

REMITTANCE BEHAVIORS AMONG MIGRANT COMMUNITIES

EVIDENCE FROM ETHIOPIAN AND NIGERIAN SENDERS

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1 Introduction

Remittances are defined as cross-border, person-to-person payments of relatively low value, typically capturing recurrent transactions by migrant workers sending money to their home countries to support their families (CPMI and World Bank, 2007). Another common characteristic of these payments is their cost: these transactions are relatively small in value and typically incur high transaction fees and foreign exchange margins in percentage terms. Making these payments cheaper and more easily accessible for migrants and their families is a target part of the UN SDG Goal 10 to ensure equal opportunity and reduce inequalities. In parallel, in 2020, the G20 launched the Roadmap for Enhancing Cross-Border Payments. The G20 Roadmap adopted the same cost target for remittances as UN SDG 10.c, but also included additional targets on transparency, speed and accessibility of remittance services.

Remittances are a crucial financial lifeline and often serve as a catalyst for financial inclusion, as many recipients engage with the formal banking system for the first time through these transfers. Transitioning remittance flows to digital platform can contribute to improving development outcomes in several ways, bringing multiple benefits: digital remittances tend to be less expensive on average (digital channels are typically 2–3 percentage points cheaper than traditional cash-based transfers),² promote greater transparency, lower risk, and around-the-clock convenience, allowing recipients to access funds securely almost at any time. Importantly, receiving remittances into accounts often serves as an entry point for users to begin saving, access credit, and take up other financial services, transforming inflows into a foundation for broader financial engagement and long-term financial resilience.

Literature on remittance usage reveals that migrants value reliability, speed, and simplicity alongside price, and these preferences can lead some to stick with known providers (even if costlier) or certain channels. For example, a migrant might continue using a well-known MTO agent because they trust it will deliver the money quickly and safely, whereas they might hesitate to try a new mobile app offering lower fees due to unfamiliarity or lack of confidence in the service. This brand loyalty and inertia can allow incumbents to keep fees higher, especially if consumers are not fully aware of alternatives. Financial literacy and education levels play a big role in overcoming this. Studies have found that migrants with greater financial savvy are more likely to seek out cheaper formal channels and break away from exclusively using legacy services. Higher-educated migrants tend to use informal (or high-cost formal) channels less, and the difference has been attributed in part to their better understanding of costs and options (Kosse and Vermeulen, 2014).

Cost sensitivity among consumers is well-documented. Migrants do respond to price incentives. Research has demonstrated that if fees are lowered, migrants often send more money or channel more through official means. A field experiment (Aycinena et al.) showed that offering temporary fee reductions led to a significant increase in remittance volumes, implying that some senders were holding back or using informal methods due to cost, and when cost dropped, they remitted additional funds. Likewise, survey data indicate that cost is a primary reason for using informal channels: migrants frequently cite lower fees or better exchange rates as the key motivation for sending money outside the formal MTO/bank system (Kosse and Vermeulen, 2014). This study with Dutch migrants identified that the use of informal channels

² World Bank, Remittance Prices Worldwide, Quarterly Reports.

is driven strongly by cost considerations with low costs being a key reason migrants prefer informal channels. Importantly, the study also found that informal methods were rarely used because they were the only option available. Rather, in most cases, formal options existed, but migrants chose informal due to some advantage (often price). Thus, cost reduction may encourage the use of formal services, especially for small transactions which are more sensitive to costs.

Other aspects of consumer behavior include the frequency and size of transfers. Migrants sending small amounts (e.g. \$50 monthly) face a higher effective cost percentage because many fees have a fixed component. Some may cope by sending larger amounts less frequently (to reduce the number of fees incurred), though this has limits if families need regular support (Kosse and Vermeulen, 2014). There is also a convenience factor as migrants weigh the time and effort required. A slightly higher fee might be tolerated if the service is much more convenient (e.g. an app from home vs. traveling to an agent location). In rural recipient areas, if collecting a remittance means a day's travel, families might prefer an informal channel that brings money closer to home, even if formally it is cheaper, because the overall hassle is less.

Trust is another critical element: many remittance senders and receivers trust certain channels due to personal or community experiences. For instance, hawala networks in some communities are trusted to deliver door-to-door and offer good rates, making migrants comfortable using them. Formal providers must build similar trust (through marketing, consistent service, diaspora engagement) to change such habits.

Consumer protection also influences behavior. If senders have had bad experiences (fraud, lost transfers, hidden fees), they may revert to methods they perceive as safer, even if more expensive (for example, using a regulated bank despite a high fee because they feel their money is secure). Strengthening consumer protection (e.g. money-back guarantees, error resolution mechanisms, and clear communication in the customer's language) can improve uptake of more innovative services. The UPU (2015) noted that in rural Africa, low financial literacy and consumer protection issues have hindered the impact of remittances – people stick to known ways due to lack of trust or understanding of alternatives.

Building on these, this paper reports the findings of an analysis of a dataset of remittance senders on their preferences and behaviors in sending remittances to their home countries, providing an understanding of adoption of digital products and services. The *Senders Remittance Survey* was conducted in March-October 2024 in Italy, Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) as “sending markets,” using a sample of remittance senders from Bangladesh, Ethiopia, Egypt and Nigeria as “receiving markets.” The survey was done as part of a technical assistance program, which worked with the authorities in these receiving markets to support the implementation of reforms that enable receiving remittances digitally.³ The sending markets were chosen to maximize the presence and relevance of remittance senders to the relevant receiving markets. The cost of sending remittances in several of the corridors included in the survey are also tracked in the World Bank's Remittance Prices Worldwide (RPW) database.

³ World Bank technical assistance was delivered through the Harnessing Innovation for Financial Inclusion (HiFi) program which was created by FCDO and the World Bank Group in 2014 to scale up financial inclusion on a sustainable basis by harnessing technology and innovative infrastructure and business models.

The analysis in this paper focuses on understanding the flow of money sent by migrants to their home countries, particularly Nigeria and Ethiopia, to inform the reforms in this area in the Sub-Saharan Africa region. While the region has shown progress and has ongoing reform efforts in the areas of payment system interoperability, harmonization, and extension, many of these changes have yet to translate into measurable improvements for end users. Additional policies and targeted interventions can help enabling improved usage of digital remittance channels.

This report is organized as follows. The next section provides country context and an overview of migration and remittance flows, including recent policy initiatives and cost trends. Section 3 details the survey design and demographic profiles of senders and receivers. Section 4 analyzes overall and country specific channel preferences, digitalization levels, and financial access, with a focus on formal versus informal methods and digital adoption. The report then explores transfer characteristics, motivations, and barriers to digital use, followed by regression analyses that identify key determinants of channel choice. Finally, the document concludes in Section 5 with insights and recommendations tailored to Nigeria and Ethiopia, aimed at enhancing the uptake of digital remittance services.



Nigeria

-Corridors covered: Italy, UAE

Av cost of sending \$200: 3.7%
\$500: 3.0%

On average, senders transfer **290USD**,
with 38% sending <=200 USD

Most recipients would not be able to
afford things such as education,
healthcare or upkeep of their home
without remittances (64%)

Senders

Average demographic profile

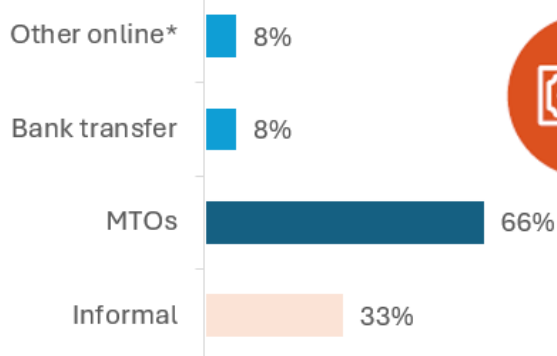


68% are male
61% have a full-time salary
41% 16-34, 41% 35-44 yrs old
49% at least 2ndary education

Financial Access

65% have an account at a FI
21% have an e-wallet or similar

Remittances



45% sends transfers at least monthly
Main reason to not use electronic
transfers: **43%** use cash in everyday trxs

Receivers

Average demographic profile

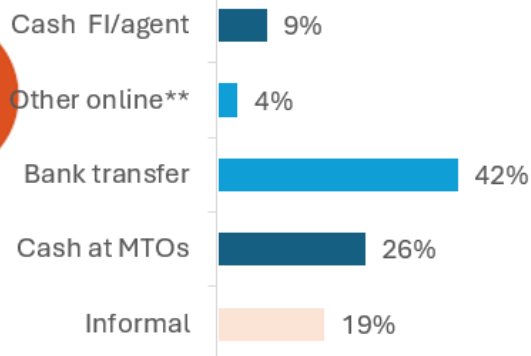


58% are female, usually
parents or in-laws
32% have a full-time salary
34% 35-44, 35% 55+ yrs old
37% at least 2ndary education

Financial Access

63% have an account at a FI
10% have an e-wallet or similar

Remittances



Main reason to not receive electronic
transfers: **54%** use cash in all trxs

Source: Survey data, RPW. Average cost calculated for 2023 4Q-2024 3Q.



