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Moving Minds and Money:

The Political Economy of Migrant Transfers

The International Center for Development and Decent Work

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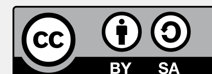

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Abstract

This paper examines the potential of digital financial services (Fintech) to increase the development impact of remittances. We discuss both household and macroeconomic perspectives of the nexus of digital financial services, remittances, and financial inclusion. Using our findings, we identify regulatory gaps in dealing with digital financial services to enhance the development impact of remittances. Political and social remittances, as well as collective remittances, and the role of diaspora networks are also considered. We then examine the impact of the Covid-19 pandemic before elucidating major research questions in the political economy of migrant transfers.

Keywords: Migration, Remittances, Development, Financial Technology

JEL Classification: F6, F22, F24, G2, O15, R2

1 Introduction

Economic, social, and political remittances are understood as the core transmission channel of the development potential of migration. Economic remittances are a way for migrant workers to provide a livelihood to those who remain in the home country. The worldwide monetary flow of international remittances has been rapidly increasing over the last decades. The amount of pecuniary remittances today is several times higher than global official development aid and portfolio investment flows, only coming second to FDI (Ben Naceur et al., 2020, p. 47). Overall, international remittances are the second largest international monetary flow after foreign direct investment (FDI) and it is the least volatile and most reliable of all financial flows to developing countries. Economic remittances have therefore become an influential tool for development.

Non-economic remittances having social, cultural, and political impacts on values, beliefs and worldviews are important, too. Such effects can be expected for three reasons. First, migrants are unlikely to be randomly selected from their countries of origin as far as values, beliefs, and political opinions are concerned, so that migrant communities often espouse significantly different cultural values and worldviews than those who stayed in the home country. Migrants nowadays can often easily participate in and shape political and cultural developments of their home country. Depending on circumstances, they can therefore have a stabilizing or polarizing effect on the home country. Second, life experience abroad may induce further changes in migrants' worldviews as they undergo cultural and political socialization in the host country. Third, migrants keep contacts with their friends and relatives in the countries of origin and some of them eventually return there: both can induce transfers of political, social, and cultural norms and attitudes.

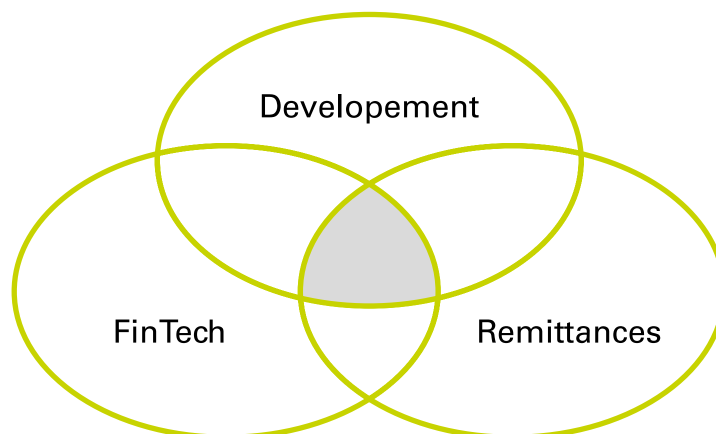
There is already a vast literature on remittances and their likely impacts on developing countries. While an increasing number of studies and research papers discuss the emergence of digital financial services and their potential benefits for developing countries, the links between digital financial services, remittances, and development have not yet received sufficient attention and are largely unexplored. We first discuss the nexus of digital financial services, remittances, and financial inclusion from an individual household perspective. Second, we change the perspective and evaluate macroeconomic impacts of remittances induced and facilitated by digital financial services. Based on these two sections, we identify regulatory gaps in dealing with digital financial services in order to (i) increase the development impact of remittances, (ii) mitigate risks to households, and (iii) enhance the stability and integrity of the financial system using Fintech in remittances transfers. While sections two to four mainly focus on individual economic remittances, Section Five rather considers the developmental potential of political and social remittances, as well as collective remittances and the role of diaspora networks. We briefly examine the nexus in the context of the Covid-19 pandemic in Section Six. Finally as a conclusion, we propose major research questions based on our discussion and the next steps ahead to advance the political economy of migrant transfers.

