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Impact of Remittances from Saudi Arabia on the Socio-Economic Development of Pakistan

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Abstract

The mobilization of resources and financial prosperity has surpassed various other concerns. Consequently, many Pakistanis have migrated to other countries for better-paying employment prospects. As a result, they return monies to their country. Since the late 1960s, Pakistan's primary source of remittances has been Saudi Arabia. This study's primary purpose is to quantify the effect of Saudi Arabia-to-Pakistan remittances on socio-economic development. For empirical estimation, 1990-2020 time series data are collected. Remittances favorably influence socio-economic growth, as shown by applying modern econometric estimation approaches such as (Fully Modified Ordinary Least Square) FMOLS, Dynamic Least Square (DOLS), and Robust Least Square. The primary contributor to Pakistan's economic growth and human development is Saudi Arabian remittances. There is bidirectional causality between economic growth and remittances in Pakistan and unidirectional causality between human development and remittances. Based on its findings, the paper advises developing and implementing appropriate policies for minimizing transaction costs and facilitating the flow of remittances from migrants to Pakistan. If properly implemented, the findings can boost the nation's socio-economic development.

Keywords: *Remittance; Economic Growth; Human Development; Pakistan*

Introduction

In most economies on the rise, domestic and international migration is generally attributed to people seeking better employment opportunities and a higher quality of life. This phenomenon is known as migrant remittances (Adams Jr, 2006). The term "migrant remittance" refers to the money migrants send back to their home country from their migratory destinations. Remittances have been an indispensable source of income for many years for family members who remain at home. Many developing nations recognize remittances as a source of income and revenue. Particularly in the rural areas of these nations, they play a crucial role in eradicating the poverty income gap and fostering economic growth (Mintah & Nikoi, 2015). There is evidence that remittances play a significant, albeit not decisive, role as a source of investment in human capital

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and serve to improve and strengthen it (Huay, Winterton, Bani, & Matemilola, 2019).

Many years have been spent investigating the origins of socio-economic development in emerging nations. Alongside migration, the growth of remittances is becoming an increasingly vital source of foreign currency for many developing nations. Despite numerous economic shocks, Pakistan's remittances have increased. Remittances represent a significant portion of Pakistan's foreign revenues and are reflected in its balance of payments. In particular, remittances make for 86% of the country's secondary sources of income. These revenues significantly impact the nation's gross domestic product and human resource development. Remittances minimize a country's requirement for foreign borrowing and frequently safeguard it from economic and financial disasters.

Similarly, remittance inflows assist poverty reduction by promoting investment, removing credit-related restrictions, and improving human development by financing better healthcare and education. Therefore, international remittances play a crucial role in the economy of Pakistan (Siddique, Majeed, & Shaheen, 2016). However, Abdih, Chami, Dagher, and Montiel (2012) suggest that remittances are detrimental to GDP since they imply that a country's labor force is underutilized, resulting in a slower rate of development (Bashir, 2020).

Keeping in mind the significance of remittances, the study identifies their effect on Pakistan's socio-economic growth. Specifically, the present analysis focuses on Saudi Arabian remittances to Pakistan (Aliedan, 2022). The selection of remittance flows from Saudi Arabia to Pakistan is based on the fact that both economies have long-standing links and good bilateral relations, making Saudi Arabia one of Pakistan's key remittance suppliers. Foreign policy aims to strengthen the two nations' political, social, and cultural ties (Sun, 2022). From 1973 to 2014, Saudi Arabia sent Pakistan around $40 billion. Saudi Arabia is home to most Pakistani migrants and has recently received thirty percent of all remittances. Before 2000, total remittances fluctuated, whereas those from Saudi Arabia were consistent. However, since 2001, overall remittances have increased more than those from Saudi Arabia. Due to the robust economic and political ties between Saudi Arabia and Pakistan, remittances from Saudi Arabia are more steady than total remittances to Pakistan (Umair & Waheed, 2017).

In addition to contributing to the current body of information measuring socio-economic development through economic growth and the human development index, the study is also essential. Human Development Index is the most precise indicator of a nation's development and growth. It represents the geometric mean of all income, education, and health indices that have been modified. Health is measured by life expectancy, while education is measured by the average and median years spent in school. And per capita, GNI measures income (Yadav & Iqbal, 2021). In addition, the empirical estimating technique applied in this study distinguishes it

from past research. This work employs Fully Modified Ordinary Least Square (FMOLS), Dynamic Least Square (DOLS), and Robust Least Square Estimation. These heterogeneous panel estimation algorithms take into consideration cross-sectional dependence (Huda & Khairandy, 2022). In addition, the DOLS strategy considers the endogeneity problem, resulting in more accurate estimates than previous data analysis techniques.

