Hillel Rapoport, and Sara Salomone, "Remittances, migrants' education and immigration policy: Theory and evidence from bilateral data," *Regional Science and Urban Economics* 42, no. 5 (2012): 817–828.

¹³ Cynthia Bansak and Brian Chazum, "How Do Remittances Affect Human Capital Formation of School-Age Boys and Girls?" *American Economic Review* 99, no. 2 (2009): 145–148 (available online. Accessed on November 22, 2024).

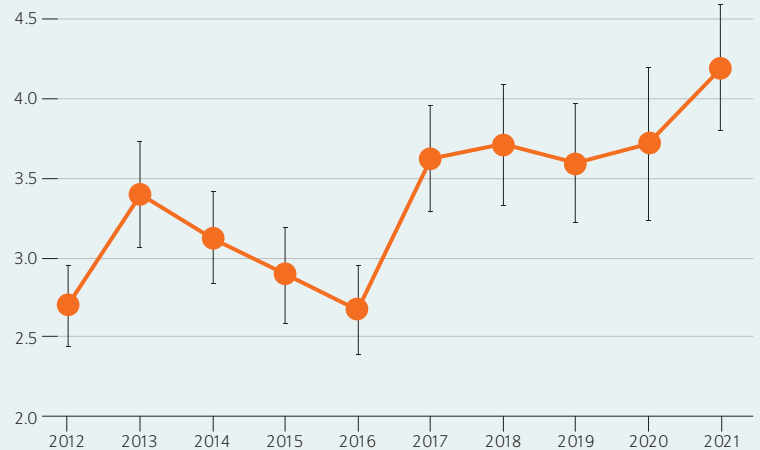
¹⁴ Robert E. B. Lucas and Oded Stark, "Motivations to remit: Evidence from Botswana," *Journal of Political Economy* 93, no. 5 (1985): 901–918 (available online).

¹⁵ Docquier, Rapoport, and Salomone, "Remittances, migrants' education and immigration policy."

¹⁶ Adriana R. Cardozo Silva et al., "The impact of COVID-19 government responses on remittances in Latin American countries," *Journal of International Development* 34, no. 1 (2021): 803–822 (available online).

Figure 2

People in Germany who send remittances abroad Share in percent of all people living in Germany



Note: The vertical lines indicate the 95 percent confidence interval. In 95 percent of cases, the unknown actual value is in this interval.

Source: Authors' calculations based on SOEP v39 (weighted), including IAB-SOEP sample and IAB-BAMF-SOEP Survey of Refugees.

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Around four percent of people living in Germany send remittances abroad, including non-migrants.

ties, but also their cultural identity and sense of belonging.¹⁷ The amount and frequency of remittances can be influenced by how close of a relationship a person has to the relatives they left behind and how long they have lived in their host country. Nevertheless, refugees often find themselves in a dilemma: Although they have strong familial ties, financial limitations in their host country can limit the amount and regularity of remittances.

Migrants send remittances abroad more often than refugees

To understand the theoretical motives for remitting in practice, we first describe the development of the share of people who send personal transfers abroad using SOEP data from 2013 to 2022. Next, statistical models shed light on the characteristics that are associated with a higher likelihood of remitting.

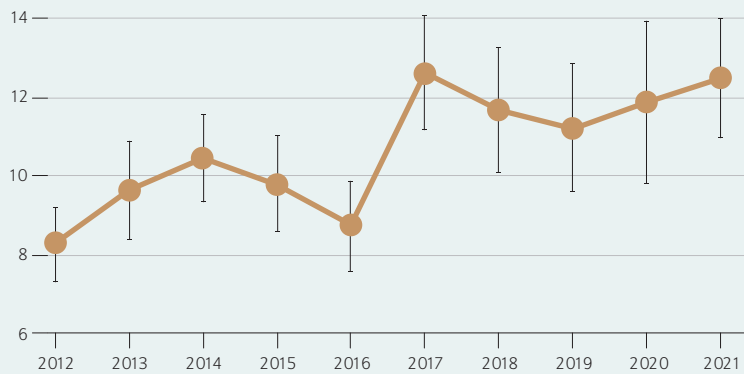
Although remittances abroad are mainly associated with migrants, non-migrants (Germans without a migration background) also send personal transfers to other countries. In recent years, between three and four percent of all people living in Germany sent remittances abroad (Figure 2), as well as around 1.5 percent of non-migrants. However, SOEP data only provide limited information on the amounts non-migrants send abroad or for what specific reasons they are remitting. It is unclear whether they send remittances

¹⁷ Anna Lindley, "The early-morning phonecall: Remittances from a refugee diaspora perspective," *Journal of Ethnic and Migration Studies* 35, no. 8 (2009) (available online).