2 The nexus of Fintech, remittances, and financial inclusion

In developing countries, the access to traditional financial services is limited and distorted by various demands and supply side factors in particular; the low and irregular income pattern prevalent for many private households and small and medium-sized enterprises (SMEs). As remittances increase household income, they importantly contribute to financial inclusion in the traditional banking sector. First, the fixed costs of sending remittances might make the flows sporadic, which can provide receiving households with temporary excess liquidity. This may increase their demand for deposit accounts. Second, and more important, remittances may increase recipients' likelihood of obtaining loans. Processing remittance flows provides financial institutions with more information on the (regular) income of the recipients, consequently making financial institutions more willing to extend loans to otherwise opaque borrowers.

Regarding empirical evidence, Aga and Martínez-Peria (2014) found that receiving remittances contributes positively to financial inclusion in Sub-Saharan Africa. Ambrosius and Cuecuecha (2016) showed that in Mexico remittances increase financial inclusion in the form of savings accounts and accessible credit; however, the borrowing is driven more by informal finance than by established institutions. Previously, Fajnzylber and López (2007, pp. 35–39) showed that for various Latin American countries, remittance inflows have indeed a positive effect on bank deposits and credit; in Mexico, remittances account for up to 10 per cent of banking sector deposits and loans. Anzoategui et al. (2011) also reported that remittances have a positive effect on financial inclusion in El Salvador, through promotion of deposit accounts rather than formal credit. Finally, Ben Naceur et al. (2020) show that the impact of remittances on financial inclusion in low and middle-income countries follows rather a U-shape. They identify a threshold of 13% of GDP for a cross-continental sample under which remittances rather end up in financial disintermediation and only above which remittance promote financial inclusion. Independent from the method of sending remittances, it is imperative to analyse the potential of remittances to increase financial inclusion via traditional agents, and identify the specific programmes and deposit and credit instruments that target remittance-receiving households (Metzger, 2013).

The digital-financial-services or Fintech is a very recent actor in promoting financial inclusion. Despite high expectations by international organizations, like the United Nations (2018), the World Bank, and CGAP (Klapper et al., 2016), that digital financial services advance financial inclusion and thus promote the Sustainable Development Goals (SDGs), the empirical evidence on the extent to which digital financial services contribute to financial inclusion beyond e-payments is ambivalent.[1] Although Fintech markets are still small in size relative to credit extended by traditional intermediaries, they offer potential for financial inclusion by providing alternative funding to borrowers with limited access to bank credit, as well as by reducing transaction costs through the digitalization of their activities. Furthermore, Fintech firms are less risk averse than banks, therefore, are more likely to reach out to the 'unbanked' (CGFS, 2017). Jagtiani and Lemieux (2017) recently investigated the use of alternative data sources by Fintech lenders and found that they had a positive impact on financial inclusion. Moreover, survey data from UBS (2016) showed that the propensity of individuals to borrow from a Peer-to-Peer (P2P) platform is much higher in emerging countries, suggesting that digital financial services contribute to financial inclusion.