Ethiopia

-Corridors covered: Italy, UAE, KSA

Av cost of sending \$200: 7.2%
\$500: 5.6%

On average, senders transfer **360USD**, with 27% sending ≤200 USD

Most recipients would not be able to afford things such as education, healthcare or upkeep of their home without remittances (79%)

Senders

Average demographic profile

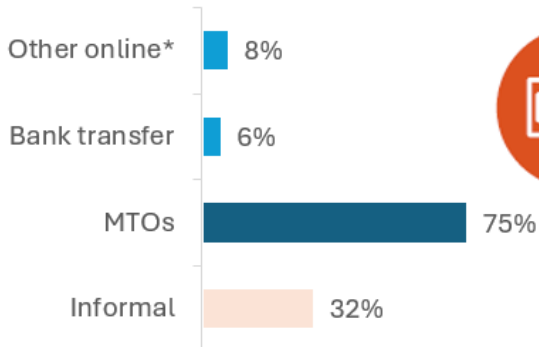


54% are male
82% have a full-time salary
39% 16-34, 47% 35-44 yrs old
68% at least 2ndary education

Financial Access

81% have an account at a FI
26% have an e-wallet or similar

Remittances



42% send transfers at least monthly
Main reason to not use electronic transfers: **34%** use cash in everyday trxs

Receivers

Average demographic profile

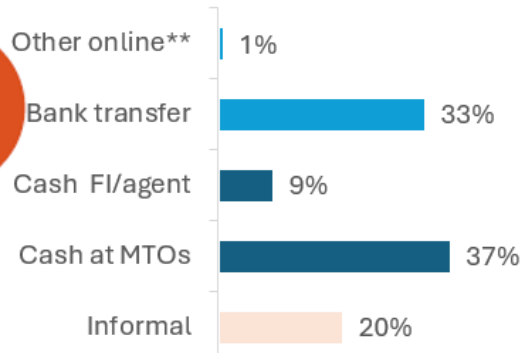


52% are female, usually parents or in-laws
32% have a full-time salary
36% 35-44, 34% 55+ yrs old
46% at least 2ndary education

Financial Access

65 % have an account at a FI
26% have an e-wallet or similar

Remittances



Main reason to not receive electronic transfers: **41%** use cash in all trxs

Source: Survey data, RPW. Average cost calculated for 2023 4Q-2024 3Q.

2 Overview of Migration and Remittance Flows: Ethiopia and Nigeria

International remittances play a crucial role in the economies of many developing countries, serving as a vital source of foreign exchange and financial stability. Remittances contribute significantly to a country's economy, helping to alleviate poverty and improve living standards for millions of families. The steady inflow of funds from expatriates supports household consumption, education, healthcare, and small business investments, thereby fostering economic growth and development.

In Ethiopia, remittances are a critical source of income for many households, providing essential financial support in a country where access to formal financial services is limited. Although remittances accounted for only 0.3 percent of GDP in 2023, their impact at the household level is significant. Findings from various household-level surveys indicate these funds help bridge the gap between income and expenditure, enabling families to meet their basic needs, improve food security, invest in agriculture and livestock, and plan for a more secure future.

Nigeria has been the top remittance receiver in Sub-Saharan Africa by their average remittance inflows before the pandemic. For Nigeria, remittances are a significant source of foreign exchange, contributing to economic resilience and diversification and amounting to 5.4 percent of Nigeria's GDP in 2023 particularly from the US and UK.

Recognizing the importance of remittance flows for these countries, each government has introduced several reforms and initiatives affecting the market either as part of their efforts to develop and strengthen their payment system, or to enhance cross-border transfers directly. Some examples are in Box 1.

Box 1. Recent initiatives on remittances in Ethiopia and Nigeria

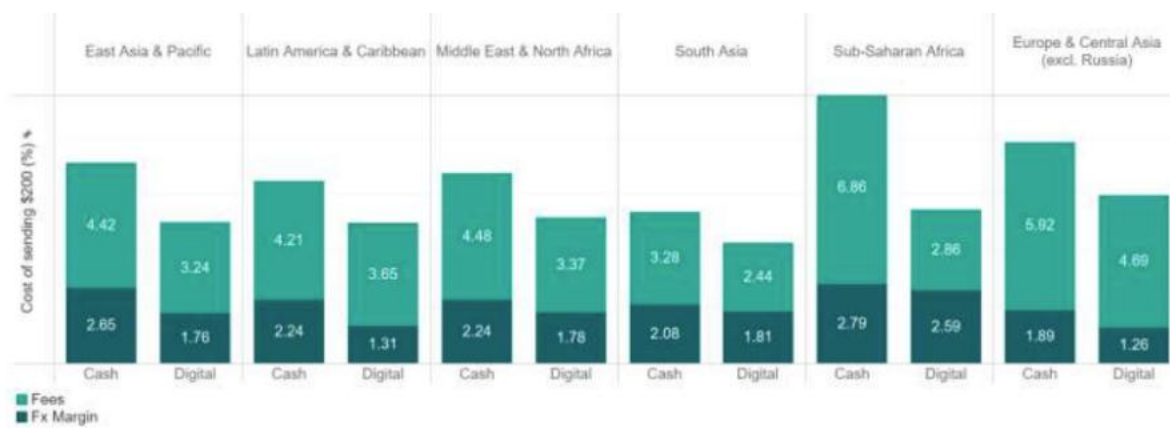
- **Ethiopia:** The NBE regulates the foreign exchange market in the formal sector with remittances only cashed out in birr and outbound cross-border remittances not permitted. Informal operators however allow foreign exchange payments, including outbound at favorable rates than the formal market. The recent changes in the regulations allow provision of money transfer services by businesses registered and licensed in a foreign country, and owned by non-resident foreign nationals of Ethiopian origin, as well as non-resident Ethiopians. This is important as some key corridors can be dominated by businesses that meet these criteria. Additional regulation in 2021 introduced two new types of accounts to encourage more remittances inflows into accounts. Diaspora international remittance service provider (DIRSPs) can retain 45 percent of the funds in foreign currency (the rest must be converted to ETB).
- **Nigeria:** In 2021, the CBN launched the 'Naira 4 Dollar Scheme', to incentivize the use of formal channels for receiving diaspora remittances by offering recipients ₦5 for every \$1 and collected by designated beneficiaries (the scheme was terminated in 2023). In 2024, the CBN revised licensing guidelines for IMTOs, lifting caps on exchange rate quotations, tightening capital and licensing fee requirement, and expanding the scope of transfer types (e.g. P2B). Additionally, IMTOs were granted access to the CBN's foreign exchange window—either directly or through authorized dealer banks—along with provisions for same-day settlement for transactions executed before noon.

Transfer pricing was also linked to the NAFEX rate, contributing to market transparency. In 2025, the CBN, in partnership with the Nigeria Inter-Bank Settlement System (NIBSS), launched the Non-resident Bank Verification Number platform which allows Nigerians abroad to open bank accounts remotely.

Sources: International Monetary Fund (IMF), 2024. Country Report No.24/102, Nigeria.
Remittances Slowed in 2023, Expected to Grow Faster in 2024. Migration and Development Brief 40, June 2024.
RemitSCOPE Africa, Ethiopia country diagnostic 2023.
The digital transformation: promise of a new dynamic for cross-border payments. IAMTN Annual report 2021. CBN Circular

According to World Bank's Remittance Prices Worldwide data,⁴ the cost of sending remittances varies widely by destination region, with Sub-Saharan Africa remaining the most expensive region to send money to, with an average cost of 8.45 percent in Q3 2024 – well above the global average of 6.62 percent (cost of sending \$200) and far from the United Nation's Sustainable Development Goal (SDG10.C) of reducing remittance costs to less than 3% by 2030 (Figure 1). Globally, banks remain the most expensive channel for sending remittances, with an average cost of 13.64% followed by post offices at 7.66% and MTOs at 5.40 percent. Mobile money operations are the most affordable with an average cost of 2.84%, however, they still account for less than 1% of total remittance transaction volume, reflecting limited adoption despite their cost advantage. Ethiopia and Nigeria have only a handful of digital options (6 and 4 at the end of 2023) and have not seen significant growth in the past years.⁵

Figure 1. Average costs by region: cash vs digital services



Source: The World Bank, Remittance Prices Worldwide report, Issue n. 51, September 2024

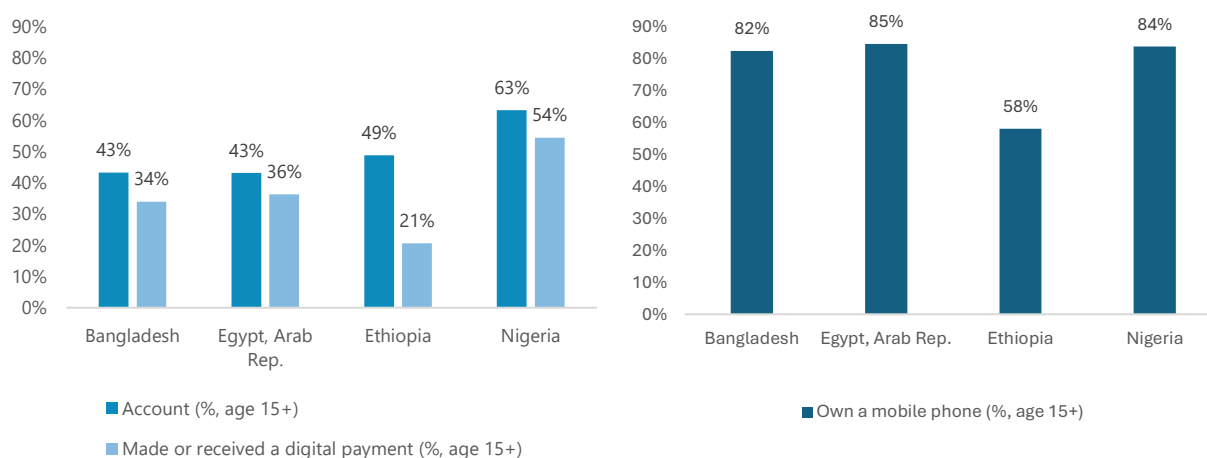
Within the Sub-Saharan Africa region, average cost in the Italy-Ethiopia corridor remained around 7.62 percent and KSA-Ethiopia averaged 7.37 percent in Q4 2024 – potentially reflecting limited competition, infrastructure and rural reach, and low digital penetration challenges, compounded by regulatory barriers such as bank partnership mandates for remittance service providers, which restrict market entry and innovation. In contrast, higher provider competition and a more advanced digital ecosystem seems to have contributed to lower average costs in corridors like Italy-Nigeria (3.85 percent) and KSA-Egypt (5.13) as of that in Q4 2024.