Figure 3

Share of migrants without a refugee background in Germany who send remittances abroad

In percent of all migrants without a refugee background



Note: The vertical lines mark the 95 percent confidence interval. In 95 percent of cases, the unknown actual value is within this interval.

Source: Authors' calculations based on SOEP v39 (weighted), including IAB-SOEP sample and IAB-BAMF-SOEP Survey of Refugees.

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The share of migrants without a refugee background who send remittances abroad has remained stable at around 12 percent since 2017.

rise could indicate increasing economic and professional stabilization, enabling more migrants to financially support their families in their home countries to a greater extent or to invest in real estate or companies. These results correlate with the strategic and investment motives described in the literature, which are often accompanied by altruistic motives.

The decline of remittances sent by migrants without a refugee background between 2013 and 2016 coincides with the increase in asylum seekers in Europe in 2015 and 2016, when around 1.3 million refugees, mainly from Syria, came to Germany.¹⁸ The German population's increased altruistic commitment to refugees during this period could explain why fewer migrants sent remittances abroad.¹⁹

The share of refugees who send remittances abroad is lower than the share of migrants without a refugee background who remit abroad. From 2013 to 2016, there was a steady decrease from 15 to seven percent (Figure 4). The share of refugees sending remittances abroad declined in 2015 and 2016 in particular, similar as to other migrants. Between 2017 and 2020 the share stabilized at around ten percent before falling down to seven percent in 2021. Presumably, this upward trend can be explained by economic and job-related difficulties, which many people faced during the coronavirus pandemic.²⁰ The trend suggests that while refugees want to maintain strong social bonds and cultural ties to their home countries and support their families, their economic situation limits their ability to remit regularly.

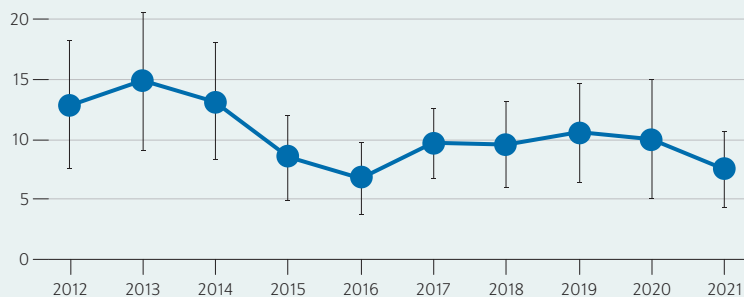
Men, small households, and divorcees send remittances abroad more frequently

To understand why people send remittances abroad, the following section utilizes two statistical models to investigate the personal and familial factors that can influence the likelihood of remitting. In the first model, variables such as gender, level of education, household size, number of children, marital status, and life satisfaction are considered (Figure 5). The models differentiate between non-migrants (Germans without a migration background) and migrants (migrants without a refugee background and refugees). The results show that migrants are 2.1 percentage points more likely to send remittances abroad than non-migrants, while refugees are 2.7 percentage points less likely to send remittances than non-migrants. This is in line with studies that show that refugees are often subject to greater economic restrictions, which limits their ability to send remittances.²¹

Figure 4

Share of refugees in Germany who send remittances abroad

In percent of all refugees



Note: The vertical lines mark the 95 percent confidence interval. In 95 percent of cases, the unknown actual value is within this interval.

Source: Authors' calculations based on SOEP v39 (weighted), including IAB-SOEP sample and IAB-BAMF-SOEP Survey of Refugees.

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The share of refugees who send remittances abroad has been trending downward since 2012.

sporadically, such as to support relatives in specific situations, as opposed to regularly like many migrants. Remittances can be sent, for example, to support children studying abroad.

For migrants without a refugee background, there is a clear upward trend: Since 2016, the share of this group sending remittances abroad has grown continually, increasing from eight percent to nearly 12 percent in 2021 (Figure 3). This

¹⁸ Bundeszentrale für politische Bildung, *Demografie von Asylsuchenden in Deutschland* (2024) (in German; available online).

¹⁹ Chang Woon Nam and Peter Steinhoff, "The Role of Volunteers in German Refugee Crisis and Their Contribution to the Local Government Expenditure," CESifo Working Paper No. 73 (2018) (available online).

²⁰ Herbert Brücker et al., "Die Arbeitsmarktwirkungen der COVID-19-Pandemie auf Geflüchtete und andere Migrantinnen und Migranten," IAB-Forschungsbericht, no. 5 (2021) (in German; available online).

²¹ Francesco Fasani et al., "The Struggle for Refugee integration into the labor market: evidence from Europe," *Journal of Economic Geography* 22, no. 2 (2022): 351–393 (available online).