In particular, the study aims to estimate the following objectives

- To analyze the effect of foreign remittances from Saudi Arabia on the economic growth of Pakistan.
- To investigate the impact of foreign remittances on human development in Pakistan.

The following hypotheses are proposed to address the primary goal of the study

- There is a significant association between foreign remittance and the economic growth of Pakistan.
- There is a significant relationship between Human Development and foreign remittance to Pakistan.

Literature Review

Remittances are essential for improving socio-economic elements, including consumption, education, housing, health, poverty reduction, and investment activities (Aktar, 2021). Earlier research explored the impact of remittance inflows on socio-economic development as measured by several proxies. However, only a few studies have studied this relationship in Pakistan. Between 1980 and 2013, Siddique et al. (2016) analyzed the effect of remittances and education on poverty and economic growth in Pakistan. Using OLS, co-integration, and ECM approaches, the authors determined that remittances had a substantial positive impact on economic growth and a significant negative impact on poverty (Hasan, Atmuangkhwang, & Durand, 2022).

According to the analysis, education did not increase economic growth but reduced poverty. From 1990 to 2018, Ahmad and Khan (2021) estimated the impact of foreign investment and remittances on Pakistan's economic growth. The authors established a long-term association between FDI, overseas remittances, and Pakistan's economic growth using the ARDL methodology (STAECK, OTTONI, & SCHINDLER, 2022). The effect of remittances on the socio-economic characteristics of households in the Nepalese village of Musaharniya was studied (Chaudhary, 2020). The authors focused on the impact of remittances on household consumption, income, poverty, and education. The findings revealed that remittances contributed positively to the socio-economic development of rural households. Khramova,

Ryazantsev, Rakhmonov, and Kasymov (2020) evaluated the effect of remittances on Tajikistan's national and local socio-economic development. The authors concluded that remittances positively impacted Tajikistan's GDP, business activity, and standard of living (Takawira & Mwamba, 2022).

Awdeh (2018) investigated the effect of remittances on the socio-economic growth of twelve MENA economies that accept remittances. The authors discovered, utilizing the Vector Autoregressive estimate and Granger Causality that remittances enhanced employment, economic growth, and external balances. Between 1992 and 2012, Mintah and Nikoi (2015) examined the impact of remittances on poverty and economic growth in Ghana. Multiple regression analyses found that remittances positively affect economic growth but had no discernible impact on poverty. Aryal (2022) investigated the effect of remittances on the socio-economic development of households in Nepal. The authors concluded that remittances positively impact education, poverty reduction, sanitation facilities, household consumption, and trade. Munir, Humayun, Tariq, Shaheen, and Niaz (2010) analyzed the influence of remittances on socio-economic development using household data from the village of Swabi in Pakistan's NWFP province (Liu, 2022). The influx of remittances improved the local people's living conditions and employment chances. Nahar, Adha, and Azizurrohman (2018) examined the effect of remittances on Indonesia's socio-economic development utilizing Ordinary Least squares (OLS) and Fixed Effect estimation. The statistics revealed the impact of remittances on economic expansion. Satti, Hassan, Hayat, and Paramati (2016) examined the relationship between rural education, economic growth, population, remittances and poverty in Pakistan. According to the ARDL Bounds test results, remittances, education, and income reduce poverty in the nation. Arshad et al. (2022) assessed the impact of population increase, government social spending, and remittances on human development in Pakistan. The ARDL-bound testing results suggested that Pakistan's remittances and government social expenditures favorably impacted human development. Adenutsi (2010) evaluated the impact of foreign remittances on the socio-economic development of Sub-Saharan African economies from 1987 to 2007. According to the ARDL Bound test method results, foreign remittances contributed positively to the socio-economic development of Pakistan (Aljoghaiman & Bhatti, 2022).