⁴ World Bank, Remittance Prices Worldwide <https://remittanceprices.worldbank.org>

⁵ In comparison, Bangladesh accumulated 89 digital options by the end of 2023. Egypt has 21.

There is a strong link between account ownership and digital payment activity, which can be an indicator of country readiness for digital remittances. Countries with high levels of account ownership (e.g., the sending markets in the sample: Italy, KSA, UAE) also have high rates of digital payment usage, reflecting mature financial ecosystems where digital remittances can be readily adopted. In contrast, the receiving markets (e.g., Bangladesh, Egypt, Ethiopia and Nigeria in the sample) have lower levels of account ownership and digital payment usage (Figure 2). Improving account ownership and digital payment usage are essential to scale digital remittances, especially where formal access is growing but active digital participation lags. The use of targeted incentives and digital financial literacy efforts can help build trust and habits to overcome demand-side persistent barriers. In addition, there is widespread mobile phone ownership in the receiving markets, with the exception of Ethiopia. However, phone ownership alone does not ensure readiness for digital remittances: affordable connectivity and convenient user interface are also important. Poorer adults and women are less likely than men to own a mobile phone in some economies like Egypt, Bangladesh, Nigeria, and Ethiopia. The most common barriers to phone ownership refer to device and data costs.

Figure 2. Snapshot of Account Ownership and Digital Payment Usage for Receiving Markets in 2024



Source: World Bank, Global Findex Database, 2025

3 Remittance Senders Survey

Study design

The primary objective of the survey was to understand the characteristics and remittance behaviors of migrants aged 16+ from Bangladesh, Egypt, Ethiopia, and Nigeria residing in Italy, KSA, and the UAE who had sent international remittances to their country of origin in the past year (Sep 2023- Sep 2024). The survey investigates sender's and receivers' preferences for using different methods for sending remittances, their motivations to remit, recipient's financial behaviors such as storing or saving funds in an account versus immediate withdrawal, and possible changes throughout time and across countries.

Sampling Methodology and Approach Strategy

The sample distribution per country and migrant community is given in Table (1) and additional details can be found in Annex A, Table A1.

Table 1. Sample distribution

Target group	Italy	KSA	UAE	Total
Bangladesh	167	203	203	573
Egypt	168	200	204	572
Ethiopia	77	203	128	408
Nigeria	207	-	203	411
Total	619	606	738	1963

Due to the challenges in establishing a sampling frame for this population segment, the survey results may not be representative of all remittance users in the surveyed countries. To enhance diversity, at least three regions or cities per country, and within each, a range of locations were included in the sample – such as public parks, shopping malls, and places of worship, based on local knowledge of where the target population are known to live and gather. A pilot survey prior to the main framework was used to confirm the adequacy and feasibility of the planned approach. All interviews were conducted in the respective survey language in each country with a computer-assisted self-interviews (CASI) option for selected languages: Arabic, Italian, Amharic, Bengali, and English.

Demographic and Economic Profiles of Survey Respondents

The sample included 1963 migrants in Italy, KSA and UAE who have sent an international remittance to their country of origin —Bangladesh, Egypt, Ethiopia, or Nigeria — in the last 12 months. The majority respondents were male (66 percent)⁶ and relatively young. Most fell within the 35-54 age group (58 percent), followed by 38 percent aged 18-34. Additionally, a large share of respondents reported to be married or living with a partner (73 percent). This distribution of age and marital status may also reflect broader patterns related to employment, financial capacity, and family support motivations.

Table 2a. Demographic Profile of Survey Respondents (Senders) by sender country

		Total		KSA		UAE		Italy	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%
Sex	Male	1295	66%	342	56.4%	496	67.2%	457	73.8%
	Female	668	34%	264	43.6%	242	32.8%	162	26.2%
Age	16-34	750	38.2%	198	32.7%	313	42.4%	239	38.6%
	35-54	1148	58.5%	395	65.2%	418	56.6%	335	54.1%
	55+	65	3.3%	13	2.1%	7	0.9%	45	7.3%
Education level	Less than basic	98	5%	6	1%	14	1.9%	78	12.6%
	Basic	577	29.4%	118	19.5%	141	19.1%	318	51.4%
	Intermediate	397	20.2%	127	21%	162	22%	108	17.4%
	Advanced	881	44.9%	355	58.6%	414	56.1%	112	18.1%
Remittance Receiving Country	Bangladesh	573	29.2%	203	33.5%	203	27.5%	167	27%
	Egypt	572	29.1%	200	33%	204	27.6%	168	27.1%
	Ethiopia	408	20.8%	203	33.5%	128	17.3%	77	12.4%
	Nigeria	410	20.9%	-	-	203	27.5%	207	33.4%
Total		1963		606		738		619	

⁶ While the survey did not include direct quotes from participants, interviewers were instructed to ensure the inclusion of female respondents, although gender representation may still vary.

Educational attainment among respondents varied across sending countries, but a substantial proportion (45 percent) reported having advanced education (defined as completing a university degree or vocational qualification). This factor may influence not only their income levels and employment status but also their familiarity with financial products and services. In comparison, on the recipient side, education was more evenly distributed, though Egypt stood out, with 50 percent of the recipients having completed advanced education (*see tables 2a and 2b*)

Table 2b. Demographic Profile of Receivers by receiving country

		Total		Bangladesh		Egypt		Ethiopia		Nigeria	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Relationship to sender	Spouse	694	35%	242	42%	163	29%	142	35%	147	36%
	Children	74	4%	11	2%	28	5%	18	4%	17	4%
	Parent / In-laws	848	43%	244	43%	243	43%	183	45%	178	43%
	Other relatives	347	18%	76	13%	138	24%	65	16%	68	17%
Sex	Male	943	48%	273	48%	301	53%	195	48%	174	42%
	Female	1019	52%	299	52%	271	47%	213	52%	236	58%
Age	18-34	670	35%	212	38%	173	31%	147	37%	138	36%
	35-54	548	29%	158	28%	172	31%	111	28%	107	28%
	55+	689	36%	190	34%	217	39%	140	35%	142	37%
Education level	Less or primary	572	30%	199	35%	106	19%	118	29%	149	38%
	Secondary	802	42%	260	46%	180	32%	204	51%	158	40%
	Advanced	554	29%	104	18%	282	50%	82	20%	86	22%
Total		1962		572		572		408		410	

The survey also captured how long respondents have lived in their current country of residence – a factor that may influence their choice of remittance method or service. Length of residence could be linked to greater awareness of available providers, improved familiarity with the remittance process, and easier access to formal services. Conditions such as documentation requirements, account ownership, and logistical barriers tend to become more manageable over time. As such, longer durations of residence may correlate with greater ease in navigating and utilizing remittance options.

The data reveals a distinct migration pattern across the three host countries resulting in a diverse pool of respondents by duration of stay (*see Table 3*). The UAE has the highest share of recent migrants, with 51 percent of respondents having lived there for five years or less. In contrast, Italy hosts a more established migrant population, with 39 percent having resided there for over 11 years. KSA stands out with the highest proportion of respondents born in the host country (14 percent), suggesting a potential greater presence of second-generation migrants or long-term residents, factors that may influence remittance behaviors and familiarity with financial services. Respondents sending to Egypt and Ethiopia were more likely to have been born in their host country (10 percent and 11 percent, respectively), compared to those

sending to Bangladesh or Nigeria. These differences in duration of stay are likely to influence how migrants engage with remittance systems, including their awareness of available options and ease of access.

Table 3. Migration timeframe of respondents by sender country

			Sender Country			Receiving Country			
	Total		KSA	UAE	Italy	Bangladesh	Egypt	Ethiopia	Nigeria
	Freq	%	%	%	%	%	%	%	%
0-5 years living in country	740	38%	31%	51%	28%	47%	34%	53%	45%
6-10 years	604	31%	31%	31%	30%	31%	31%	28%	33%
11+ years	496	25%	24%	15%	39%	22%	38%	14%	27%
Born in country	123	6.3%	14%	3.4%	2.1%	3.3%	10.7%	10%	0%

An analysis of the data on the timeline of first-time remittances to the receiving country from different sending countries reveals notable differences. Only a small percentage of respondents reported sending money for the first time in the past year, with 4 percent overall, and disaggregated figures showing 4 percent for KSA, 2 percent for UAE, and a higher 7 percent for Italy. A significant majority of respondents, 54 percent, first sent money between 2018 and 2023, with UAE showing a particularly high percentage (66%), compared to KSA (52%) and Italy (43%). One quarter of the respondents made their first remittance more than 7 years ago, between 2012 and 2017, with KSA leading at 32 percent, followed by Italy (25%) and UAE (21%). For those who sent money before 2011, 16 percent of respondents fell into this category, with Italy having the highest proportion (25%), compared to KSA (12%) and UAE (11%). These differences highlight distinct remittance patterns across the surveyed countries - with migrants from the UAE more likely to be recent remitters, while those from Italy tend to have longer-standing remittance histories.

In terms of recipients, when asked about the primary recipient of remittances, 52 percent of respondents indicated that the recipient was female, highlighting a gendered pattern on the receiving end, spanning a wide age range. While 35 percent indicated that their spouse typically collects the remittance, parents emerged as the most frequently identified recipients of remittances, with 43% of senders naming them as the primary collectors – potentially suggesting that parents often remain central financial dependents within migrant households. This dynamic may have implications for user experience and transaction costs, potentially influencing the choice of remittance methods and channels. Notably, nearly half of respondents (48.8 percent) indicated that the decision on how remittances are sent is made jointly between themselves and their recipients, highlighting the importance of recipient preferences in remittance processes.

4 Analysis: Sender-Receiver Preferences and Behavior

This section examines country specific channel preferences, digitalization levels, and financial access, with a focus on formal versus informal methods and digital adoption. Drawing on findings from the remittance sender survey, Table 4 presents respondents' preferences for different remittance methods, highlighting how these choices manifest across migrants from receiver countries. Informal channels remain especially significant in Ethiopia and Nigeria, while the gradual uptake of digital remittance options points to opportunities for further growth. The following analysis explores these preferences and behaviors in greater detail, drawing on the data to highlight country-specific trends and variations between sender and receiver sides.