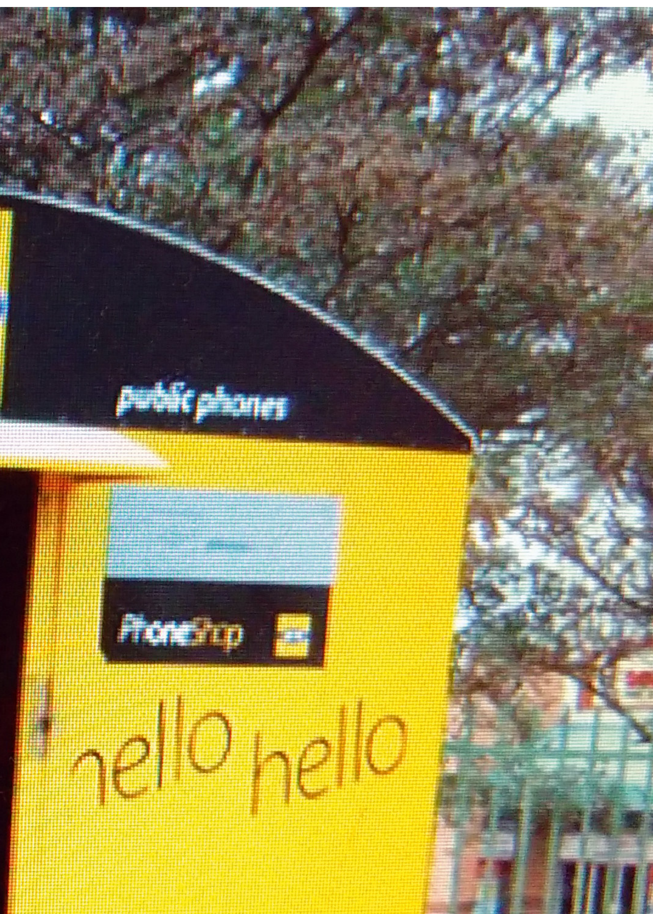
1 For a discussion of the impact of digital financial services on savings in African countries, see Aker and Wilson, 2013 (Ghana); Apiors and Suzuki, 2018 (Ghana); Arestoff and Venet, 2013 (Madagascar); Cátia and Vicente, 2013 (Mozambique); Jack and Suri, 2014 (Kenya); Krause, 2016 (Kenya); Ky and Rugementwari, 2015 (Burkina Faso); Van Hove, 2019 (Kenya).

In 2007, Safaricom introduced the mobile money transfer and payment system M-Pesa to the Kenyan market. The major market of M-Pesa is still Kenya; the overall active number of users grew from about one million in 2007 to 33.4 million in 2018 (Medici, 2019). Fintech, such as mobile cash systems like M-Pesa and Bitcoin-based channels, reduces the transaction costs of remittances transfers. Assuming that an equivalent amount of money has been sent, this leaves households with higher net transfers, possibly increasing household incentives to keep cash in deposit accounts rather than at home.

Systems like the M-Pesa and Bitcoin-based models allow households to keep cash not required, as they also offer to keep the transfers in safe and reliable non-cash holdings with which payments of daily expenses can be settled. Consequently, these systems might reduce the incentive to keep a savings account with a traditional financial institution for non-remittance income. This is in particular so if these holdings with digital financial service providers are entitled to mandatory interest payments like in Ghana (Bank of Ghana, 2019; Staschen and Mearger, 2018). Accordingly, future analyses should be broadened to include household handlings of non-remittances income and how it is affected by Fintech in order to assess the following: first, the role of digital financial services to aid financial inclusion beyond e-payments; second, whether the use of digital financial services promotes financial literacy for consumers; and third, how the use of Fintech for sending and receiving remittances contributes to attracting customers into traditional financial systems.

In addition to the reduction of transaction costs and the facilitation of transfers to remote areas, little research exploring the relationship between Fintech and remittances exists. Kumar and Vu (2014) studied the interaction between remittances and general Information and Communication Technologies (ICT) in Vietnam, finding a positive impact of ICT use on remittances. Kumar's (2013) previous study in the Philippines showed similar results. While the statistics show the gross amount remitted remaining the same, research has shown that migrants prefer to send their families and friends a regular and consistent net amount. Thus, as transaction costs decline, the gross amount sent could also decline without negatively impacting the total amount received. Additionally, with decreasing transaction costs, the frequency of remittances could increase while average amounts per transaction decline. The impacts of the possible lower remittance income per transaction on the spending and saving behaviours of receiving households have not yet been explored. To our knowledge, there are no studies that analyse the interactions between Fintech and remittances beyond the relationship of cost reduction and dissemination.