Research Gap

The estimation of the influence of remittances on socio-economic development in Pakistan is understudied, especially in the context of foreign remittance inflows from Saudi Arabia, according to the survey mentioned above in the relevant literature. In addition, researchers apply the ARDL Bound testing method regularly. This study transcends prior research by examining the impact of remittance inflows on Pakistan's socio-economic development utilizing heterogeneous panel estimate approaches, such as FMOLS, DOLS, and Robust Least Square

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estimations. In addition, unlike previous studies, socio-economic development is now quantified using two indicators: the human development index and economic growth. As far as we know, this is the first study to analyze the influence of remittances on Pakistan's socio-economic progress.

Variables, Data, and Methodology

Model Specification

This study intends to investigate the effect of foreign remittances on Pakistan's economic and social growth. The human development index is a proxy for socio-economic progress, according to Raza, Azam, and Tariq (2020), Azam, Khan, Zafeiriou, and Arabatzis (2016), and Rej and Nag (2018). The information for all variables is derived from secondary sources, such as the World Development Indicators (WDI) and the United Nations Development Programs (UNDP). Foreign remittances (% of GDP) are the key explanatory variable in the models, whereas the control variables include labor force, capital formation, government spending, financial development, and inflation. To fulfil the study objectives, 2 models are specified:

$$GDP = f(LF, CAP, FR, TO) \quad (1)$$
$$HDI = f(FR, GOVEXP, FD, GDP) \quad (2)$$

And the econometric forms of the models are as follows:

$$GDP_t = \alpha_0 + \beta_1 FR_t + \beta_2 LF_t + \beta_3 CAP_t + \beta_4 TO_t + \varepsilon_t \quad (4)$$
$$HDI_t = \alpha_0 + \beta_1 FR_t + \beta_2 GOVEXP_t + \beta_3 FD_t + \beta_4 GDP_t + \varepsilon_t \quad (5)$$

Where GDP= Gross domestic product
HDI= Human development index
LF= labor force
CAP= Capital
FD= Financial Development
FR= Foreign remittances

The measurement and sources of the data for the variables as mentioned above are given in following Table 1.

Table 1: Measurements and Sources of Data

Variables	Measurement	Data Sources
Economic Growth	Gross Domestic Product (US$ 2015 constant)	WDI
Financial development	Domestic credit to the private sector (%)	WDI

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Human Development	Human Development Index	UNDP
Labour Force	Labor force (total)	WDI
Capital	Gross fixed capital formation (%)	WDI
Foreign Remittance	Pakistan Workers Remittances: Cash from Saudi Arabia	CEIC
Government Expenditures	Government expenditures on education (% of GDP)	WDI

Methodology

According to I. Khan and Hou (2021), in probability and statistics theories, non-stationarity is a component of specific stochastic operations that creates difficulties in statistical discoveries, particularly time series modeling. If the unit root of a nonlinear or linear stochastic method is a root of the method's characteristic equation, then the unit root exists. Non-stationarity or unit root is a capacity unit used to measure the degree to which a time series model contains stationary characteristics. The enhanced dickey fuller test by Dickey and Fuller (1979) and the structural break test for unit-root were applied to confirm the static nature of our data. The basic ADF unit root is constructed as follows:

$$\Delta y_t = c + a y_{t-1} + \beta_t + \sum_{j=1}^{k} d_j \Delta y_{t-j} + \varepsilon_t$$

where yt denotes time variations, b, a, and c are hypothesized parameters, and y_{tj} indicates first-order differentiating foundations regulated by random error as viewed through autocorrelation.

We used the co-integration test proposed by Johansen (1991, 1995) due to its multiple favorable qualities. It protects variables endogenously and allows for generating many cointegrating equations (Johansen, 1991, 1995). The basic equation is modeled as follows:

$$y_t = A_1 y_{t-1} + \cdots .. + A_p y_{t-p} + \beta x_t + \varepsilon_t$$

If yt is the unit root k -vector, xt denotes the deterministic trend of the d vector, while t is the vector error term.

For long-run estimations, we applied FMOLS regression as proposed by Phillips and Hansen (1990), DOLS regressions as proposed by Stock and Watson (1993), and robust least squares regressions as proposed by Phillips and Hansen (1990); Yohai (1987). FMOLS is a totally efficient combination of asymptotically unbiased and conventional asymptotic estimators, as evidenced by its generic Wald testing and statistical interpretations of asymptotic chi-square distributions (Phillips & Hansen, 1990). FMOLS regressions utilize preliminary estimates of the one-sided and symmetric long-term covariance residual matrix. The estimation of FMOLS is determined as follows:

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$$\widehat{\emptyset} = \left[\frac{\beta}{\hat{\gamma}}\right] = (\Sigma_{t=2}^{T} Z_t Z_t') \left(\Sigma_{t=2}^{T} Z_t y_t^{+} - T \begin{bmatrix} \lambda \\ \frac{1}{2}\hat{\Omega} \\ 0 \end{bmatrix}\right) \quad (8)$$

DOLS combines augmented co-integration regression models, such as lags and leads; the error component of the final co-integration equation is orthogonal to the historical data of all random estimators (Stock & Watson, 1993). DOLS orthogonal regression for all stochastic regressors is based on the concept that adding q delays and r produces differentiated regressors.

$$y_t = x_t'\beta + D_{it'\gamma 1} + \sum_{j=q}^{r} \Delta X_{t+j} + v_{it}$$

When the values of the dependent variable deviate from the regression, robust least-squares M-estimation addresses the outlier of the dependent variable. S-estimation of Robust Least-Squares is a rigorous computing procedure for identifying outliers in estimators with more significant leverages. Nonetheless, the MM estimate of resilient least squares combines the M and S estimations. The robust least squares method accounts for outliers in both dependent and independent variables.

Findings and Discussions

The descriptive statistics for all variables are displayed in Table 1. Among all the variables, GDP has the most significant mean, standard deviation, and data range, whereas HDI has the lowest mean, standard error, and data range.

Table 1: Descriptive Statistics Analysis

Variables/series	Mean	Min	Max	Std. Dev.	J-B Stats
FR	432	308	511	12.44	2.464***
HDI	0.483	0.404	0.56	0.052	6.123***
GDP	195112	9953590	3.21142	697708	6.698***
LF	51858	32045	710974	130709	2.430***
CAP	15.585	12.520	15.337	1.797	1.596***
FD	21.401	14.682	28.733	4.3712	2.420***
TO	31.927	24.701	38.499	4.0897	1.787***
GOVEXP	11.877	7.8028	15.445	2.0447	3.133***
***=P<0.05					

Pair-wise correlation findings are given in Table 2. The results reveal a positive pair-wise correlation among FR, GDP, HDI, LF, CAP, TO FD, and GOVEXP.

Table 2: Correlation Matrix

Variables	GDP	HDI	FR	FD	CAP	LF	TO	GOVEXP
GDP	1.000							

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HDI	0.130	1.000						
FR	0.083	0.091	1.000					
FD	-0.005	0.007	0.090	1.000				
CAP	0.024	0.010	0.147	0.131	1.000			
LF	0.014	-0.075	-0.035	0.088	0.048	1.000		
TO	0.086	0.023	0.058	0.021	0.025	0.127	1.000	
GOVEXP	1.456	0.334	0.873	0.999	1.578	5.091	0.567	1.000

After descriptive statistics and correlation analysis, Table 3 presents each series or variable's Augmented unit root test results. Each variable has a unit root at the level and becomes stationary after the initial differentiation.

Table 3: ADF Unit Root Testing

Series	**Level**		**1st Difference**	
	t-stat	**Prob-value**	**t-stat**	**Prob-value**
GDP	-0.3397	0.995	-2.907***	0.006
HDI	-0.1287	0.130	-3.0098***	0.000
FR	-1.0026	0.765	-4.5715***	0.004
FD	-0.7091	0.885	-5.4118***	0.002
CAP	-0.8097	1.987	-4.8769***	0.001
LF	-1.2114	0.887	-3.9674***	0.000
TO	-0.5624	0.985	-2.5678***	0.000
GOVEXP	-1.0281	1.220	-4.6789***	0.000

Then, using the Johansen Co-integration method, we analyze the co-integration of the study's variables. At least one co-integration equation illustrates the co-integration of the investigated variables based on the outcomes of both models.

Table 4: Johansen Co-integration Test Findings

Co-integration equations	**Model 1 GDP= FR,LF, CAP,TO**		**Model 2 HDI= FR, GOVEXP, GDP, FD**	
	Trace	**Max Eigen values**	**Trace**	**Max Eigen values**
None	76.9876***	32.567***	85.098**	29.445***
	(0.036)	(0.005)	(0.0071)	(0.017)
At most 1	38.4198***	27.0982***	56.908**	25.773***
	(0.049)	(0.001)	(0.058)	(0.006)
At most 2	5.9876	13.812	28.6875	13.654
	(0.256)	(0.445)	(0.976)	(0.824)
At most 3	18.087	11.541	5.1134	5.9812
	(0.987)	(0.318)	(0.498)	(0.562)
At most 4	0.7534	0.7654	0.8838	4.4401
	(0.874)	(0.876)	(0.113)	(0.2562)

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Table 5 illustrates the Robust Least Square DOLS and FMOLS results for Models 1 and 2 following the calculation of co-integration between the variables.

