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# REMITTANCE BEHAVIORS AMONG MIGRANT COMMUNITIES

## EVIDENCE FROM ETHIOPIAN AND NIGERIAN SENDERS

payment systems remittances

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# Agenda

1. Context
2. Demographics of senders and receivers, profiles
3. Channel preferences, digitalization levels, and financial access
4. Determinants of channel choice
5. Discussion

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# 1 CONTEXT

# Sending remittances, especially in cash, to Sub-Saharan Africa is costly

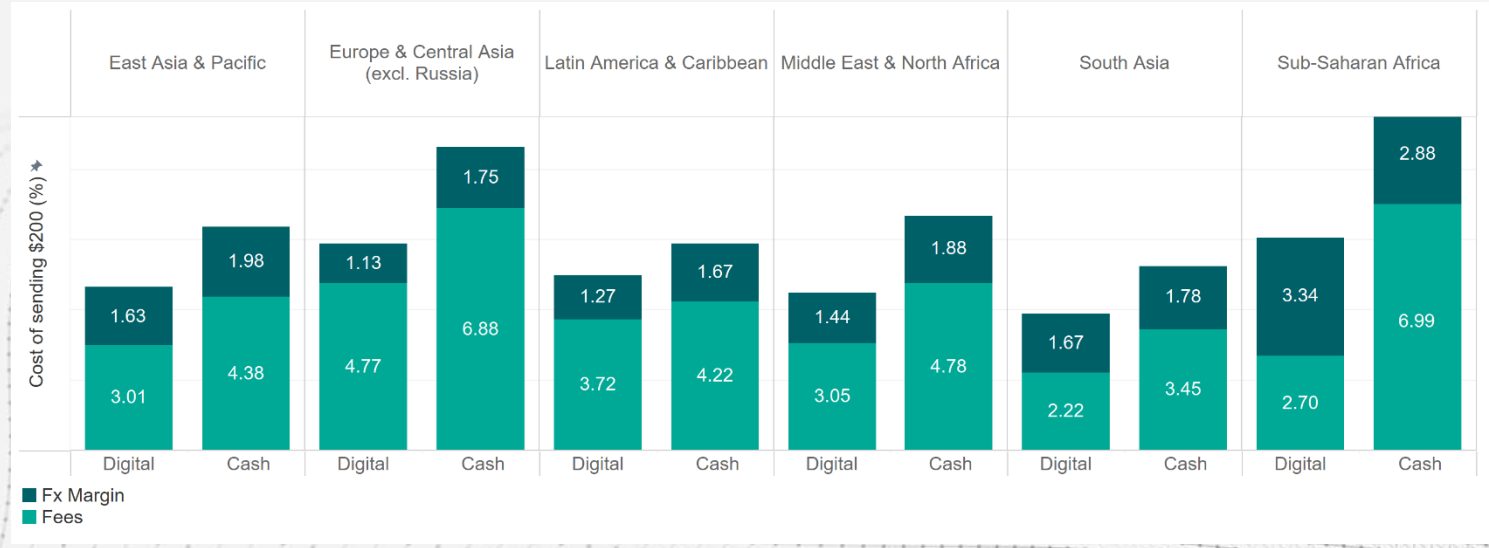
**Financial Lifeline for Families**
Remittances provide critical financial support for household needs, education, healthcare, and small businesses in developing countries.

**Promoting Financial Inclusion**
Remittances introduce recipients to formal banking systems, helping unbanked people access financial services for the first time.

**Reducing Transaction Costs**
Lowering costs increases funds available for consumption and investment, improving financial resilience.

**Benefits of Digital Remittances**
Digital remittances are cheaper, more transparent, secure, and convenient, enabling easier access to funds anytime.

Average cost of sending $200, cash vs. digital, regional breakdowns




*Source: The World Bank, Remittance Prices Worldwide report, Issue n. 53, March 2025*

# What determines senders' decision to send money home in a particular way?

## Remittance Senders Survey

Objective: to understand the characteristics and remittance behaviors of migrants (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).