In conclusion, more comparative studies are required to achieve a more comprehensive understanding of the nexus of Fintech, remittances, and financial inclusion. Particular attention should be given to the transmission channels and mutual repercussions while special consideration should be given to potentially vulnerable groups, e.g., low-income households, women, and rural households.



3 Macroeconomic impacts of remittances facilitated by Fintech

In contrast to the household level where remittances increase income and improve welfare, with few notable exceptions (Barajas et al., 2010, Chami et al., 2008, 2018, Dridi et al., 2019, Fajnzylber and López, 2007, Vacaflores and Kishan, 2014), remittance impacts are not comprehensively surveyed on the macro level and many aspects are still unexplored. There are studies suggesting that remittances foster long-term growth prospects (Didri et al., 2019; Ekanayake and Halkides, 2008; Ratha, 2013; UNCTAD, 2011) and positive investment dynamics (Bjuggren, 2010; Cornelius, 1990; UNCATD, 2011). A remittances-induced increase in consumer and investment demand for domestic goods and services has positive effects on national production due to multiplier results; however, trade-offs are certainly involved. As remittances are not distributed equally across households, communities, or regions, a higher demand for goods, services, land, or other real assets fuelled by remittances might cause price increases and contribute to increasing inequality, principally in those communities with a higher concentration of remittances-receiving households. Narayan et al. (2011) show that inflow of remittances indeed generates inflationary pressures, particularly in the long run.

Depending on the propensity to import, the demand will increase for domestic products as well as for imported goods and services. Developing countries are usually notoriously short of foreign exchange reserves. As long as the propensity to import is less than one hundred per cent, remittances-propelled imports of goods and services will not match the amount of received remittances; everything else equal, the net impact of remittances on the current account balance is positive as long as import propensity is lower than 100 per cent. If the recipient households even convert the foreign-exchange-based remittances into their domestic currency within the official banking system so that the foreign exchange finally ends up with the national central bank, then accordingly official foreign exchange reserves will rise. Vacaflores and Kishan (2014) prove that for nine Latin American countries, the increase of forex with the central bank is positively correlated with remittances inflows, though it depends on the exchange-rate policy and a specific exchange-rate target. In contrast, countries, which rather allow their exchange rate to fluctuate freely, are confronted with the Dutch Disease effect and the loss of international competitiveness (for instance, Acosta et al., 2009; Barajas et al., 2010 or Chami et al., 2018). In these cases, the overall macroeconomic effect of remittances inflows on reserve accumulation, trade balance, and production capacities seem to be negative, though with different degrees depending on trade openness, factor mobility, development of domestic financial markets, and so on.

There is a lack of comprehensive studies concerning the effects of remittances on the process of dollarization[2] of economies both within and outside the formal financial system, though we can identify several ways in which remittances expose the domestic financial systems of developing countries. First, the use of foreign exchange to acquire durable goods and assets brings the risk of propagating currency substitution as economic agents might increasingly give up those goods and assets only in exchange of foreign currency, even vis-à-vis non-recipient households. Second, the acceptance of dollar accounts in the banking system in order to absorb the remittance liquidity results in a de facto dollarization of the existing financial system; banks with liabilities denominated in foreign currency will increasingly shift their assets into this foreign currency to avoid, or at least limit, the currency mismatch in their balance sheets. Hence, we would expect that loans, even to companies with no direct access to foreign exchange, as well as those to non-recipient households, were increasingly denominated in foreign currency.