Table 4. In the past 12 months, what services, companies or banks have you used to send money to?

	Receiving country				
	Total	Bangladesh	Egypt	Ethiopia	Nigeria
Base: All respondents	1963	573	572	408	410
A. Hand carried by a relative or other individual	247 13%	43 8%	87 15%	52 13%	65 16%
B. In person, when traveling back home	140 7%	29 5%	66 12%	29 7%	16 4%
C. Hawala agent	206 11%	42 7%	60 11%	51 13%	53 13%
D. Money transfer operators such as Western Union, exchanges	1420 72%	452 79%	393 69%	306 75%	269 66%
F. Through an e-wallet, mobile app or website	145 7%	37 7%	44 8%	33 8%	31 8%
G. Cash at a bank branch (without sending to another bank account)	26 1%	12 2%	10 2%	3 1%	1 0%
H. Bank transfer (between accounts)	163 8%	40 7%	65 11%	26 6%	32 8%
Others including Postal service	16 1%	2 0%	7 2%	2 1%	5 1%
Total	2363 120%	657 115%	732 128%	502 123%	472 115%

Informal vs. formal channel use

Informal methods on the sender side include using hawala agents, bringing cash themselves when traveling, or hand-carried by a third party who take it to the recipient in the destination country. Formal methods for senders include sending money through MTO/bank over the counter, through an e-wallet, mobile app or website, bank transfer (between accounts), and using the postal service. Formal methods for receivers include cash collection at an agent/branch of an MTO/financial institution, at an agent or post office, transfer into a bank account, transfer into a mobile wallet, e-wallet or digital app, and transfer into a payment card.

Digital remittances require end-to-end digitalization, as defined by the World Bank's Remittance Prices Worldwide (RPW) database: "A digital remittance must be sent via a payment instrument in an online or self-assisted manner, and received into a transaction account — i.e., bank account, transaction account maintained at a non-bank deposit taking institution (such as a post office), or a mobile money or e-money account."⁷ The survey data is useful to measure digitalization at both ends of the transaction and barriers to full digitalization.

The survey found that formal traditional methods remain prevalent in these corridors (Figure 3). These include using money transfer operator services and in-person transactions, as well as the use of cash. The data on the receiver's side hints, however, at a growth of other formal channels reaching 37 percent of the sample, on average. This data, however, masks significant differences between countries. Informal

⁷ Remittance Prices Worldwide Quarterly, Issue 51, June 2024, p. 7.

methods are much more prevalent among Nigerian migrants (24.9 percent) and much less for Bangladeshi respondents (10.3 percent). Ethiopian migrants are in line with the survey averages.

Figure 3. Share of senders and receivers using formal channels

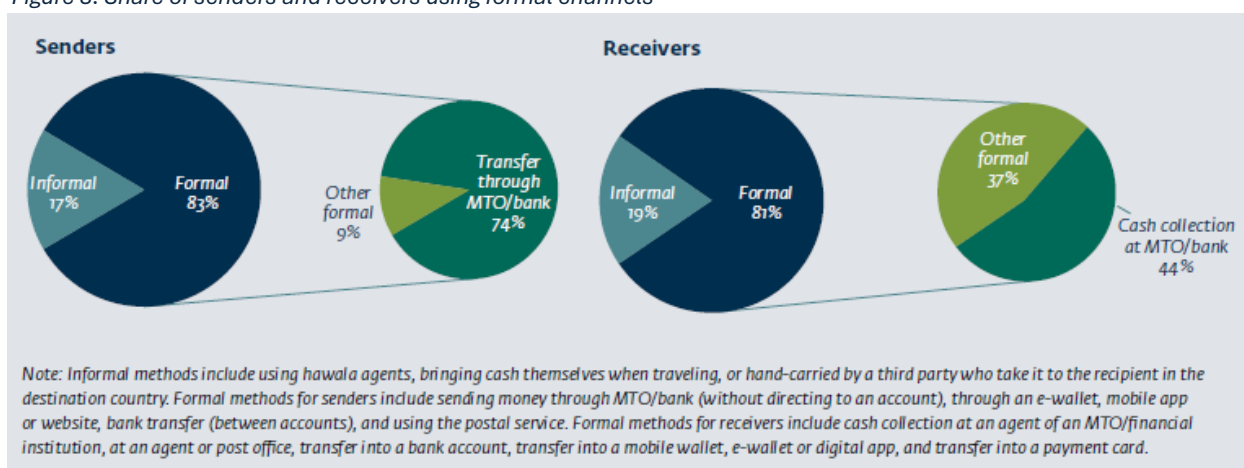


Table 5. Share of senders and receivers using formal channels in Ethiopia and Nigeria

	Senders			Receivers		
	Informal	Formal (All)	Formal (only through MTO/ Bank)	Informal	Formal (All)	Formal (only cash at MTO/ Bank)
Ethiopia (N=408)	16.7%	83.3%	76%	20.1%	79.9%	45%
Nigeria (N=410)	24.9%	75.1%	66%	19.5%	80.5%	35%

A significant portion of informal remittance senders (48 percent) rely on Hawala agents to facilitate their money transfers followed by in-person transfers while traveling back home (46 percent) and hand-carried remittances by a relative or other individual (5.5 percent). Twenty-five percent of informal senders —especially those sending remittances to Nigeria —use hawala agents at their country but report using bank accounts to receive the money. This is likely to be related to the remaining challenges in the exchange rate system of receiving countries.

Levels of digitalization

While cash remains the most common payment method on both sides of the transaction, digital methods (including transfers between bank accounts and/or the use of e-wallets, mobile apps, or websites) account for 30 percent of the formal transactions on the sender side and 44 percent on the receiver side. Nigerian migrants show a higher tendency to use cash (77 percent, Figure 4) while Ethiopian migrants are in line with the survey average. Among all respondents that use digital methods to send remittances, 72 percent did so online without going through an agent or branch.

Despite the potential of digital remittances, full digitalization of remittances is still in its early stages, with only 9.5 percent of respondents reporting end-to-end digitalization. There are notable differences across countries: Egypt reports the highest digitalization at 13 percent, while Nigeria shows the lowest at 7 percent. Bangladesh and Ethiopia exhibit similar percentages (8-9 percent). Diving into the different methods used among this group of end-to-end digital senders, the survey found that 52 percent of the transfers are initiated using bank accounts (i.e., going to the bank's website or app), 18 percent using e-

wallets (i.e. going to the e-wallet app), and 20 percent using the MTO's website to send the remittance. Among end-to-end digital senders remitting to Egypt and Ethiopia, transfers between bank accounts to bank accounts are the most common service and method used by migrants (59 percent). Further analysis of digital channel usage reveals notable differences between Nigerian and Ethiopian senders compared to the overall sample. Nigerian respondents show a significantly lower use of bank accounts for initiating transfers (34% vs. 48% overall), but a much higher reliance on payment cards (36% vs. 14%). Ethiopia, on the other hand, aligns more closely with the overall average in bank account usage (47%) but shows a lower adoption of payment cards (10%). Ethiopian migrants demonstrate a stronger preference for transactions via phone (76% vs 68% overall) and less in-person transactions (21% vs 28.5% overall). Table 7 summarizes these issues.

Figure 4. Breakdown of digital channels among formal senders and receivers

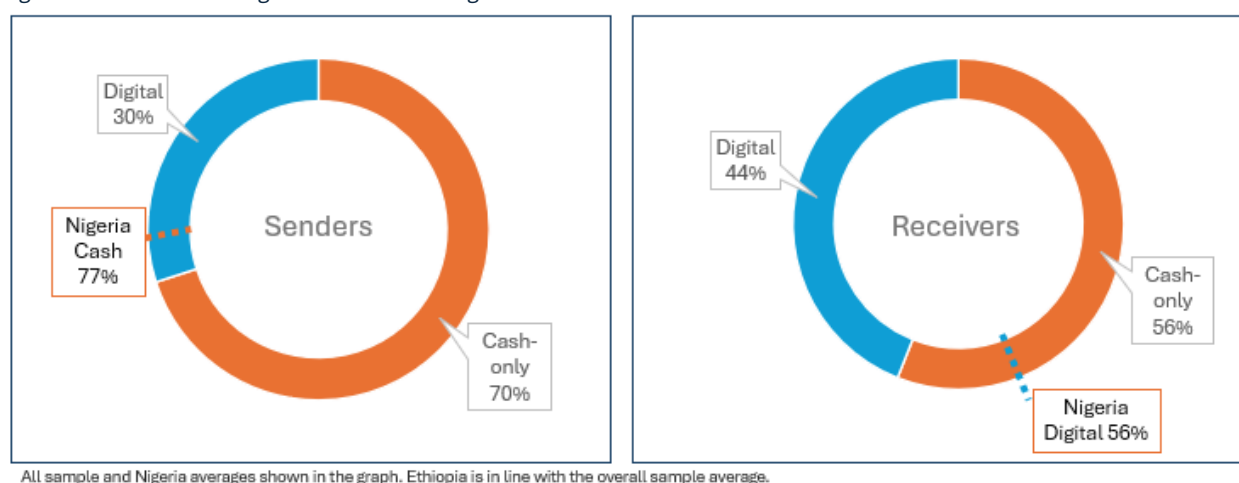


Table 7. Digital channels and transaction type from the sender side

	In person	From my phone	From a computer	Total method
Using a bank account	42.2	53.9	3.9	48%
Using a payment card	47.8	46.4	5.8	14%
Using a mobile money	3.8	95.11	1.09	38%
All accounts+ cards	28.5	68.4	3.1	
NIGERIA				
Using a bank account	41.7	50	8.3	34%
Using a payment card	36	56	8	36%
Using a mobile money	14.3	85.7	0	30%
All	31%	63%	6%	
ETHIOPIA				
Using a bank account	31.9	66	2.1	47%
Using a payment card	40	60	0	10%
Using a mobile money	4.8	90.5	4.7	42%
All	21%	76%	3%	