*Why these countries? World Bank technical assistance to receiving countries; major sending countries common to the receiving countries of interest.*

# Country Context

| | Nigeria | Ethiopia |
|---|---|---|
| **Overview** | leading remittance receiver in Sub-Saharan Africa, with inflows supporting economic resilience and diversification | benefits from remittances at the household level, improving food security and agricultural investments. |
| **Policy Reforms** | policies to improve remittance markets, including currency schemes and foreign exchange liberalization | |
| | temporary boost to formal inflows: *Naira 4 Dollar Scheme* (2021–2023) to incentivize formal remittances by offering ₦5 per $1 received<br>2024–2025 reforms: simpler IMTO licensing, FX window access, remote account opening via non-resident BVN, and pricing transparency | expanding access to formal services in key corridors by allowing foreign-based businesses owned by non-residents to offer money transfer services<br>diaspora-focused accounts to retain 45% of remittance inflows in foreign currency, incentivizing formal inflows and account usage |
| **Remaining Challenges** | converting policy reforms into user benefits, especially in digital adoption and cost reduction. | |

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# 2 DEMOGRAPHICS & PROFILE

# Demographics

*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 | |

# Profile: Ethiopia

## Corridors covered: Italy, UAE, KSA

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Average transfer size: $360, 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%)

Average cost of sending $200: 7.2%
$500: 5.6%

### 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

### Receivers

Average demographic profile

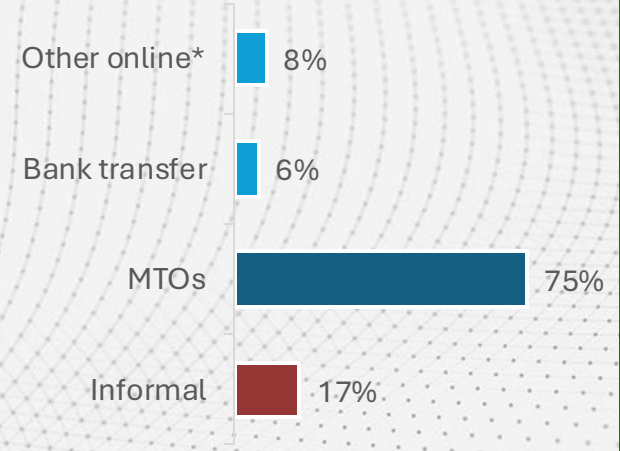
52% are female, usually parents or in-laws
32% have a full-time salary
36% 35-44, 34% 55+ yrs old
46% at least 2ndary education

Financial Access

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

### Senders

Remittances

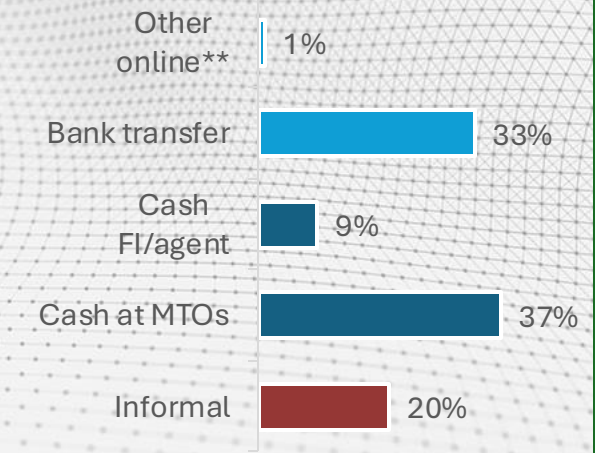



42% send transfers at least monthly

Main reason to not use electronic transfers: **34%** use cash in everyday trxs

### Receivers

Remittances




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

# Profile: Nigeria

## Corridors covered: Italy, UAE

Average transfer size = $290, 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%)