Actually, Barajas et al. (2016) show that remittance inflows result in an expansion of the balance sheets of the banking systems, though at the price of a reduced monetary transmission mechanism due to increased holdings of liquid assets. The rise in liquid asset holdings in the course of remittance inflows could be due to an attempt by banks to counteract the rise in maturity and currency mismatch in their balance sheets. As households often use remittances for daily consumption expenditures, banks might perceive deposits fuelled by remittances as very short term and extend their liquid assets accordingly. Should these deposits be (partially or even totally) in foreign currency, then the reduced lender-of-last resort function of their central bank would necessarily compel a rise in liquid assets. However, broad surveys exploring necessary rules and regulations as well as economic conditions to induce remittance recipient households to give up foreign currency in exchange for domestic currency have not yet been realized. From the point of view of policy perspectives, this regulatory gap is an important issue and should certainly figure prominently in any future research agendas.

2 Dollarization here is understood as the substitution of domestic currency with foreign currencies, which is in most cases, although not limited to, the US dollar.

Mobile cash systems and Bitcoin-based models facilitate and further the substitution of domestic currency toward crypto currencies. To mitigate currency substitution, the conditions by which sending and receiving households develop a preference for block chain technology and cryptocurrencies over host and home domestic currencies need to be understood. We need additional studies and analysis to assess what proportion of cryptocurrencies would facilitate user convenience, a response to financial system deficiencies in either remittance sending or receiving countries, a general macroeconomic instability, or an attempt to circumvent financial account regulation and taxation. This endeavour is even more pressing when one considers the preparations made by technology firms to enter this market segment with their own crypto currencies.

There are also positive macroeconomic impacts induced by Fintech. If digital financial services succeed in attracting previously sent remittances via informal channels, appearing in the formal sector and contributing to the current account revenues reducing deficits, then sovereign ratings by international rating agencies could improve and international credit costs would fall for these sovereigns resulting in higher debt-servicing capacities and reducing debt crises, all other things remaining equal.

Most research focuses on individual economic remittances, currently more relevant in absolute numbers, and on the resilience of the flows rather than collective remittances. When migrant communities in the host countries collect money to finance local investment in their municipality of origin in their home countries, this is considered collective remittances. Nevertheless, from the third generation onwards, volume and frequency of remittances tend to decline as the relationship between migrants and the remaining family members in home countries flattens. Moreover, collective remittances might constitute an alternative to individual remittances, particularly for permanent migrants of the second and subsequent generations. Collective remittances might also overcome the frictions, which individual economic remittances typically impose on local communities, especially in increasing social and economic inequality between those households who receive payments and those who do not. Collective remittances might sustain cohesion for local communities thus increasing the development impact.

Due to their dispersed nature, individual remittances and their impact on receiving households are very difficult to monitor. There is a lack of comprehensive panel data in sending and receiving countries as most of the surveys are based on interviews and individual case studies, leaving generalizations of insights gained by household surveys difficult to obtain. Yet, collective remittances reflect a joint and organized undertaking by diaspora networks in destination countries and hometown associations in origin countries, hence offering a point of reference for individuals as well as various local, regional, and international stakeholders. Involving the diaspora networks in the collection of this data would benefit both academic research and those organized networks seeking to understand how collective and individual remittances benefit origin communities.

4 Regulation and remittance governance architecture

Some countries have impressively implemented successful policies to match migrants' favoured payments channel, inducing a switch of economic remittances flows from informal to formal channels and enabling increasing collective remittances. One of these countries is Kenya where a special Act mandates the Central Bank of Kenya (CBK) to formulate and implement policies to steer the establishment, regulation, and supervision of efficient, effective payments, and clearing settlement systems. Through this method, Kenya has pioneered African financial innovations, in particular, mobile money. In contrast, Mexico, which with the USA, forms the world's busiest remittance corridor, is highly advanced in digital financial services and private Fintech actors and has invented a fiscal policy to assist collective remittances (Fintech Innovation Radar for Mexico, 2016). Finally, Pakistan's central bank offers incentives to incite switching remittances from informal to formal channels by subsidizing payment fees. The increase in formal remittances resulted in a systematic statistical improvement of the current account balance and a similar increase of the sovereign rating by international rating agencies thereby reducing overall international credit costs for the Pakistani sovereign.