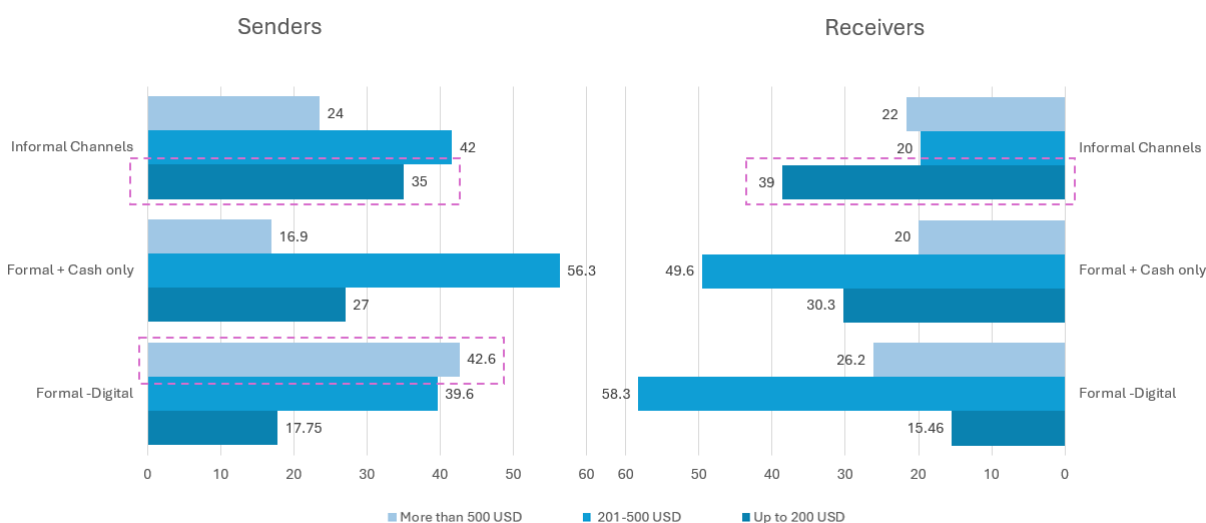
Transfer characteristics

Formal senders are more likely to send money on a regular basis compared to informal senders (69 percent vs 47 percent). On the receiver side, the data shows a significant correlation between receivers using digital formal channels and receiving international transfers frequently (76 percent compared to 47 percent for those receiving through informal channels).

Informal channels are most frequently used to receive smaller transfers (up to \$200) with 39 percent of informal receivers compared to 20 percent receiving between \$201-500 and 22 percent receiving more than \$500 (Figure 5). On the sender side, 35 percent of the senders using informal channels sent transfers below or up to \$200, following 42 percent who sent between \$201-500. Instead, digital channels are used relatively more often for large transfers. Senders using digital channels reported sending more than \$500 (43 percent) or between \$201-500 (40 percent). This trend is also present for digital receivers with 58 percent of them receiving between \$201-500 and 26 percent receiving more than \$500.

Average amount sent per transfer varies across migrant communities. Nigerian senders transfer \$290, on average, with 38% sending less than \$200. Combining this information with the average cost data from the World Bank's Remittance Prices Worldwide database, most Nigerian senders had an estimated cost per transaction of approximately 3.7% of the amount. For Ethiopian senders, transfers amount to \$360 on average, with 27% sending less than \$200. The average cost in the corridors to Ethiopia during the reference period significantly varies depending on the amount sent: transfers of \$200 had an average cost of 7.2% while those of \$500 had an average cost of 5.6%. Both migrant communities have lower average transfer amounts reported among the communities included in the sample (see Annex A, Table A2).

Figure 5. Remittance sent, by amount and type of channel used to send/receive transfers, % of all respondents



Financial access

Access to and usage of financial services is correlated with the channel used to send and receive international transfers, but relatively high for all migrants. While 78 percent of the respondents have an account, 83 percent of the respondents use formal channels in cash and 100 percent of those sending digitally reported having access to a financial account. Account ownership is lower among informal senders

but still common: on average, 69 percent of informal senders indicate holding at least one account by themselves, or together with someone else. This is in line with account ownership indicators in sender markets (Figure 6).

Figure 6. Financial access and usage of digital payments by type of channel used

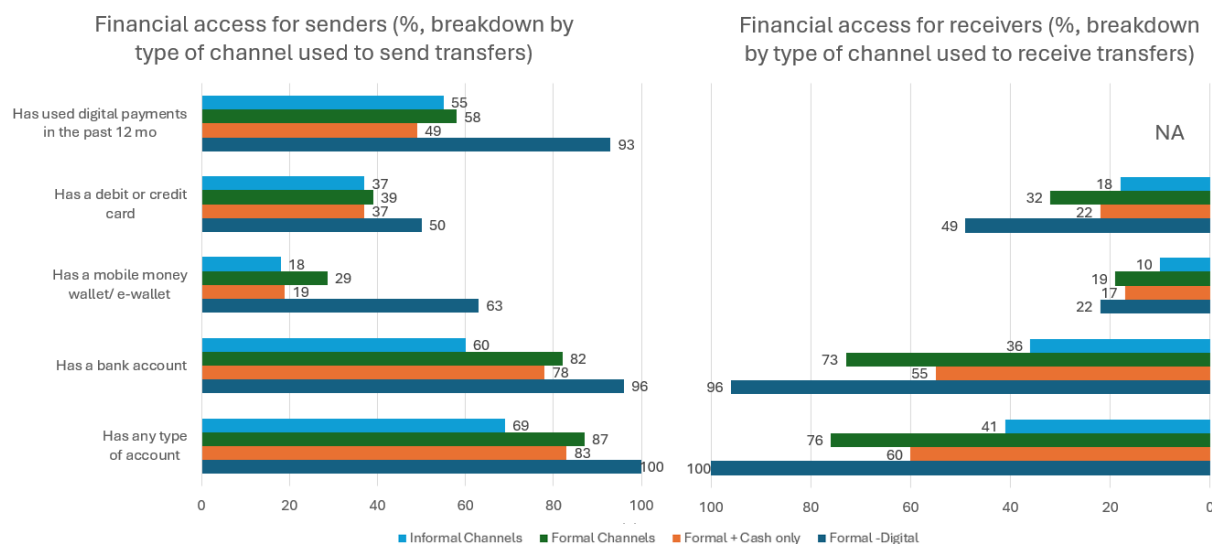
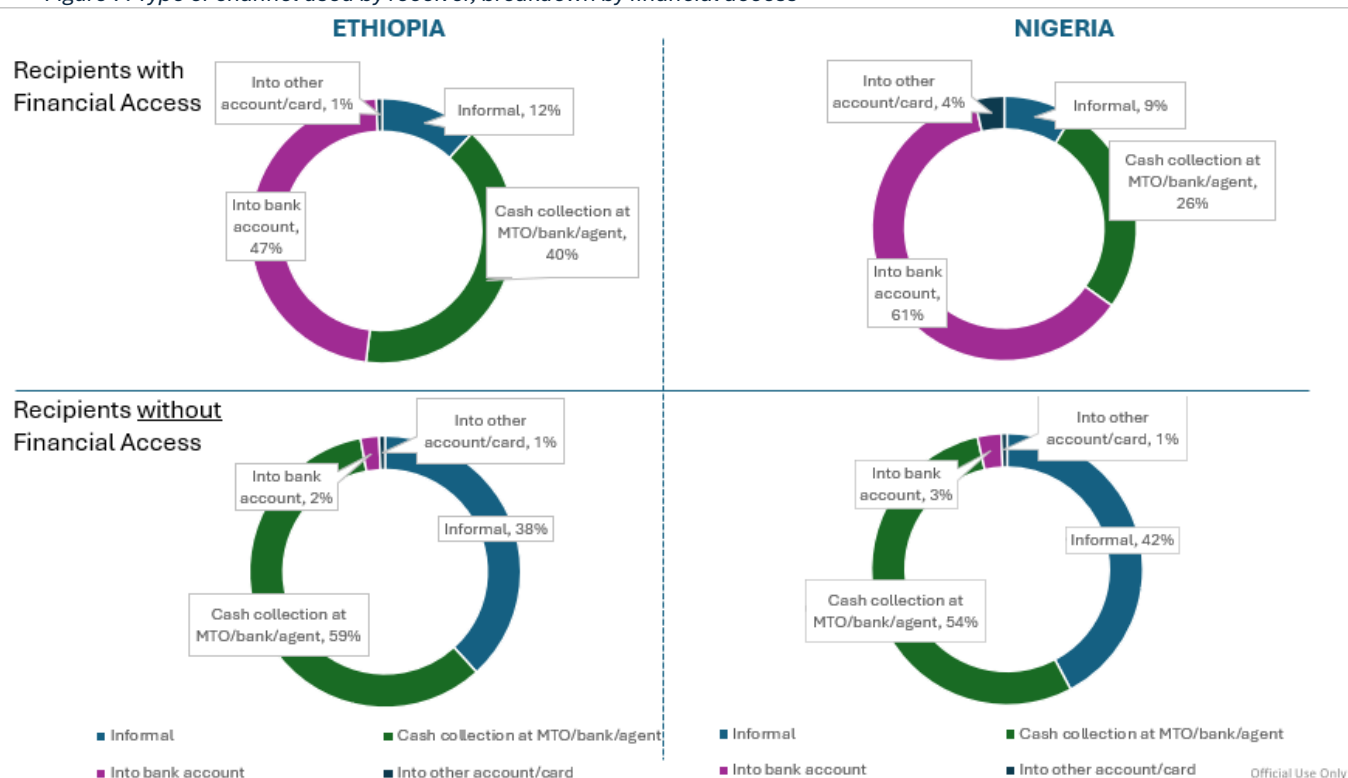