Average cost of sending $200: 3.7%
$500: 3.0%

## 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

## Receivers

Average demographic profile

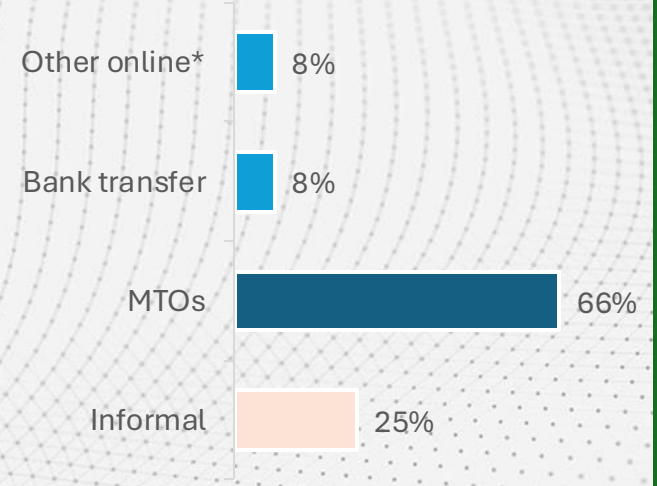
58% are female, usually parents or in-laws
32% have a full-time salary
34% 35-44, 35% 55+ yrs old
37% at least 2ndary education

Financial Access

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

## Senders

Remittances

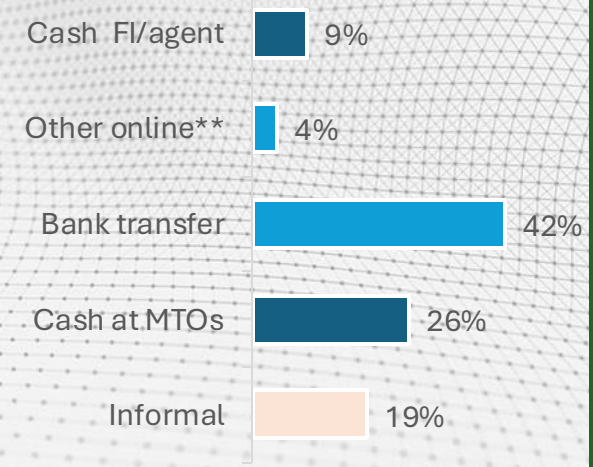



45% sends transfers at least monthly

Main reason to not use electronic transfers: **43%** use cash in everyday trxs

## Receivers

Remittances




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

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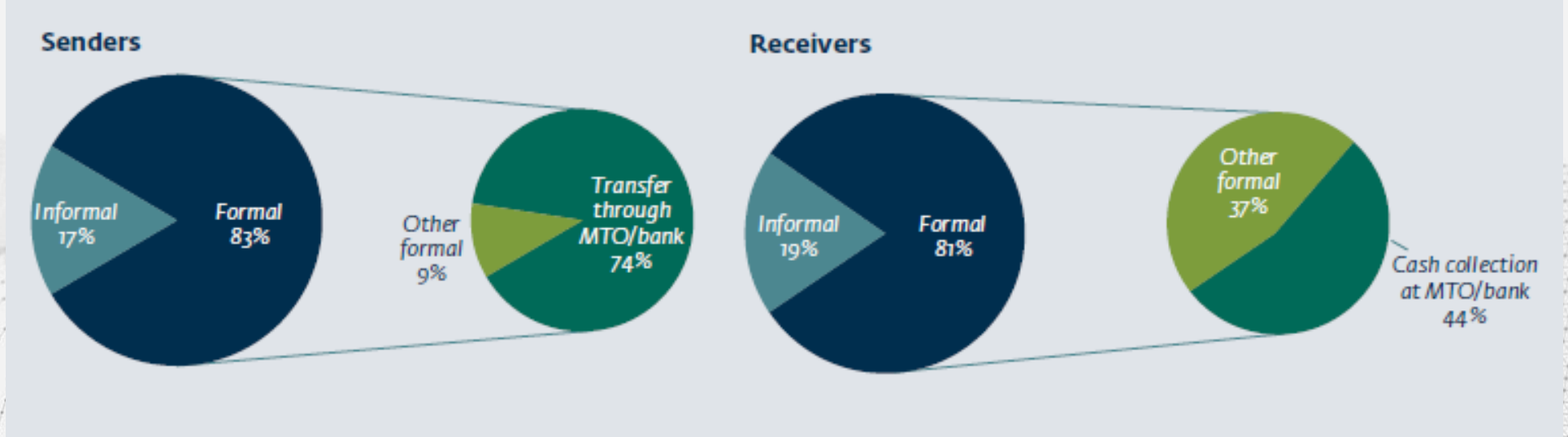
# 3 CHANNEL PREFERENCES, DIGITALIZATION LEVELS, FINANCIAL ACCESS