To the best of our knowledge, there are no comprehensive evaluations about what role national and international financial governance can play in addressing major deficiencies in existing formal remittance channels, e.g., high costs, lack of accurate delivery times, limited availability of providers in remote areas (Metzger et al., 2019). How policies could be reconciled with migrants' determinants for the choice of payment channels, and how innovative policies might be advanced to facilitate both individual and collective economic remittances, are questions which have been largely ignored in the literature. Other research has shown central banks and other regulatory institutions as critical for creating an economic environment and a level regulatory playing field, both regionally and internationally (Metzger, 2011; Metzger and Taube, 2011). A critical evaluation of existing governance patterns targeting remittances in order to gain deeper insights into the design and the sequencing of measures as well as the specific role of domestic financial governance both in country-specific and universal cases would be an important contribution to the literature.

Due to the key role that remittances could play in improving financial inclusion, particularly for poor households and those in remote areas, developing countries and emerging market governments have begun to support new models of remittances delivery and innovative complementary products (GPFI, 2017). Without a doubt, the rise of Fintech has revolutionized the financial sector and opened up a world of possibilities (Kelly et al., 2017; CGFS, 2017; European Investment Bank, 2014). The Fintech revolution and resulting innovations have implications not only for traditional financial service providers as well as for the core mandate of central banks and regulatory authorities in promoting monetary and financial stability. The growing opportunities offered by technological change and block chain systems also entail new risks which central banks and regulatory authorities must guard against and address adequately (Alliance for Financial Inclusion, 2018; World Economic Forum, 2017).

The decline of remittance costs through the entry of new market actors and players may cause a vicious competition involving a costly trade-off for the formal financial sector of participating countries (BIS, 2007). From research on financial crises, we know that increased competition in the financial sector often induces a shift towards riskier strategies with a reduction of both provisions and cautious lending, resulting in higher risk accumulation on the balance sheet. Therefore, thorough regulation is necessary and regulatory arbitrage needs to be addressed. This is even more difficult if the bodies to be supervised and regulated are part of the digital market segment to which activities and businesses might be shifted. From a regulatory perspective, the infiltration of digital financial services by global market players or Big Tech[3] is particularly challenging due to their market power.[4] International cooperation and the creation of a level playing field by central banks, regulatory authorities, and ministries of finance are essential if countries are not to lose sovereignty.

3 As BigTech, as well as Big Pharma or Big Tobacco, comprises some US technological companies with high market power to which Amazon, Apple, Facebook, Google, and Microsoft belong. See also, *Three ways that Big Tech could be broken up Politicians and regulators have started asking once unthinkable questions* in FT 7 June 2019; *The Guardian view on Big Tech: a new era needs new rules*, The Guardian 21 March 2018.

4 For a discussion of BigTech's likely impact on credit intermediation in the case of Argentina and China see Frost et.al., 2019.