The findings of Model 1 indicate that overseas remittances contribute positively to Pakistan's economic growth. According to the estimation, a one-unit remittance boosts GDP by 1.65 units in FMOLS, 1.58 units in DOLS, and 2.99 units using Robust Least Square. The findings imply that the nation's economic growth can be sustained and boosted by investing and spending remittances productively. Consequently, worker remittances are an essential factor in Pakistan's economic development. The present work is supported by prior research Meyer and Shera (2017), Fayissa and Nsiah (2010), Comes, Bunduchi, Vasile, and Stefan (2018), and Javid, Arif, and Qayyum (2012). Similarly, trade openness boosts economic growth everywhere. Trade openness enhances economic growth by 0.87 units, 1.54 units, and 0.077 units for each unit increase. Keho (2017), Hye, Wizarat, and Lau (2016), Malefane (2018), and Ijirshar (2019) provide strong support for our findings demonstrating that trade openness leads to increased job and investment opportunities and consequently quicker economic growth.

Additionally, labor force and capital accumulation positively influence economic growth, indicating that labor and capital accumulation are essential and substantial determinants of the economic growth function, as described by conventional growth models. A one-unit increase in capital stimulates economic growth by 0.99 units, 0.58 units, and 1.22 units, respectively, according to the FMOLS, DOLS, and robust least square models. Therefore, efforts to encourage capital accumulation inevitably result in economic growth. Our results are supported by Adhikary (2011), Topcu, Altinoz, and Aslan (2020), and Adhikary (2011). (Chang & Fang, 2022). Moreover, according to Raleva (2014), Ummalla and Goyari (2021), Ahmed, Mahalik, and Shahbaz (2016), and Chang and Fang (2022), the expansion of the labor force is positively connected with the expansion of economic growth. FMOLS, DOLS, and Robust Least Squares increase by 2.5, 1.9, and 0.35 units for each one-unit increase in the labour force.

Table 5: Long Run Estimations

Model 1: GDP= FR, LF, CAP, TO									
Variables	FMOLS						DOLS		
Robust Least Square									
	Coeff	**t-stat**	**p-value**	**Coeff**	**t-stat**	**p-value**	**Coeff**	**t-stat**	**p-value**
LF	2.517***	2.098	0.000	1.956***	4.771	0.004	0.355***	3.866	0.000
CAP	0.997***	2.518	0.000	0.587***	3.481	0.007	1.221***	3.212	0.001
FR	1.654***	4.443	0.002	1.587***	4.091	0.000	2.998***	4.889	0.000
TO	0.874***	3.998	0.000	1.543***	5.908	0.003	0.077***	3.662	0.000
Model 2: HDI = FR, GOVEXP, GDP, FD									
Variables	FMOLS						DOLS		
Robust Least Square									

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	Coeff	t-stat	p-value	Coeff	t-stat	p-value	Coeff	t-stat	p-value
FR	0.155***	4.887	0.000	0.776***	3.881	0.000	0.298***	3.554	0.000
GDP	0.353***	3.843	0.003	0.855***	5.430	0.006	0.477***	5.971	0.000
GOVEXP	-0.555***	-4.008	0.000	-0.844***	-3.111	0.045	-0.366***	-3.901	0.000
FD	1.733***	5.224	0.000	0.666***	4.567	0.000	0.399***	4.987	0.000

