



# WOMEN MIGRANT WORKERS AND REMITTANCES

## SUMMARY

Remittances and their potential to contribute to development are becoming a central focus of global migration governance. With women making up approximately half of all migrant workers globally, there is a shifting focus of many policies and programmes to include remittances sent by women. Based on research and lessons learned from the joint UN Women's - EU-funded global project "Promoting and Protecting Women Migrant Workers' labour and human rights: Engaging with international, national human rights mechanisms to enhance accountability", which is piloted in Mexico, Moldova and the Philippines, this Brief considers the different ways that women transfer and spend remittances, and provides recommendations to better understand and maximise these remittances.

## Women migrant workers' remittances

Migrant women were responsible for approximately half of the estimated USD\$601 billion in global remittances in 2016.<sup>1</sup> Although their wages are commonly lower than men's due to the persistent gender wage gap, women migrant workers often send home a higher proportion of their earnings more frequently.<sup>2</sup> One study in Nicaragua found that women seasonal migrants sent back 73 per cent of their income earned abroad, compared to men who sent back 65 per cent.<sup>3</sup>

The increase in women's labour migration is largely concentrated in so-called feminised sectors of work such as domestic and care work, as well as in manufacturing and agriculture. This type of migration is typified by women who are driven by the need to provide for their families and the conception of greater opportunities abroad, and for who, the attainment of personal objectives is

heavily conditioned by the pressure to sustain the family group.<sup>4</sup>

Notwithstanding this, women can exercise considerable individual and collective agency through their remitting practices, both as recipients and senders of remittances. In countries of origin, when women are responsible for the distribution of household income (which may include remittances), a greater portion is likely to be spent on health, education, family and community development.<sup>5 6</sup>

Remittances, whether sent by men or women, are commonly directed to mothers, daughters or to women looking after the children of migrants, and data shows that 25 per cent of women remittance receivers are homemakers.<sup>7</sup>

## Women's access to financial services

<sup>1</sup> See: <http://ir.westernunion.com/news/archived-press-releases/press-release-details/2016/Western-Union-Pays-Tribute-to-Global-Women-Work-Force-as-World-Economic-Change-Agents-and-Calls-for-Greater-Recognition-and-Integration/default.aspx>

<sup>2</sup> Petrozziello, A. (2013) "Gender on the Move: Working on the Migration-Development Nexus from a Gender Perspective."

<sup>3</sup> Macours, K & Vakis, R. (2007) "Seasonal Migration and Early Childhood Development."

<sup>4</sup> Ramirez, C; Dominguez, M; Morais, J. (2005) "Crossing Borders: Remittances, gender and development."

<sup>5</sup> UN Women (2013) "Managing labour migration in ASEAN: Concerns for women migrant workers." p. 8.

<sup>6</sup> Orozco, M; Lowell, L., Schneider, J. (2006) "Gender-Specific Determinants of Remittances: Differences in Structure and Motivation."

<sup>7</sup> Global Migration Group (Forthcoming) "Women and Financial Inclusion: Policy Options and Strategies for Remittance Service Providers."

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The remittance sending behaviour of migrant women often involves a higher financial cost. Women tend to remit smaller amounts of their income more frequently, and are therefore subject to paying more in transaction fees. For example, in the Philippines, research has shown that women migrant workers are more likely than their male counterparts to remit to a female family member in the household.<sup>8</sup> Women remittance senders may pay up to 20 per cent more in transfer fees than men.<sup>9</sup> A high proportion of women migrate irregularly into largely informal sectors, such as domestic or care work, limiting their access to formal remittance transfer systems. In addition, lower levels of financial literacy or a lack of access can hinder women's ability to open bank accounts and access formal remittance systems.

Women tend to account for a disproportionately large share of the world's unbanked population. For example, statistics from Mexico (2011) show that only 22 per cent of women aged fifteen years and older have an account in a formal financial institution. This is comparatively lower than their male counterparts at 33 per cent.<sup>10</sup> While unregulated and informal remittance channels offer little security, they often offer low costs, higher transfer speeds, and are easier to access than restrictive formal alternatives. Additionally, informal remittance transfers generally do not require the sender or receiver to have a formal bank account and only minimal identification is required, affording an advantage to women who might face barriers to both.<sup>11</sup>

*The Recommendations for addressing women's human rights in the global compact for safe, orderly and regular migration<sup>12</sup> advocate that women be provided with access to remittance transfer systems, financial inclusion and financial literacy training regardless of migration status or informal employment status. Further it suggests that a gender perspective be incorporated into financial inclusion policies in the context of new remittance platforms (Para. 4.6).*

The Hawala system for remitting is one of the most common methods of informal monetary transfer systems, being utilized heavily in the Middle East, India, Africa and elsewhere. This system relies on a chain of money lending between money transfer operators in countries of origin and destination and functions on trust and community ties. The Hawala system is utilised heavily by women due to its informal nature, however it often reinforces gender stereotypes and can pressure women into regular patterns of remittance sending regardless of the stability of her employment.<sup>13</sup>

*CEDAW General Recommendation 26 provides that States should establish measures to safeguard the remittances of women migrant workers and provide information and assistance to women to access formal financial institutions to send money home (Para. 24 g).*

While formal remittance sending through banks and registered money transfer systems is gaining popularity – due, in part, to new low cost online transfer options – this practice is

<sup>8</sup> UN Women (2015). "Gender, Migration and Development in the Philippines – a Policy Paper." p. 53.

<sup>9</sup> Global Migration Group (forthcoming). "Women and Financial Inclusion: Policy Options and Strategies for Remittance Service Providers."