There are also consumer risks associated with Fintech to consider. From the consumer perspective, a lack of convincing regulation in place could diminish their acceptance and subsequent adoption of digital financial services. These associated risks include fraud, the intentional alteration of a payment transaction to misdirect or misappropriate funds. Other risks include rogue websites, identity thefts, scams and phishing. As a result, it is expected that consumer complaints related to such transactions could increase in the near future. A pioneer of consumer protection issues is the Counselling Office for Financial Services Users established in 2005 by the Financial Services Agency of Japan. Internationally, the consumer protection organization, FinCoNet was not established until 2013. Both organizations in cooperation with the OECD Secretariat carried out several surveys, in the form of short questionnaires to canvas FinCoNet members on their experiences in monitoring, regulating, and supervising international electronic money transfers and remittance payments and their associated risks (e.g., Financial Service Agency Japan in collaboration with FinCoNet Members (2016) and FinCoNet (2018)). From a policy perspective, the responses received by FinCoNet Members to these questionnaires are valuable to share information and best practices in advancing consumer protection. At the same time, there is still a lack of accompanying research evaluating country-specific features and identifying general insights into consumer protection in the context of digital financial services. One of the most extensive regulatory aspects of sending and receiving remittances falls within money laundering and global terrorism financing. After the terror attacks of 9/11, capital controls were tightened massively (cf. Todoroki et al., 2014, p. 1). A cross-country study on remittances and terrorism found that a noticeable increase in received remittances resulted in an increase of terrorist attacks.[5] Money laundering often involves structuring[6] which is particularly easy and low cost when using digital financial services. Revenues often stem from drug trafficking, human smuggling, or other illicit and illegal activities undertaken by criminal organizations in the informal economy. The goal of government regulatory authorities is thus to minimize the informal remittance market and regulate the formal remittance market in such a way that acts of crime may be avoided altogether, or at least more easily detected.

5 A detailed explanation of the regression methodology and dataset can be found in R. Mascarenhas and T. Sandler (2013).

6 The term “structuring” describes a practice to launder money by splitting cash transfers or cash withdrawals into small amounts in order to avoid scrutiny by the financial institutions involved.

5 Other types of remittances

Non-economic remittances with social, cultural, and political effects on values, beliefs, and worldviews are important. A number of studies have shown that the transmission of values, labelled "social remittances" in the literature, indeed takes place (Beine and Sekkat, 2013; Berlinschi and Harutynunian, 2016; Chauvet and Mercier, 2014; Docquier et al., 2017; Fidrmuc and Doyle, 2006; Mercier, 2016; Perez-Armendariz and Crow, 2010; and Pfutze, 2012). These studies mostly focus on attitudes towards democracy and political accountability, and on voting behaviour of migrants in the home-country elections. Future research should be extended to include other important aspects of values, such as gender norms, individualism versus collectivism, social trust, opinions on climate change and globalization, etc.

Migrants can respond to the political, cultural, and social environment of the destination country by value convergence, whereby their worldviews become more similar to those in the destination country, or by value entrenchment, whereby they reject the destination country's worldviews or even become more conservative. To address the needs of migrants better, it would be crucial to know which conditions are more conducive for either type of response. Such non-economic effects of migration on the origin countries can be substantial, and have so far been largely ignored by experts and popular opinion in both destination and origin countries.

As with economic remittances, there are also individual and collective forms of non-economic remittances. The individual form of social and political remittances is through personal interaction, during visits or through direct communication, whereas the collective form of these remittances is passed on via social media presence and platforms, including the use of live-streaming and Ted-style talks such as Villages in Action or Africa Gathering. The analog form of non-economic remittances consists in the presence of organized Diaspora groups in their home communities, i.e., repatriate groups. The individual form of economic remittances remains more relevant than collective economic remittances; however, the collective form of economic remittances, i.e., diaspora communities in host countries collecting funds to finance local investment in their municipality of origin, is increasing in terms of amounts collected and its impact on origin communities. Collective forms of remittances are also emerging combined with origin communities, e.g., Africans in the Diaspora which brings together crowdfunding initiatives for transnational community development projects in Africa by giving voice to the African diaspora in Africa and initiate social change.

6 Covid-19 Pandemic

With the onset of the COVID-19 Pandemic, remittances are anticipated to decline by more than 20 per cent worldwide (Bisong et al., 2020, p. 1). Informal remittance channels are expected to survive with difficulty due to the restrictions of physical movement. Formal remittance channels have largely responded to the crisis by providing increased digital transaction possibilities.