Figure 7. Type of channel used by receiver, breakdown by financial access



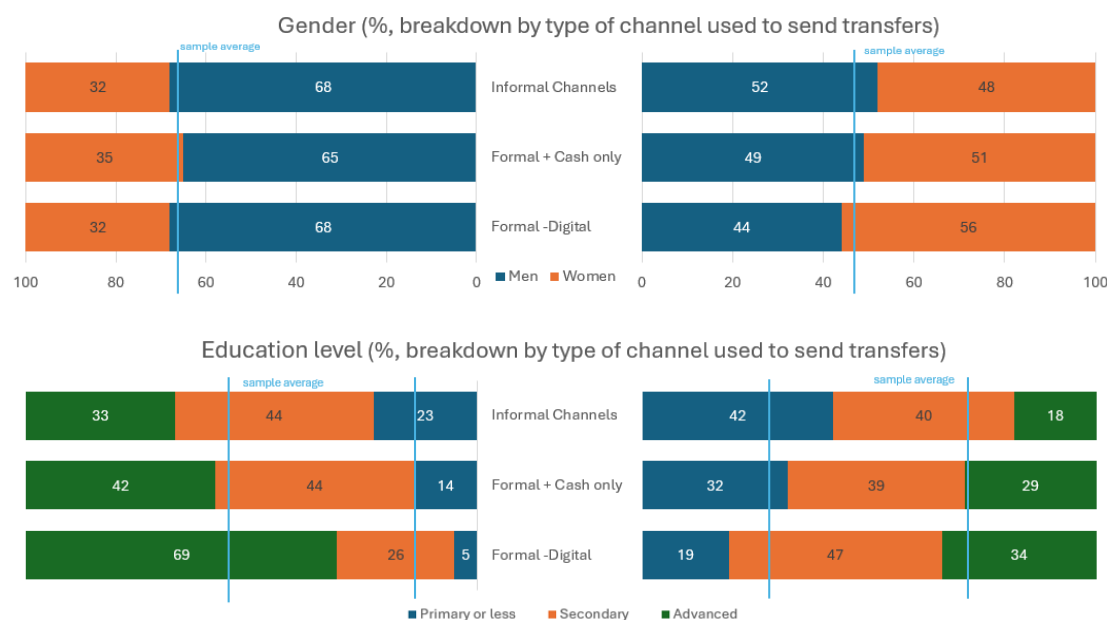
Remittance receivers reportedly have higher financial access than their national counterparts in sending markets. Approximately 67 percent of the remittance receivers in Ethiopia and Nigeria have a bank

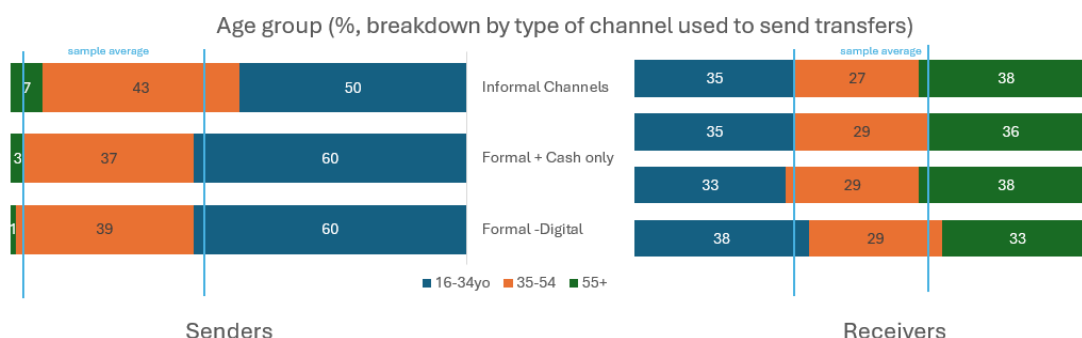
account compared to about 45 percent of adults in general in Ethiopia and Nigeria (based on Global Index data). In addition, 41 percent of all informal remittance recipients have financial access, with 35 percent owning a bank account, evidencing an appeal of these informal methods beyond financial accessibility (Figure 7). Among recipients with accounts, Nigerian respondents are significantly more likely to receive remittances directly into a bank account (61%) compared to their Ethiopian counterparts (47%). Conversely, Ethiopians with financial access rely more on cash collection at MTOs or banks (40%) than Nigerians (26%). For recipients without financial access, informal methods dominate in both countries but are slightly more prevalent in Nigeria (42%) than Ethiopia (38%). Notably, Ethiopians without financial access still show a higher reliance on cash collection through formal methods (59%) than Nigerians (54%), underscoring the limited penetration of digital or account-based remittance channels among financially excluded groups in both countries.

Demographic Profiles

Education level of senders comes out as an important demographic characteristic correlated with the type of channel chosen. In general, senders are mostly men (66 percent of the sample) while receivers are equally split between men and women (48 and 52 percent, respectively). Respondents using digital channels reported sending the money slightly more frequently to women (56 percent of receivers in this category). As the overall level of education in the sample is high, even 33 percent of senders using informal channels have completed advanced education. At the same time, 42 percent of those transacting in cash and 69 percent of those transacting digitally completed advanced education. While education levels are lower on the receiver side compared to the sender side, the correlation between using digital channels and education remains. Thirty-four percent of the receivers using digital channels completed advanced education compared to only 18 percent of receivers using informal channels (Figure 7).

Figure 7. Demographic characteristics by type of channel used





Main Reasons Identified for Channel Choice

When choosing their primary method to send remittances, respondents overall identified **safety, reliability, speed, and cost of service as key factors influencing their decision** (Table 8). While safety, reliability and speed dominate, overall convenience and economic efficiency remain vital considerations in selecting remittance methods. Notably, 30 percent of respondents prioritize safety and reliability (especially those sending over \$500 – overall 33 percent of senders within this category prioritize safety and reliability), underscoring the importance of trust in the remittance process. Following this, 27 percent emphasize the need for a fast and efficient service, indicating that quick transactions are essential, particularly for those who remit more frequently (27 percent of respondents) who might be providing critical support to the receiver and those remitting larger amounts above \$500 (31 percent of respondents). Cost also plays a significant role, with 20 percent of respondents citing low sending fees as a primary deciding factor for using their preferred method (in contrast to 1 percent of respondents citing cheaper cash-out for receiver). This sensitivity to cost is higher among migrants sending smaller amounts up to \$200 as indicated by 30 percent of respondents within this group. This suggests potentially greater financial constraints faced and potential awareness of the financial implications of their choices.

Table 8. What are the main reasons you use your preferred channel to send remittances?

	Total	Sending Country			Receiving country	
		KSA	UAE	Italy	Ethiopia	Nigeria
	%	%	%	%	%	%
Base: All respondents	1963	606	738	619	408	410
Low cost of sending money	401	115	154	132	75	81
	20%	19%	21%	21%	18%	20%
Faster/efficient	526	184	193	149	120	103
	27%	30%	26%	24%	29%	25%
Safe/reliable	580	204	193	183	123	110
	30%	34%	26%	30%	30%	27%
Closest access (sending) points	87	27	30	30	24	22
	4%	5%	4%	5%	6%	5%
Only available option	45	17	14	14	16	8
	2%	3%	2%	2%	4%	2%

Familiarity with method (sender)	81	14	29	38	15	27
	4%	2%	4%	6%	4%	7%
Ease of cash-out for receiver	85	17	31	37	16	16
	4%	3%	4%	6%	4%	4%
Cheaper cash-out for receiver	26	8	14	4	5	5
	1%	1%	2%	1%	1%	1%
Other	132	28	94	36	14	38
	7%	5%	13%	6%	3%	9%
Total	1963	606	738	619	408	410
	100%	100%	100%	100%	100%	100%

The preference for informal remittance methods appears to be driven more by choice than by barriers like lack of trust or documentation. The top reason cited is a strong preference for cash transactions overall (39 percent), followed by discomfort with technology (16 percent), suggesting that many senders simply find cash more convenient. Some senders mention challenges such as lack of documentation to set up a digital channel (8 percent) or trust in digital methods (4 percent). Cost concerns (6 percent) and recipient-related inconveniences (8 percent) also play a role in using informal methods. This may suggest that promoting digital adoption requires addressing user preferences and perceived ease of use, rather than focusing solely on eliminating technical or trust-related barriers.

The survey also investigated potential changes in behaviors and channel preferences resulting from shocks, such as the COVID-19 pandemic and the overall global economic slowdown following this in 2022-2024 (Tables 9 and 10).

Table 9. Impact of covid pandemic in the way remittances are sent

Has the Covid-19 pandemic affected the remittances you send in any way?

	Total	Receiving Country			
		Bangladesh	Egypt	Ethiopia	Nigeria
	%	%	%	%	%
Base: Respondents sending remittances for the first time 3 years ago or later	1572	457	479	324	312
No	1149	336	315	259	238
	73%	74%	66%	80%	76%
Yes	423	120	164	65	74
	27%	26%	34%	20%	24%
What changes did you make to the remittances you sent?					
Reduced the amount transferred	184	49	81	25	29
	44%	41%	49%	39%	39%
Reduced the frequency of payments	131	42	26	22	41
	31%	35%	16%	34%	55%
Increased the amount transferred	86	22	40	15	9

	20%	18%	24%	23%	12%
Increased the frequency of payments	50	12	23	11	4
	12%	10%	14%	17%	5%
Changed to a DIGITAL method (e.g. using a bank account or online service on a PC or tablet)	24	7	7	3	7
	6%	6%	4%	5%	10%
Changed the way I make the payment (stopped using cash or making the transfer in person)	21	3	13	4	1
	5%	3%	8%	6%	1%

The data shows that senders commonly adjusted either the amount or frequency of the remittances they send during the pandemic. While some migrants have changed remittance channels, the overall effect does not support a higher digitalization. Among respondents who state they changed their usual way of sending a remittance to a digital method or that they stopped using cash or making the transfer in person because of the COVID-19 pandemic, 36 percent cited the high cost of their previous method as the primary reason for the change. Additionally, 24 percent were dissatisfied with how their previous transfer method worked, including factors such as speed and information, excluding cost. Furthermore, 10 percent switched to the new method because it offered services that were not available before, while 7 percent found that the new method provided better access points for the receiver. Disruptions during the COVID-19 pandemic prompted 12 percent of respondents to change their remittance method, and 2 percent reported that their old method was no longer available.

