
**Transnational Household Finance:
A Field Experiment on the Cross-Border Impacts of
Financial Education for Migrant Workers**

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Motivating idea and what we do

- Important objective of temporary migrant workers in the Arabian Gulf region is to accumulate savings.
- Little is known about how transnational households make financial decisions and ways in which their decision-making can be improved.
- We randomly assigned invitations to a savings-focused financial literacy workshop for married, male Indian migrant workers in Qatar whose wives remain behind in India
- We exploit the intervention to examine impacts on...
 - Financial decision-making of the migrants
 - Migrants' attempts to influence the financial decision-making of their wives in the home country
 - Migrant beliefs about their wives' behaviors
 - Wives' actual behaviors

Context

- Migrants from Kerala, India
 - Major source of Indian migration to Gulf states
 - In Kerala, 17.1 percent of households received remittances in 2011, and remittances are 31 percent of state's GDP
- International migration to Qatar
 - Country with most immigrants as share of population: 90% of population age 15+ were foreign-born
 - US\$8.43 billion in outgoing remittances in 2011

Financial literacy workshop contents

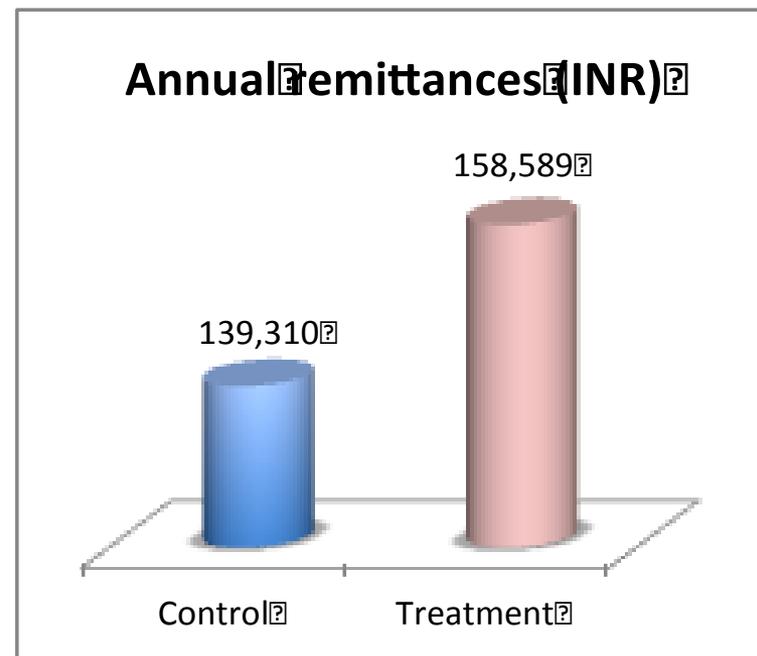
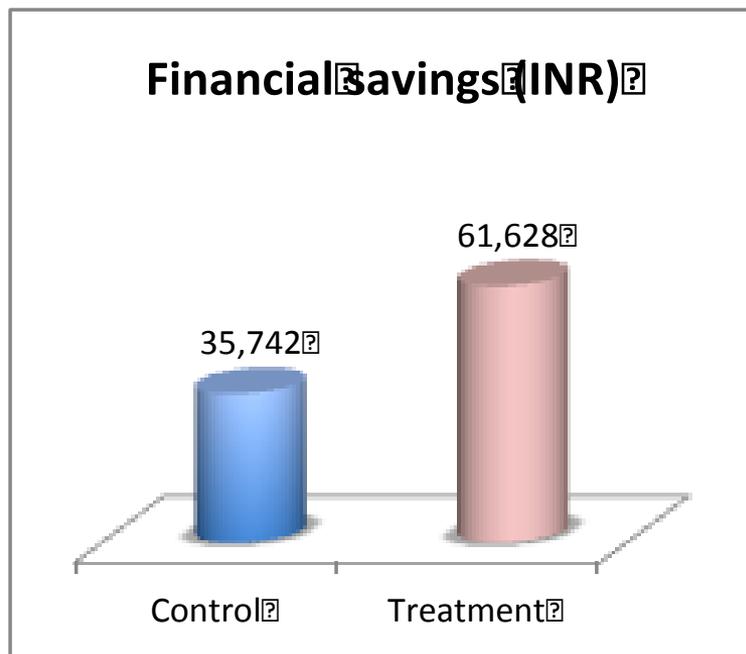
- Unifying theme: importance of setting goals to ensure long-term financial security once the migrant returns home permanently
- Specific financial literacy topics covered:
 - Creating and following a budget, for both migrant and the household in India
 - Consulting entire family in financial planning
 - Setting aside money from remittances to save
 - Different types of investment options
- Secondary topics covered: time management; maintaining a positive attitude; good work ethics; healthy living