<sup>10</sup> UN Women (2017). "At What Cost? Women Migrant Workers, Remittances and Development." p. 54.

<sup>11</sup> Ibid, p. 30.

<sup>12</sup> Available at: <http://www.unwomen.org/en/digital-library/publications/2017/3/addressing-womens-rights-in-global-compact-for-migration>

<sup>13</sup> UN Women (2017). "At What Cost? Women Migrant Workers, Remittances and Development." p. 30.

disproportionately available to migrant men as they often have higher levels of online literacy and better access to the Internet.<sup>14</sup> However, mobile banking has opened up women’s access to the financial market by increasing their control and decreasing costs, whilst at the same time formalising the transfer.<sup>15</sup>

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*The Sustainable Development Goals (SDGs) target 5.a calls for reforms to give women equal rights to access to financial services and target 10c seeks to lower remittance transfer costs.*

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### How women’s remittances are spent

Women migrant workers’ remittances are commonly spent on supporting families, households and communities by meeting their educational, health and security needs. Whilst investment in food, education and health is not considered ‘productive’, it does play a key role in keeping a family out of poverty and is an investment in future generations.<sup>16</sup>

Remittances received from women migrant workers will often act as a substitute for poor social protection in countries of origin. By supplementing poor public welfare systems, women remittance senders can be put under substantial strain to continue their work overseas.

It is important to recognise the social costs associated with migration, particularly in relation to the loss of social protection rights – especially where migration is irregular and employment is informal. Women’s need for social protection, such as maternity benefits, child and family support and pensions, is commonly higher than men’s due to their reproductive and caring roles. As such, where

women migrate irregularly or into highly informal sectors, they do so at the risk of losing social protection for themselves and their family. Surveys carried out in the Philippines have found that where welfare systems do exist (including those provided by the Filipino Overseas Workers Welfare Administration services) men migrant workers are more likely to be registered for these services than women.<sup>17</sup>

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*The Recommendations for addressing women’s human rights in the global compact for safe, orderly and regular migration provide that social protection policies be strengthened to benefit women in migration and their families, addressing the difficulties women face in accessing social protection, and recognising that sectors in which migrant women work commonly support social welfare in countries of destination, and that migrant women’s remittances supplement poor social protection in countries of origin (Para. 5.9).*

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Where remittances are productively invested in property or business, there is no guarantee that the development benefits will be gender equitable. In Moldova, women may purchase property using remittances, but the lack of land rights means that the property may need to be registered in the name of their husband or male relative. In the Philippines, whilst increased investment from remittances has created a shift away from subsistence farming towards increasingly commercialized agricultural systems, it has led to

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<sup>14</sup> Petrozziello, A. (2013) “Gender on the Move: Working on the Migration-Development Nexus from a Gender Perspective.” p. 91.

<sup>15</sup> ACP Observatory on Migration (2014). “Mobile Money Services: A Bank in your Pocket.” pp. 17-18

<sup>16</sup> Orozco, M; Lowell, L & Schneider, J (2009). “Gender-Specific Determinants of Remittances: Differences in Studies & Motivation.”

<sup>17</sup> Ang, A. and Encinas-Franco, J. (2015). “Gender, migration and development in the Philippines.” p. 61.

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the creation of more jobs for men, whilst reducing the work traditionally performed by women.<sup>18</sup>

Other initiatives recognise the importance of supporting so-called ‘non-productive’ investments such as the Philippines women-oriented Women’s Rural Bank, which offers alternative “non-financial” services including leadership development, social services for women, and social preparation for credit discipline. These are equally important in ensuring that the contributions of women migrant workers to development are being recognised.

### Women’s non-financial remittances

Alongside money transfers, social remittances can also influence positive social change across households and communities in both origin and destination countries.<sup>19</sup> <sup>20</sup> Social remittances include norms, ideas, beliefs and social capital and can include the erosion of traditional power relations and gendered stereotypes. The individual experiences of both men and women migrants often shape the transfer of social remittances. This production of new forms of knowledge is often shaped by the experiences of migrants in countries of destination and transferred to countries of origin through communication channels.

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*The Recommendations for addressing women’s human rights in the global compact acknowledge the important contributions made by migrant women to sustainable development and social change at all stages of migration, in particular by adopting policies and programmes that aim to enable migrant women to fully participate in society including labour market integration, social inclusion and political participation (Para. 3.15)*

<sup>18</sup> UN-INSTRAW (2008). “Gender, remittances and local rural development: The case of Filipino migration to Italy.” p. 5.

<sup>19</sup> Levitt, P. (1998). Social Remittances: Migration Driven Local-Level Forms of Cultural Diffusion. *The International Migration Review*, 32(4): 926-948.

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### Policy Recommendations

- Recognise the different ways in which women send and spend remittances and develop migration policies that respond and address gendered remittance patterns;
- Improve the collection and analysis of sex-disaggregated data on remittance sending and receiving behaviour including:
  - How much women remit globally and through what channels, taking into account informal monetary flows;
  - How remittances are spent by women receivers;
- Increase access for women to safe, secure and low-cost remittance services, regardless of migration status;
- Undertake a critical analysis of the relationship between gender and remittances;
- Develop gender-responsive local development strategies that respond to the way that remittances are sent and spent;
- Improve and increase the provision of financial literacy programmes for women, particularly in rural and less developed regions;
- Mainstream migration into development planning and address the interaction between migrant women, their social contributions and their access to social protection;
- Recognise the importance of the regularisation of migrants to help ensure social protection access and labour rights and increase the portability of social protection for migrants.

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<sup>20</sup> UN Women (2016) “In Brief: Women migrant workers’ contributions to development.”