Table 10. Impact of recent changes in foreign exchange rates/ economic crisis during 2022-2024

Have the recent changes in foreign exchange rate and the economic crisis during 2022-2024 affected the remittances you send in any way?

	Total	Receiving Country			
		Bangladesh	Egypt	Ethiopia	Nigeria
	%	573	572	408	410
Base: All respondents	1963	573	572	408	410
No	1577	493	402	348	334
	80%	86%	70%	85%	82%
Yes	386	80	170	60	76
	20%	14%	30%	15%	19%
What changes did you make to the remittances you sent?					
Increased the amount transferred	153	17	83	19	34
	40%	21%	49%	32%	45%
Reduced the amount transferred	89	22	32	15	20
	23%	28%	19%	25%	26%
Reduced the frequency of payments	78	16	19	19	24
	20%	20%	11%	32%	32%
Increased the frequency of payments	45	10	25	4	6

	12%	13%	15%	7%	8%
Changed to a different provider	39	14	14	5	6
	10%	18%	8%	8%	8%
Changed to an informal method (e.g. Hawala, in-person, hand carried)	28	5	16	4	3
	7%	6%	9%	7%	4%
Changed currency in which remittances will be received	29	7	19	3	0
	8%	9%	11%	5%	0%

The response to macroeconomic conditions (such as slowdowns and foreign exchange volatility) was varied. Overall, 20 percent of the total respondents reported that their remittances were affected, with notable differences among sending markets. In the UAE, 28 percent of respondents made changes, while 13 percent in KSA and 17 percent in Italy reported similar changes. Among those who adjusted their behavior, 40 percent increased the amount transferred (43 percent in KSA, 39 percent in the UAE, and 38 percent in Italy). Conversely, 23 percent reduced the amount transferred. Changes in the frequency of payments were also observed, with 20 percent reducing and 12 percent increasing the frequency overall. Notably, 22 percent of respondents in KSA increased the frequency, compared to 7 percent in the UAE and 14 percent in Italy. Lastly, a small percentage of respondents changed the currency in which remittances were received, with KSA having the highest at 11 percent. A small percentage of migrants reported changes in the way they send remittances. Some switched to different providers (10 percent) or informal methods (7 percent). Changes appear to have happened more often among migrants previously using informal methods (57 percent) followed by respondents using MTOs and exchanges (36 percent).

Regression Analysis

A preliminary regression analysis confirms the above-mentioned findings. Output tables are provided in Annex B. Main points that are statistically significant are summarized as follows:

- Higher sending amount, lower frequency of sending and account ownership are positively linked to choosing formal channels, while sending to rural areas is positively linked to the choice of informal channels.
- For senders using formal channels, higher sending amounts, account ownership, higher education levels and sending to rural areas are positively linked to sending digitally.
- The choice of end-to-end digital remittances is positively related to higher sending amounts, less frequent sending, and account ownership of the recipient.

The regression analysis explores the factors associated with the use of informal or formal remittance channels, revealing distinct patterns between Ethiopian and Nigerian migrants (Annex B, table B1). For both groups, higher remittance amounts are significantly associated with a lower likelihood of using informal channels, with the effect being strongest among Nigerian senders transferring over \$350. The presence of a financial account for the receiver is a strong and consistent predictor of formal channel use across all countries. Age also plays a role: older senders (55+) are significantly more likely to use informal methods, but receiver's age does not show significant coefficients. Geographic location matters as well —

living in rural areas is strongly associated with informal use in both countries, while small city residence shows a significant effect only in Ethiopia.

Focusing on respondents using formal channels, the decision between using cash and using digital remains an important one (see Annex B, table B2). For Ethiopian senders, higher remittance amounts are strongly associated with digital channel use, with the effect increasing progressively for transfers above \$500. This trend is also evident for the overall sample, but notably absent in Nigeria, where mid-range transfers (\$351–500) are negatively associated with digital use. The analysis confirms financial access plays a key role with some differences between countries. Sender account ownership is positively associated with digital use in Nigeria, while receiver account ownership is significant only in Ethiopia and the overall sample. Age dynamics differ as well—older senders (55+) are significantly less likely to use digital channels in both countries, with the effect strongest in Nigeria. On the receiver side, Nigeria also shown a strong association between younger receivers and using digital. Education of both sender and receiver is positively associated with digital use in Ethiopia, but not in Nigeria.

The regression results for choosing to send and receive digitally (based on the RPW definition of digital remittances) (Annex B, table B3) highlight distinct determinants for Ethiopia and Nigeria. In Ethiopia, the key predictor of digital remittance use is the amount sent: transfers above \$500 are strongly associated with digitalization, suggesting that larger transactions are more likely to be digitized. Infrequent senders and those whose recipients have financial accounts are also more likely to use digital channels. Education of the sender and older age of the receiver are positively associated with digital use, while female senders are less likely to use digital methods. In Nigeria, the determinants are more nuanced. While larger transfers (\$500+) are also positively associated with digital use, other transaction sizes show no statistically significant effect. Infrequent senders are more likely to use digital channels, but receiver account ownership does not significantly influence digitalization. Unlike Ethiopia, sender education and receiver age do not show strong effects, and gender differences are less pronounced.

5 Discussion

The analysis of remittance behaviors among migrants in the survey reveals significant insights into the factors influencing the choice of channels for sending and receiving money. The data underscores the prevalence of traditional methods, such as in-person transactions and the use of cash, which remain dominant across most demographics and geographies. However, there is a discernible shift towards digital channels, particularly among younger and more educated populations with higher financial access. This shift is indicative of the broader trend towards digitalization in financial services, driven by the convenience and efficiency that digital methods offer, but emphasizes the lagged uptake of digital tools for different use cases. Importantly, remittance receivers have high financial access.

Compared to Ethiopia and Nigeria's account ownership rates at 46 percent, approximately 67 percent of the remittance receivers in these countries have a bank account. Among recipients with access to an account, the most common methods to receive remittances are directly into a bank account. In contrast, among recipients without access, the most common methods to receive remittances are through informal channels, followed by cash collection at an MTO, bank, or agent. Cost is not named as a reason to choose non-digital channels. Instead, many respondents mentioned common of usage of cash for daily transactions.

Overall, digital channels, including bank transfers, mobile payments, and e-wallets, are increasingly being adopted by senders and receivers of remittances. The data shows that 30 percent of formal transactions on the sender side and 44 percent on the receiver side are conducted digitally, but with significant differences among receiving countries. This trend is more pronounced among those with higher frequency and size of transactions, with larger and more frequent transfers being more likely to be conducted digitally.

Among the markets and migrant communities covered, Ethiopia and Nigeria have a strong tendency for cash and informal methods. Nigerian migrants in the survey reported a preference for informal methods (25 percent vs 17 percent overall in the sample). Ethiopian migrants mostly used cash transactions (71 percent of those using formal methods).

Preliminary Recommendations

- Importance of macroeconomic management to encourage trust: usage of informal channels remains high. Both Nigeria and Ethiopia have a history of restrictions in the exchange rate that can act as a driver to informal channels. The survey data shows high usage of hawala networks, specifically in Nigeria which may provide better terms given the macroeconomic conditions. For context, following [Ethiopia's FX liberalization](#) in July 2024, remittances have risen markedly and are shifting toward formal channels - remittances to commercial banks increased 26 percent to US\$2.7 billion as formal channels became more attractive (although these may now lessen as parallel premiums have re-emerged).⁸
- Keep developing digital ecosystem: The data shows account ownership is high at both ends of the corridors surveyed. However, usage of cash -either through informal channels or as a payment method- remains high following digital trends in developing countries, especially because cash is the main payment instrument for daily transactions in receiving markets.
 - Promote digital remittance tools among users who already have bank accounts and mobile wallets. Also, usage of digital channels remains low for small and rural receiver locations- locations usually lag on overall digital adoption and infrastructure development.
 - Develop and offer remittance-linked financial products: use remittance histories to underwrite simple savings, micro-credit, and micro-insurance for receivers, creating value in keeping digital balances rather than cashing out immediately.
 - Addressing receiver-side acceptance – making digital balances useful. For instance, foster development and expand merchant acceptance of digital payments, digital payments of utility bills and school fees, and specific incentives for improving the usage of digital payments.
- Target Small Transfer Users: Design low-cost digital solutions for users sending less than \$200, where informal use is highest.
- Tailor product design to boost uptake:
 - Develop and use simplified interfaces, voice prompts, trusted-contact features, in-person onboarding/ training to address risk perceptions. Older adults – less likely to use digital channels, could largely benefit. Deploy first in contexts with large access–usage gaps—

⁸ World Bank.2025. Ethiopia - Second Sustainable and Inclusive Growth Development Operations. Washington, D.C. : World Bank Group.

e.g., Ethiopia, pairing assisted digital experiences with clear fees/FX and recourse to address risk perceptions.

- Further qualitative research—especially in Nigeria—is needed to uncover “other”/unconventional motivations beyond cost/speed/and reliability and help remittance providers better tailor their services.
- Invest in digital literacy programs, particularly targeting older and female senders and receivers, especially in Ethiopia where these characteristics are strongly identified as determinants. This can support overcoming trust issues and discomfort with technology use.
- Promote transparency in remittance services: disclosure of information is not sufficient by itself. Given the complex nature of a remittance transaction, it is important that information disclosed is presented in a standardized, easily accessible and understandable manner.
- Implement payment infrastructure reforms:
 - Domestic payment infrastructure reforms improving competition can lead to lowering costs of remittance services.
 - Interlinking fast payment systems in high volume corridors can reduce costs and encourage usage of digital remittance services.

