



Your Investment Reference

Some thoughts about expats and remittances

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Pros of Remittances

- important source of foreign exchange
- Finance imports
- Increases household income and improves standard of living of recipients
- Multiplier effect in local economy
- Debt sustainability

Cons of Remittances

- Reduce incentive to invest
- Encourage migration
- Growth of inequity (recipients vs. non-recipients)
- Used for consumption purposes
- Creates dependency
- Brain Drain
- Allow the Lebanese to live above their means
- Fiscal discipline
- Economic growth
- Governance and incentives

Banking point of view

- Increase in Deposits
- FATCA compliance with Lebanese holding American passports
- Presence of Lebanese banks is helping to keep close ties between expats and their families
- Transfers from Expats to Lebanon are much higher than the \$7.67bn mentioned in the world bank report
 - Expats are attracted by higher interest rates in Lebanon compared to their hosting countries, solid banking system, credible monetary policy that led to a stable exchange rate.
- Remittances are a major source, along with tourists receipts, of foreign exchange (or hard currency)
- Important source of liquidity and therefore for financing.

Impact of remittances on monetary policy

- Capital inflows that need to be sterilized
- The stability of remittances has a positive impact on monetary policy
- Increase the foreign assets of the banking system and especially of the central bank.
- Net remittances impact is less as they are around \$3-3.5bn compared to \$7.67bn for gross remittances.

Profile of remittance senders

- Older migrants are less likely to remit
- Men are more likely to remit than women.
(61.7% of expats sending transfers are men)
- Higher education correlates with a higher likelihood of remitting
- The longer the period spent away from the country of origin, the less likely a migrant is to remit.
(Expats aging between 30-39 years send the most)
- When a migrant has immediate family abroad, the likelihood of remitting decreases

Survey Results

- A survey shows that 45.7% of actual university students (in households that receive remittances) are funded through foreign contribution.
- University students constitute one third of total expats noting that the majority of them transfer money to their families. Expats were mostly specialized in Technology and Engineering (26.6%), Management and Services (26.5%), Humanities (13.0%) and Medicine (11.5%).
- The transfer of funds is directly linked to the professional standing of the expats. In this context, out of the 71% of expats who are working, 53.6% are employees, 37.8% are independent workers and 3.8% are employers.

Survey Results (cont)

- On average, the highest yearly amounts of remittances per expat originate from East Europe (\$12,053), Africa (\$9,038) and the Arab countries (\$8,105). The main yearly remittances averaging \$7,809 were done through bank transfers, while lower transfers between \$3,000 and \$5,500 took place through specialized companies (such as Western Union) and hand to hand during visits to Lebanon.
- The amount of transfers is also related to the recurrence of expats' visits to Lebanon.
- Another interesting result to mention is related to the fact that those not holding another nationality are the biggest senders of remittances to Lebanon. Yet, 54.9% of the Lebanese expats are holders of an additional nationality acquired after their emigration.



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Thank you