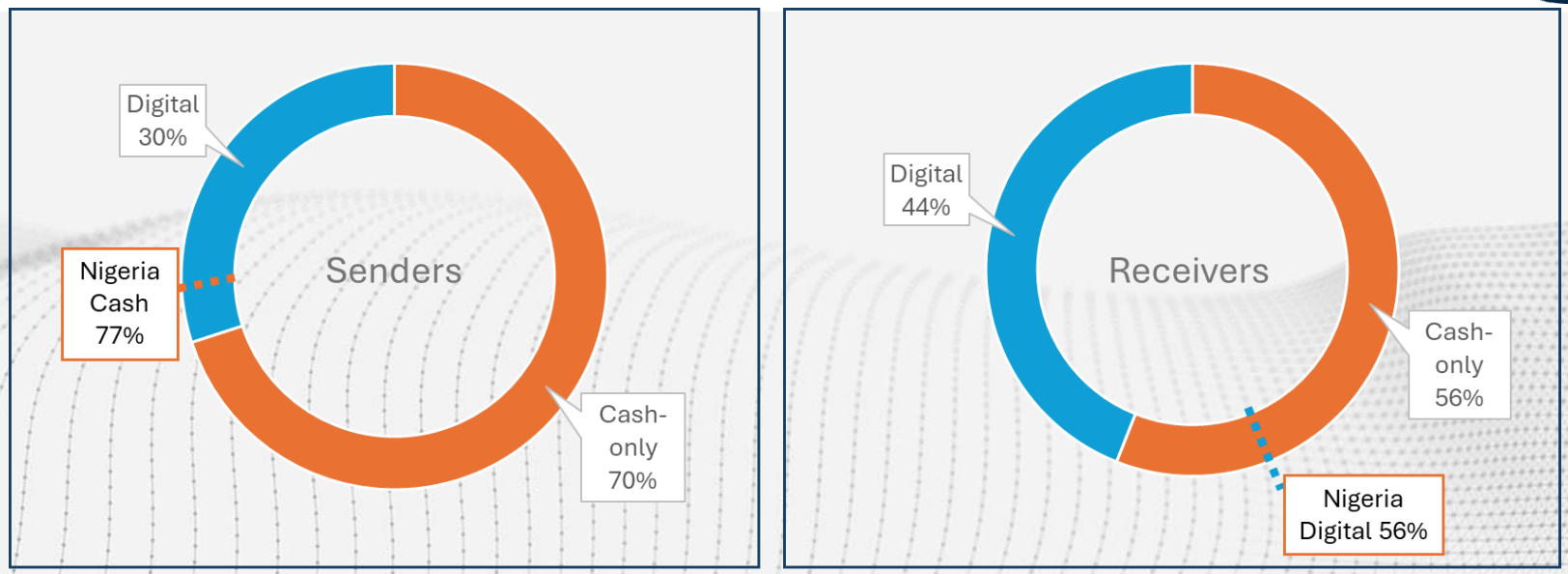
# Formal traditional methods remain prevalent in these corridors for both senders and receivers




- Significant differences between countries:
  - Informal methods are much more prevalent among Nigerian migrants