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ANNEX A- Additional Tables

Table A1. Sample distribution by receiving market				
	Bangladesh	Egypt	Ethiopia	Nigeria
Italy: Lombardia	47	68	25	65
Italy: Emilia Romagna	25	42	10	56
Italy: Lazio	68	55	40	39
Italy: Campania	25	0	0	40
KSA: Damman	60	60	20	N/A
KSA: Riyadh	70	70	90	N/A
KSA: Jeddah	70	70	90	N/A
UAE: Dubai	100	100	63	100
UAE: Abu Dhabi	50	50	31	50
UAE: Sharjah	50	50	31	50

Table A2. Average amount of remittances sent (per transfer) by sender and receiver country								
	Sending country				Receiving country			
	Total	Italy	KSA	UAE	Bangladesh	Egypt	Ethiopia	Nigeria
Base: All respondents	1901	580	600	721	551	561	396	393
Up to 200 USD	513 27%	179 31%	203 34%	131 18%	128 23%	129 23%	107 27%	149 38%
Between 201 and 350 USD	649 34%	233 40%	136 23%	280 39%	193 35%	163 29%	152 38%	141 36%
Between 351 and 500 USD	313 17%	36 6%	88 15%	189 26%	84 15%	101 18%	69 17%	59 15%
More than 500 USD	426 22%	132 23%	173 29%	121 17%	146 27%	168 30%	68 17%	44 11%
Min USD	1	1	3	4	2	6	27	1
max USD	3800	3240	3800	2725	2000	3800	1500	2500
mean USD	382.07	320.12	455.59	370.73	409.23	437.75	357.19	289.58

ANNEX B- Regression Analysis

Table B1. Regression analysis of preferred remittance channel - Informal vs Formal

	INFORMAL All Sample	INFORMAL Ethiopian Senders	INFORMAL Nigerian Senders
Ave. remittances sent each transfer: 201 -350 USD	-0.068*** (0.021)	-0.059 (0.044)	-0.145*** (0.053)
Ave. remittances sent each transfer: 351-500 USD	-0.044* (0.026)	-0.019 (0.052)	-0.191*** (0.072)
Ave. remittances sent each transfer: 500+ USD	-0.005 (0.023)	0.024 (0.053)	-0.167** (0.075)
Sends remittances infrequently	0.045** (0.019)	0.053 (0.039)	0.030 (0.057)
Sender has a financial account	-0.054** (0.025)	0.020 (0.053)	-0.033 (0.063)
Receiver has a financial account	-0.149*** (0.020)	-0.208*** (0.043)	-0.187*** (0.063)
Respondent Age = 35-54 years old	0.006 (0.017)	0.036 (0.036)	0.042 (0.046)
Respondent Age = 55+ years old	0.118** (0.046)	0.212* (0.110)	0.245** (0.110)
Receiver Age = 35-54 years old	0.000 (0.020)	0.003 (0.044)	0.075 (0.055)
Receiver Age = 55+ years old	-0.010 (0.020)	-0.054 (0.041)	0.090 (0.055)
Respondent gender = Female	-0.002 (0.017)	0.009 (0.035)	-0.031 (0.047)
Receiver gender = Female	0.010 (0.016)	-0.000 (0.035)	-0.009 (0.046)
Ed_sender = vocational/University	0.016 (0.021)	0.020 (0.039)	-0.007 (0.062)
Ed_recver = vocational/University	0.028 (0.022)	-0.022 (0.048)	0.068 (0.063)
Send country = UAE	0.099*** (0.021)	0.100** (0.042)	
Send country = Italy	0.183*** (0.024)	0.237*** (0.053)	-0.086 (0.064)
Mid-sized city (50,000- 500,000 inhabitants)	-0.001 (0.019)	-0.011 (0.038)	-0.061 (0.054)
Small city (2,500-50,000 inhabitants)	0.108*** (0.026)	0.279*** (0.068)	-0.028 (0.062)
Rural area (less than 2,500 inhabitants)	0.316*** (0.054)	0.491*** (0.120)	0.259** (0.111)
Constant	0.152*** (0.036)	0.180** (0.072)	0.440*** (0.089)
Obs.	1,805	378	349
R2	All sample 0.161	Ethiopia 0.300	Nigeria 0.159

Dependent variables are defined in the following way: a dummy=1 if the method used by the sender is informal, 0 for all other respondents in the sample; Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table B2. Regression analysis of preferred remittance channel – Digital vs Cash

	FORMAL-Digital All Sample	FORMAL -Digital Ethiopian Senders	FORMAL -Digital Nigerian Senders
Ave. remittances sent each transfer: 201 -350 USD	0.105*** (0.025)	0.134*** (0.049)	-0.038 (0.039)
Ave. remittances sent each transfer: 351-500 USD	0.068** (0.030)	0.079 (0.059)	-0.124** (0.053)
Ave. remittances sent each transfer: 500+ USD	0.246*** (0.028)	0.270*** (0.059)	0.100* (0.055)
Sends remittances infrequently	0.063*** (0.023)	0.086** (0.044)	0.050 (0.042)
Sender has a financial account	0.069** (0.031)	0.020 (0.059)	0.152*** (0.046)
Receiver has a financial account	0.155*** (0.024)	0.221*** (0.048)	-0.001 (0.047)
Respondent Age = 35-54 years old	0.068*** (0.020)	0.069* (0.040)	-0.042 (0.034)
Respondent Age = 55+ years old	-0.126** (0.060)	-0.151 (0.124)	-0.233*** (0.081)
Receiver Age = 35-54 years old	-0.040* (0.024)	-0.058 (0.049)	-0.094** (0.041)
Receiver Age = 55+ years old	-0.005 (0.024)	-0.003 (0.046)	-0.068* (0.041)
Respondent gender = Female	-0.045** (0.020)	-0.078** (0.039)	0.018 (0.035)
Receiver gender = Female	0.011 (0.019)	-0.053 (0.039)	0.066* (0.034)
Ed_sender = vocational/University	0.124*** (0.024)	0.147*** (0.043)	0.020 (0.045)
Ed_recver = vocational/University	0.052** (0.026)	0.075 (0.053)	0.077* (0.046)
Send country = UAE	-0.332*** (0.024)	-0.249*** (0.048)	
Send country = Italy	-0.188*** (0.029)	-0.029 (0.060)	0.080* (0.047)
Mid-sized city (50,000 - 500,000 inhabitants)	-0.014 (0.022)	-0.012 (0.042)	0.101** (0.040)
Small city (2,500- 50,000 inhabitants)	0.027 (0.033)	0.001 (0.077)	-0.008 (0.045)
Rural area (less than 2,500 inhabitants)	-0.027 (0.085)	-0.081 (0.135)	0.072 (0.082)
Constant	-0.019 (0.043)	-0.044 (0.081)	-0.064 (0.065)
Obs.	1,529	378	349
R2	Only formal senders 0.256	Only formal senders 0.274	Only formal senders 0.171

Dependent variables are defined in the following way: a dummy=1 if the method used by the sender is a transfer or transaction using an account or electronic payment instrument, 0 for all other respondents using formal methods.

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table B3. Regression analysis of preferred remittance channel – Digital remittance (RPW)

	Dependent variable based on sender channel + receiver		
	Digital RPW definition All Sample	Digital RPW definition Ethiopian Senders	Digital RPW definition Nigerian Senders
Ave. remittances sent each transfer: 201 -350 USD	0.023 (0.017)	-0.037 (0.033)	0.008 (0.031)
Ave. remittances sent each transfer: 351-500 USD	0.014 (0.021)	-0.037 (0.039)	-0.059 (0.042)
Ave. remittances sent each transfer: 500+ USD	0.144*** (0.019)	0.209*** (0.039)	0.125*** (0.043)
Sends remittances infrequently	0.069*** (0.015)	0.080*** (0.029)	0.068** (0.033)
Sender has a financial account	0.008 (0.020)	0.031 (0.040)	0.056 (0.036)
Receiver has a financial account	0.124*** (0.016)	0.119*** (0.032)	0.050 (0.037)
Respondent Age = 35-54 years old	0.029** (0.014)	0.062** (0.027)	-0.037 (0.027)
Respondent Age = 55+ years old	-0.033 (0.038)	-0.075 (0.082)	-0.078 (0.064)
Receiver Age = 35-54 years old	0.005 (0.016)	-0.000 (0.033)	-0.051 (0.032)
Receiver Age = 55+ years old	0.040** (0.016)	0.073** (0.031)	-0.001 (0.032)
Respondent gender = Female	-0.047*** (0.014)	-0.085*** (0.026)	-0.018 (0.028)
Receiver gender = Female	-0.002 (0.013)	-0.093*** (0.026)	0.041 (0.027)
Ed_sender = vocational/University	0.073*** (0.017)	0.100*** (0.029)	0.008 (0.036)
Ed_recver = vocational/University	-0.021 (0.018)	-0.054 (0.036)	0.048 (0.037)
Send country = UAE	-0.127*** (0.017)	-0.061* (0.032)	
Send country = Italy	-0.135*** (0.020)	-0.044 (0.040)	-0.033 (0.037)
Mid-sized city (50,000 - 500,000 inhabitants)	-0.001 (0.015)	0.022 (0.028)	0.039 (0.032)
Small city (2,500 -50,000 inhabitants)	-0.013 (0.021)	-0.015 (0.051)	-0.012 (0.036)
Rural area (less than 2,500 inhabitants)	-0.027 (0.044)	-0.016 (0.090)	0.057 (0.065)
Constant	-0.035 (0.029)	-0.034 (0.054)	-0.048 (0.052)
Obs.	1,805	378	349
	All sample	All sample	All sample
R2	0.168	0.353	0.135

Dependent variables are defined in the following way: a dummy=1 if the remittance is sent and received digitally as defined in the RPW, 0 for all other respondents in the sample.

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1