Fu and Mishra (2020), using data for 71 countries, posit that the shifts toward digital finance and Fintech adoption motivated by the pandemic conditions have helped to mitigate the short-run declines in productivity and economic growth. Expanded migrant use of formal channels means increased fees; therefore, regulatory agencies need to consider additional policies to reduce remittance transaction fees. The substitution of domestic currency for cryptocurrency is also likely to be facilitated by a shift towards Fintech; therefore, governments need to continue to refine their regulatory policies on financial inclusion, Fintech, and remittances especially in the context of the Covid-19 pandemic. These additional policies could lend necessary support toward positive shifts in the use of Fintech.

Non-pecuniary remittances are affected by the countries in which immigrants find themselves and migrants respond to the environments in which they find themselves. Government responses during the pandemic have been markedly different. The differences in systemic and institutional responses across countries and their resulting effects on non-economic remittances in the context of the Covid-19 pandemic are also important. The Covid-19 pandemic will continue for at least another year. In the future, information on migrant remittance behaviour generated during the pandemic period will provide an interesting and historic situation to study.

7 Conclusion

This paper has examined the potential development impact of remittances related to digital financial services (Fintech). We discuss both individual household and macroeconomic perspectives of the nexus of digital financial services, remittances, and financial inclusion. Using these findings and conclusions, we identify regulatory gaps in dealing with digital financial services to enhance the development impact of remittances. Political and social remittances, as well as collective remittances, and the role of diaspora networks were also considered especially in the context of the Covid-19.

To the best of our knowledge, there are no studies thoroughly addressing the intersection of digital financial services, remittances, and development. Further research directions include how digital financial services change financial literacy and financial inclusion of households, particularly in the area of remittances. In the context of financial services and banking, further investigation of how remittances and their method of sending impact the dollarization of the economy and the stability of formal financial service providers. Moreover, remittances and the country-specific features, related to their methods of sending and receipt, should be examined in the context of the Covid-19.

We recommend undertaking comparative studies of countries with differing evolutionary levels of digital financial services in remittances in order to analyse the potential of digital financial services. Furthermore, an identification of both success factors and obstacles to assess regulatory, supervisory, and governance gaps will allow a grasp of the innovative and enabling role of developing countries diaspora. These avenues of exploration would allow a better understanding of the link between (collective) economic, political, and social remittances, which are increasingly sent by digital services and rely on social media. Overall, we propose a comprehensive exploration of the political economy of migrant transfers, which move minds and money.

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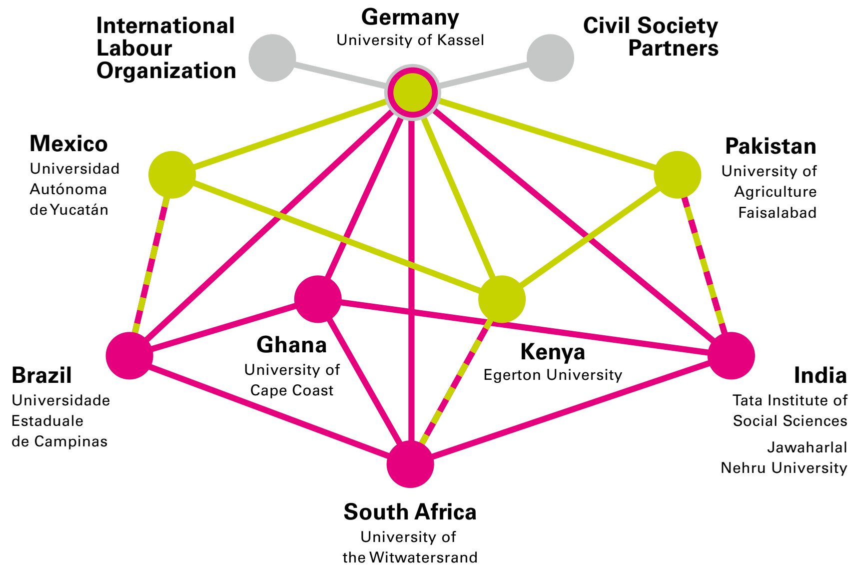

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