The sample

- 200 married male migrant workers from Kerala, India whose wives have remained behind in India
- Occupations mostly manual, low-skill
 - 79% services (of which, 2/3 are “drivers”)
 - 14% construction
- Migrant medians at baseline:
 - 10 years of education, 40 years of age
 - 8.4 years abroad
 - savings: INR 50,601 (~US\$1,000)
 - Annual remittances: INR 117,727 (~US\$2,300)
 - Annual income: INR 272,397 (~US\$5,400)
- Wife medians at baseline:
 - 12 years of education, 32 years of age
 - savings: INR 153,496 (~US\$3,000)
 - Annual income in India: none

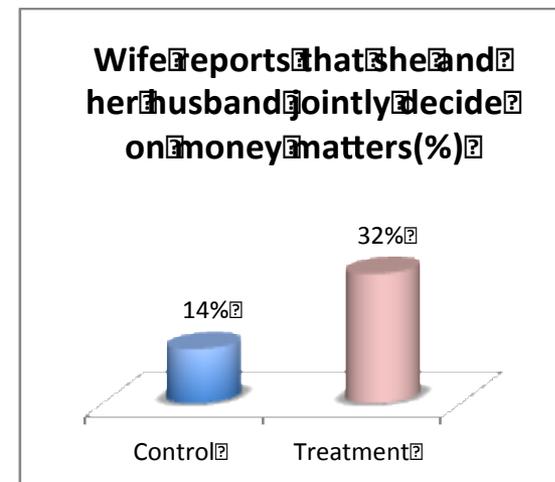
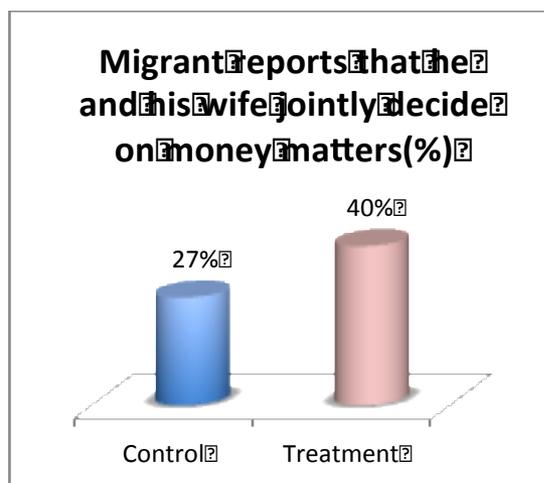
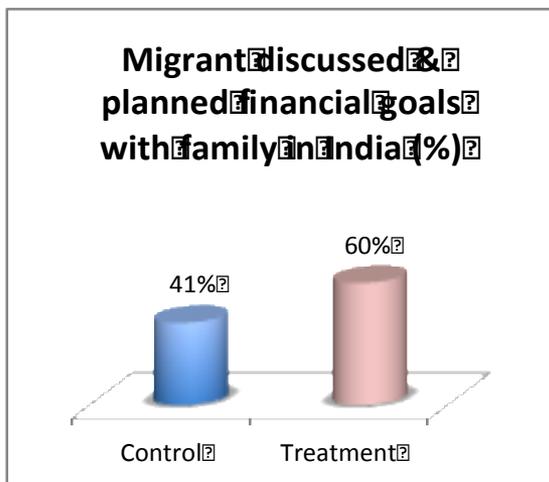
Key results: Improved financial outcomes

- For migrants with low baseline savings..
 - Migrants' own savings and the remittances sent to wives rise substantially.
 - Own savings is 72% greater (US\$ 515 more) than those in the control group.



Key results: Increased joint decision-making

- For migrants with low baseline savings..
 - Workshop offer increased proportion of migrants who discussed and planned financial goals with family by 19% points.
 - Workshop offer increased joint decision-making with wives by 13 to 18% points.



Main conclusions

- Financial literacy interventions can have substantial impacts on migrant financial decision-making and outcomes
 - That such a short, simple intervention had large impacts suggests that migrants did not have strong beliefs that their previous decisions were optimal
- Migrants commonly seek to make joint decisions with families back home
 - Financial literacy interventions can increase their interest in such joint decision-making...
 - But no evidence of substantial effects on actual financial outcomes of families back home

Study limitation and future research agenda

- Small sample size – concerns about external validity.
- Future research: Investigate the differential impact of financial education offered to migrants *AND* to their households using a larger sample
- Couple financial literacy with mechanisms that facilitate migrant monitoring and control of origin-household financial behaviors.
 - Joint savings account
 - Commitment savings account

Implication for Financial Inclusion

- Subjects were aware of and used financial services. Kerala has one of the higher bank penetration rates in India.
- However, there are outstanding questions about whether they limited investments to recognizable financial instruments that did not necessarily generate high return.
 - Eg: Life Insurance
- Future financial education workshop should have an explicit investments component to make participants aware of their options.