| | 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% |

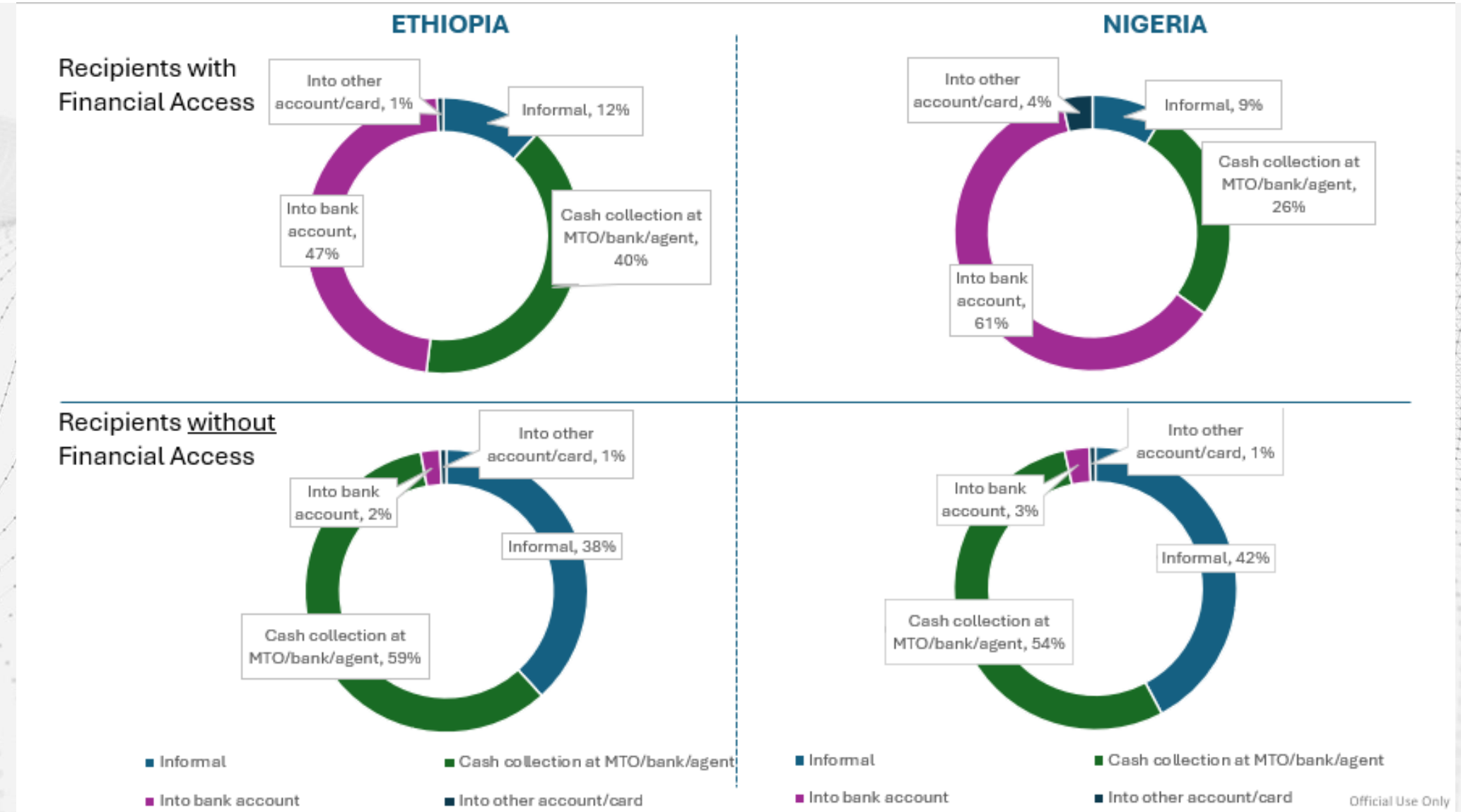
# Full digitalization of remittances is still in its early stages




All sample and Nigeria averages shown in the graph. Ethiopia is in line with the overall sample average.

- Only 9.5% of respondents reported end-to-end digitalization. Nigerian senders/receivers are the lowest at 7%.
- Fewer Nigerian senders use of bank accounts for initiating transfers (34% vs. 48% overall) but have a much higher reliance on payment cards (36% vs. 14%).
- High usage of hawala networks to send to Nigeria.
- 47 % of Ethiopian senders use bank accounts to initiate transfers but only 10% use payment cards.
- Ethiopian senders have a stronger preference for transactions via phone (76% vs 68% overall).