*** denotes a 1% significance level.

In Model 2, positive remittance coefficients significantly impact Pakistan's human development. Since remittances have a significant coefficient, a rise in remittance inflows is crucial for fostering human development. Migrant workers' remittances improve consumption and investment, which positively affects HDI components. The calculated coefficient for remittances is positive and statistically significant in each estimation. For each unit increase in foreign remittances, FMOLS, DOLS, and Robust Least Square each increase by 1.55, 0.77, and 0.28 units. These results are congruent with those of Naeem and Arzu (2017), Neupane (2020), Bibi and Ali (2021), and Huay et al. (2019), who all concluded that remittances have a positive effect on human development levels and contribute to human growth. Regarding the study's control variables, there is a negative link between government expenditures and human development. A rise in government expenditures reduces human development by 0.55, 0.84, and 0.366 units, respectively, using the FMOLS, DOLS, and Robust Least Square models. Government engagement may impede development if public decisions become ineffective in a growing private sector (Buchanan & Musgrave, 1999). Prior studies, such as Maharda and Aulia (2020) and Sulistyowati, Sinaga, and Novindra (2017), contradict our findings, whereas (Pahlevi, 2017) validates our conclusion. The results also indicate that a safe financial market promotes human development because more efficient and effective financial markets boost human development (Fajnzylber & López, 2008; Giuliano & Ruiz-Arranz, 2009). The result is consistent with prior research (Monacelli, Iovino, & Pascucci, 2011) and is supported by the evidence (Huay et al., 2019). We observed that an increase in GDP is associated with an increase in HDI in FOMOLS, DOLS, and Robust Least Square, which is consistent with Zhang (2019) but in contrast to N. H. Khan, Ju, and Hassan (2018) and N. H. Khan, Ju, and Hassan (2019).

Table 6: Granger Causality Test

Model 1				
Variables	**GDP**	**LF**	**CAP**	**TO**
GDP	------	2.065	3.733	4.532
		(0.0786)	(0.0088)	(0.006)
LF	3.834	---------	2.235	2.557
	(0.0645		(0.0606	(0.0267
CAP	2.7337	4.0740	----------	2.356
	(0.0257	(0.0045)		(0.0177)
TO	4.0066	3.0887	2.2455	----------
	(0.0788)	(0.0571)	(0.0876)	

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Model 2					
Variables	**HDI**	**GDP**	**FR**	**GOVEXP**	**FD**
HDI	--------	1.033	0.556	3.476	2.987
		(0.745)	(0.487)	(0.0411)	(0.0433)
GDP	0.5432	---------	4.765	3.993	3.854
	(0.522)		(0.0553)	(0.043)	(0.0866)
FR	0.3872	3.976	----------	3.812	3.754
	(0.367)	(0.0521)		(0.033)	(0.005)
GOVEXP	3.887	4.444	4.8663	----------	3.005
	(0.066)	(0.0633)	(0.044)		(0.0231
FD	3.771	4.712	3.332	2.443	---------
	(0.0432)	(0.887)	(0.074)	(0.0375)	

The results of Granger causality tests for models 1 and 2 are presented in Table 6. The results of model 1 indicate a bidirectional causal relationship between GDP, LF, CAP, TO, and FR. However, in Model 2, there is unidirectional causality between HDI and GDP and HDI and FR, whereas there is bidirectional causality between HDI, GOVEXP, and FD.

Conclusion and Policy Recommendations

This study adopts a dynamic panel data methodology to provide empirical analyses and arguments concerning the connection between remittances and Pakistan's socio-economic development. To achieve this purpose, the study builds two models: one for examining the relationship between remittances and economic growth and another for remittances and human development. The results of FMOLS, DOLS, and Robust Least Square, controlling for the labor force, capital, and trade openness, demonstrate the effect of remittances on economic growth. The labor force, capital, and trade openness impact is also outstanding. Adjusting for financial development, government spending, and economic growth, remittances positively and significantly affect Pakistan's human development. In both models, government spending has a negative influence, while financial development and GDP have positive and significant effects.

Moreover, the results of the Granger causality test reveal a bidirectional link between GDP, LF, CAP, and TO. The association between HDI and GDP and HDI and FR is unidirectional. However, there is causality between HDI, GOVEXP, and FD in both directions.

As a result, the empirical evidence revealed that remittances positively and substantially affected socio-economic development. The hopeful view of remittances as a means of fostering socio-economic development, which underscores the article's findings, serves as the basis for its conclusions. According to the positive perspective on the impact of remittances on human development, remittances promote economic growth and increase access to education, healthcare, and social security. It is suggested that the

government construct a systematized economic and financial framework to boost remittance accessibility and reduce transaction costs. Massive transaction costs and unpredictable currency rates deter migrants from sending money home and encourage them to transmit remittances using straightforward means. Reduced transaction costs and a standardized monetary and financial system would enhance remittances and direct them through official channels. Moreover, policymakers must be aware of the precise growth rates of remittances. However, analyzing and executing remittance-focused policies is vital to maintain and growing socio-economic development.

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