Gender also plays a role: Women are 3.4 percentage points less likely to send remittances abroad than men, which could be due to differing access to household resources. Studies on gender-specific remittance practices suggest that women migrants often face major economic barriers and have specific familial obligations that limit their ability to earn an income and thus to remit.²² Income differences in particular explain why women, even if they want to support their families abroad, send less frequently as well as smaller amounts than men.²³

Level of education only shows a small influence on remittance behavior, which is consistent with the mixed evidence in the research. Some studies suggest that better educated migrants remit less frequently, as they had already been living in more stable economic situations due to their qualifications in their home countries before they left, and they experience less pressure to support their family.²⁴ Their families are possibly more financially secure and less dependent on regular remittances. Other studies suggest that less educated migrants remit more frequently, especially if their families are experiencing economic difficulties or they migrated to Germany primarily to financially provide for their family.²⁵

Household size also influences remittance behavior: With every additional household member, the likelihood of a remittance declines by 0.4 percentage points, which indicates more financial obligations within a larger household. Marital status is also an influential factor: Widows and widowers, divorcees, and people who are separated are more likely to send remittances than married people. This is likely due to a strong feeling of responsibility for relatives living abroad or being geographically separated from family members. These results are consistent with the research that emphasizes the significance of the family structure for remittance behavior.²⁶

Intention to return to home country influences remittances

The second model differentiates between migrants without a refugee background and refugees. Additional factors, such as the intention to stay in Germany permanently and a strong bond to the home country, are investigated (Figure 6). It can be seen that migrants who plan to live in Germany permanently send remittances abroad less often. This indicates that a long-term intention to stay in Germany is associated with a greater prioritization of investments in Germany.²⁷ In

²² Elke Holst, Andrea Schäfer, and Mechthild Schrooten, "Gender, Transnational Networks and Remittances: Evidence from Germany," *DIW Discussion Paper* no. 1005 (2010) (available online).

²³ Rahel Kunz and Julia Maisenbacher, "Gender and remittances," in *The Palgrave Handbook of Gender and Migration* (2021), 321–338 (available online).

²⁴ Docquier, Rapoport, and Salomone, "Remittances, migrants' education and immigration policy."

²⁵ Richard H. Adams Jr., "The Determinants of International Remittances in Developing Countries," *World Development* 37, no. 1 (2009): 93–103 (available online).

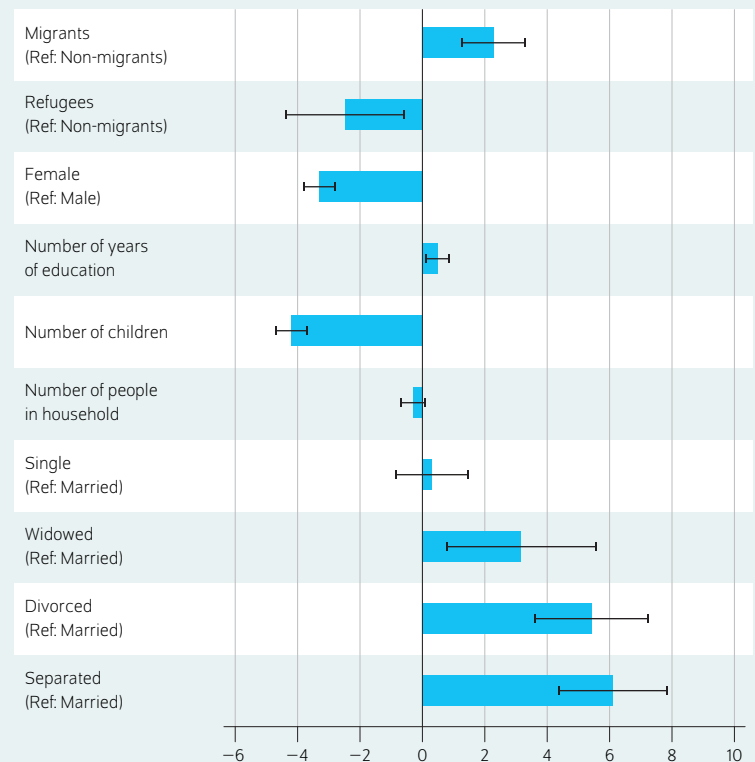
²⁶ Mathias G. Sinning, "Determinants of savings and remittances: empirical evidence from immigrants to Germany," *Review of Economics of the Household* 9 (2011): 45–67 (available online).

²⁷ Christian Dustmann and Josep Mestres, "Remittances and temporary migration," *Journal of Development Economics*, 92, no. 1 (2010) (available online).