# Access to and usage of financial services are relatively high for all migrants, and are correlated with channel used to send and receive international transfers



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# 4 DETERMINANTS OF DIGITAL VS CASH REMITTANCES

# Preferred remittance channel
## Informal vs Formal

**Higher sending amount and account ownership are positively linked to choosing formal channels**

e (comfort using
h?) also correlated

**ding to rural areas
ositively linked to
choice of
rmal channels.**

| | All Sample | Ethiopian Senders | Nigerian Senders |
|---|---|---|---|
| Ave. remittances sent each transfer: **201 -350 USD** | -0.068*** | -0.059 | -0.145*** |
| | (0.021) | (0.044) | (0.053) |
| Ave. remittances sent each transfer: **351-500 USD** | -0.044* | -0.019 | -0.191*** |
| | (0.026) | (0.052) | (0.072) |
| Ave. remittances sent each transfer: **500+ USD** | -0.005 | 0.024 | -0.167** |
| | (0.023) | (0.053) | (0.075) |
| Sends remittances infrequently | 0.045** | 0.053 | 0.030 |
| | (0.019) | (0.039) | (0.057) |
| Sender has a financial account | -0.054** | 0.020 | -0.033 |
| | (0.025) | (0.053) | (0.063) |
| **Receiver has a financial account** | -0.149*** | -0.208*** | -0.187*** |
| | (0.020) | (0.043) | (0.063) |
| Respondent Age = 35-54 years old | 0.006 | 0.036 | 0.042 |
| | (0.017) | (0.036) | (0.046) |
| **Respondent Age = 55+ years old** | 0.118** | 0.212* | 0.245** |
| | (0.046) | (0.110) | (0.110) |
| Receiver Age = 35-54 years old | 0.000 | 0.083 | 0.075 |
| | (0.020) | (0.044) | (0.055) |
| Receiver Age = 55+ years old | -0.010 | -0.054 | 0.090 |
| | (0.020) | (0.041) | (0.055) |
| Respondent gender = Female | -0.002 | 0.009 | -0.031 |
| | (0.017) | (0.035) | (0.047) |
| Receiver gender = Female | 0.010 | -0.000 | -0.009 |
| | (0.016) | (0.035) | (0.046) |
| Ed_sender = vocational/University | 0.016 | 0.020 | -0.007 |
| | (0.021) | (0.039) | (0.062) |
| Ed_recver = vocational/University | 0.028 | -0.022 | 0.068 |
| | (0.022) | (0.048) | (0.063) |
| Mid-sized city (50,000- 500,000 inhabitants) | -0.001 | -0.011 | -0.061 |
| | (0.019) | (0.038) | (0.054) |
| **Small city (2,500-50,000 inhabitants)** | 0.108*** | 0.279*** | -0.028 |
| | (0.026) | (0.068) | (0.062) |
| **Rural area (less than 2,500 inhabitants)** | 0.316*** | 0.491*** | 0.259** |
| | (0.054) | (0.120) | (0.111) |
| Obs. | 1,805 | 378 | 349 |
| | All sample | Ethiopia | Nigeria |
| R2 | 0.161 | 0.300 | 0.159 |

# Preferred remittance channel

## Digital vs Cash

- Among those using formal channels: higher sending amounts, account ownership
- Age (comfort using tech?) also correlated
- Higher education levels and sending to rural areas are all positively linked to sending digitally.

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

# Preferred remittance channel

## Digital Remittances (RPW Definition)

**Ethiopian senders**:

Choice of end-to-end digital remittances is positively related to:

- ✓ higher sending amounts
- ✓ less frequent sending
- ✓ younger senders
- ✓ male sender
- ✓ male recipient
- ✓ higher educational attainment of sender
- ✓ account ownership of the recipient

**Nigerian senders:**

Choice of end-to-end digital remittances is positively related to:

- ✓ higher sending amounts
- ✓ less frequent sending

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

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# 5 DISCUSSION

# Key takeaways

| | | | |
|---|---|---|---|
| Recognize the importance of corridor-specific factors | Recognize the importance of macroeconomic management to encourage trust | Keep developing digital ecosystem | Target small transfer users |
| Tailor product design to boost uptake | Invest in digital financial literacy programs | Promote transparency: standardize and simplify the way in which information is presented | Implement payment infrastructure reforms |
| | Focus on rural | Develop merchant acceptance on receiver side to make digital remittances more useful | |

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# THANK YOU!

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