Figure 5

Effect of personal characteristics on the likelihood of sending remittances abroad for all people living in Germany

Deviation from the reference value in percentage points



Note: A correlated random effects (CRE) model with time fixed effects was estimated, controlling for unobserved individual heterogeneity. Standard errors were clustered at the individual level to account for within-individual correlation over time.

Source: Authors' calculations based on SOEP v39 (weighted), including IAB-SOEP sample and IAB-BAMF-SOEP Survey of Refugees.

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Compared to non-migrants, refugees are 2.7 percentage points less likely to send remittances abroad.

contrast, a strong connection to one's home country increases the likelihood of sending remittances abroad, which emphasizes the significance of familial obligations and emotional ties.²⁸

In summary, the results of both models illustrate the central role of the migration and refugee experiences as well as personal factors, such as an intention to return and emotional ties, in remittance behavior. These findings contribute to a better understanding of the complex motives and different living conditions of migrants in Germany.

²⁸ Tineke Fokkema, Eralba Cela, and Elena Ambrosetti, "Giving from the heart or from the ego? Motives behind remittances of the second generation in Europe," *International Migration Review* 47, no. 2 (2018): 539–572 (available online).

Figure 6

Effect of the household situation and other determinants on the likelihood of migrants sending remittances abroad

Deviation from reference value in percentage points



Note: Pooled OLS regression with time fixed effects and controlling for age and region of origin. Standard errors clustered at the individual level.

Source: Authors' calculations based on SOEP v39 (weighted), including IAB-SOEP sample and IAB-BAMF-SOEP Survey of Refugees.

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A person who wants to stay in Germany forever is less likely to send remittances abroad than a person who wants to return to their home country.

Conclusion: Reevaluation and better recording of data needed

The data show that refugees do not only send remittances abroad more rarely than migrants without a refugee background, but that they also are less likely to remit than people without a migration background. On the one hand, this finding exposes the contradictory nature of the political debate, which focuses on remittances sent by refugees and resulted

in the introduction of the payment card system in various federal states, among other things, without empirical evidence of its benefits. Secondly, this finding emphasizes the need for a more in-depth analysis to shed light on the connections between remittances and the specific, diverse living conditions of migrants (such as their different employment situations). For such an analysis, data collection on remittances must also be improved, as central banks in particular often fail to adequately record informal financial flows. Advanced techniques, such as integrating different data sources and multiple imputation, could provide more accurate figures and thus create a reliable basis for economic policy decisions.

Furthermore, it is crucial to recognize the value of remittances as an informal but important form of economic support.²⁹ Remittances abroad, which are often sent for personal reasons, contribute significantly to the economic stability of families in low and middle-income countries according to studies. Remittances are often more effective than financial resources from development cooperation, as they reach those in need directly without losing money due to bureaucracy or corruption. In this way, remittances make an important contribution to reducing poverty and economic resilience.³⁰ Migrants' remittances abroad can be considered a driving force in promoting the United Nations Sustainable Development Goals (SDGs), as they improve the living conditions of families and communities. Remittances make it possible for migrants to support their families back home, an action in line with the SDG framework,³¹ which emphasizes the right of every person to freely spend their income, regardless of where their relatives live.

Reevaluating the role of remittances could help better focus policy measures on supporting remittances and their function as a direct development instrument.³² Targeted support of the economic integration of refugees would be a decisive step in strengthening their financial independence and improving their ability to support their families abroad. This would strengthen their economic resilience as well as the positive effect of the remittances to their home countries.

²⁹ In accordance with the United Nations' Sustainable Development Goals, Germany has committed to providing 0.7 percent of its GDP for formal development aid each year. In 2022, the target was even slightly exceeded, as 0.85 percent of GDP was provided. It should be noted that all government spending on refugees during their first year of residence is also included in the calculation, cf. information on the website of the Federal Ministry for Economic Cooperation and Development (*Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ*) (in German; available online).

³⁰ Richard H. Adams Jr. and John Page, "Do international migration and remittances reduce poverty in developing countries?" *World Development* 33, no. 10 (2005): 1645–1669 (available online).

³¹ Karim Barkat et al., "Achieving the Sustainable Development Goals in Developing Countries: The Role of Remittances and the Mediating Effect of Financial Inclusion," *International Review of Economics & Finance* 95 (2024): 103460 (available online. Accessed on November 22, 2024).

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Adriana Cardozo Silva is a Research Associate in the Socio-Economic Panel (SOEP) at DIW Berlin | acardozosilva@diw.de

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Sabine Zinn is the Acting Director of the Socio-Economic Panel (SOEP) at DIW Berlin | szinn@diw.de

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DIW Berlin — Deutsches Institut für Wirtschaftsforschung e. V.
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www.diw.de

Phone: +49 30 897 89–0 Fax: –200

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