

OVERSEAS REMITTANCES AND RURAL HOME TOWN INVESTING IN TWO PHILIPPINE MUNICIPALITIES

Towards an understanding of the
migration-and-local development nexus

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Abstract

This thesis investigates the household, institutional and locational factors influencing the productive use of overseas remittances in two rural municipalities in the Philippines: San Nicolas (Ilocos Norte province) and Moncada (Tarlac province). Set a year prior to the COVID-19 pandemic, this mixed methods research provides a baseline of how different rural origin communities of overseas migrants maximise remittance inflows for local development. This research also tests an exploratory theoretical framework, the Behavioural Economics of Remittances, to determine what processes migrant households undergo when dealing with local people and institutions as they use their remittances productively.

Migrant and non-migrant household surveys (N=905) were implemented households in the two home towns. A rapid qualitative inquiry (RQI) was also conducted, under which key informant interviews (N=163), object-centred interviews (N=59), secondary data collection and participant observation were executed. The study found that migrant households from San Nicolas invested, ran enterprises and owned savings accounts within their home town more than migrant households from Moncada. San Nicolas is balancing agriculture with urbanisation, with the town having a shopping mall in its premises. Moncada is predominantly an agricultural municipality, but has not much available land for commercial spaces. San Nicolas also has more financial institutions (especially commercial banks) than Moncada, though the latter has a decades-long history of cooperativism and houses the two biggest cooperatives of its province.

San Nicolas and Moncada are also run by municipal governments that were recognised for “good local governance” by the national government. This recognition has led to reforms in public services, including services for the local business and investment climate. It is also easy to do business in both municipalities in terms of procedures to get business and occupational permits. As a result, San Nicolas had more registered business than Moncada, with the former also getting increased local revenues over the past 17 years to 2019. Moncada, for its part, is part of a province

that runs pro-active financial inclusion programs that benefit farmers, cooperatives and local entrepreneurs.

The Behavioural Economics of Remittances is a multi-level theoretical model that sees remittances interact with the people, social structures and institutions which are directly and indirectly affected by these monetary flows. Remittance usage under these circumstances is bounded by the make-up of a place where people, institutions and remittance owners meet. This model has three zones where involved players interact with each other: the *sanguinity* zone (members of the migrant household), the *estimation* zone (the migrant household and local entrepreneurs and financial institutions), and the *affinity* zone (the migrant household and the community's organised institutions, residents and local norms and practices). In applying the theoretical model to this study, involved players in each zone make financial decisions and use measures to mitigate risks when transacting with each other (such as remittances, family relationships, regulations, etc.). Processes happening under the Behavioural Economics of Remittances help explain the different outcomes of remittances that were saved, invested and used as business capital in overseas migrants' communities of origin. These outcomes are even rooted in geography.

To facilitate overseas migrant households and their rural home towns to optimise the productive outcomes from foreign remittances, this study suggests the pressing need of: financial education programs for rural residents (including remittance owners); improvements in the rural home towns' investment climates, overall public services, and financial products and services; and achievement of sound relationships between and among remittance owners and the people and institutions in rural home towns. These efforts also become relevant as the world hopes to move forward from the ongoing COVID-19 pandemic.

Keywords Overseas remittances, Rural home town investing
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Declaration

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Table of Contents

Abstract	i
Declaration	iii
Table of Contents	iv
List of Tables	ix
List of Figures	xi
List of Boxes	xii
Acknowledgements	xiii
List of Acronyms	xviii
Foreword	xx
Chapter 1. Introduction	1
1.1. Background	1
1.2. Significance of the study	6
1.3. Research objectives and questions	7
1.4. Migration, remittances and development: The Philippines	8
1.5. Study areas	13
1.5.1. Socio-economic development profiles of the rural municipalities	13
1.5.2. Demographic and overseas migration profiles	15
1.5.3. The local economic competitiveness of San Nicolas and Moncada	16
1.6. Thesis outline	20
1.7. Concluding remarks	21
Chapter 2. Literature Review	23
2.1. Introduction	23
2.2. Geographic context: The rural economy	25
2.3. International migration, remittances and rural areas	26
2.3.1. Heterogenous social and economic outcomes of remittances in rural areas	26
2.3.2. Reflections on remittances and rural development	27
2.4. Research on remittances and local development	28
2.4.1. Household-centred studies	29
2.4.2. The value of mixed methods	29
2.4.3. Methodological, empirical and thematic gaps	30
2.4.4. Research prospects on remittances and development: Structure-and-agency, and human behaviour	31
2.5. Expanding theoretical insights on remittances: The NELM	32
2.5.1. Dynamics of the NELM	33
2.5.2. The place of remittances in the NELM	34
2.5.3. NELM as a structure-agency theory	35
2.5.4. Methodological demands of the NELM	35

Table of Contents (continued)

<u>Chapter 2. Literature and Theoretical Review</u>	
2.5.5. NELM as a migration-and-development theoretical breakthrough	36
2.5.6. Dissecting the NELM	37
2.5.7. Expanding and building from the NELM	39
2.6. Theoretical contours of a structure-agency theoretical framework on remittances and local development	39
2.6.1. Understanding remittance owners' agency	39
2.6.2. The influence of structure	44
2.6.3. Agents' interactions with structure	46
2.6.4. Theoretical integration	48
2.7. The Behavioural Economics of Remittances	49
2.7.1. Definition and elements	49
2.7.2. Household: The starting point	50
2.7.3. The locale of the interaction	51
2.7.4. The zones and yields of remittance behaviours, Interactions and outcomes	53
2.8. Concluding remarks	57
<u>Chapter 3. Mixed Methods Research Design</u>	63
3.1. Introduction	64
3.2. Context setting: Methods in remittances studies	64
3.3. Fully integrated mixed methods design (FIMMR)	66
3.4. Primary data collection	67
3.4.1. Sampling	67
3.4.2. Quantitative method	69
3.4.3. Qualitative methods	72
3.4.4. Data validation	80
3.5. Mixed methods for data analysis and integration	80
3.5.1. Quantitative data analysis	82
3.5.2. Qualitative data analysis	84
3.5.3. Mixed methods data analysis and integration	85
3.5.4. Illustrating this study's mixed methods integration	86
3.6. Limitations of the study	86
3.7. Ethical considerations and confidentiality	89
3.8. Concluding remarks	90
<u>Chapter 4. Remittances and Home Town Investing</u>	92
4.1. Introduction	92
4.2. Remittance usage in San Nicolas and Moncada	92
4.2.1. Migration profiles of household respondents	92
4.2.2. Remittances	96
4.2.3. Ownership of assets and durables	99

Table of Contents (continued)

Chapter 4. Remittances and Home Town Investing

4.3. Local economic competitiveness and making home town investments	100
4.3.1. Saving, investing and doing business in rural home towns	100
4.3.2. Home town financial inclusion and intermediation	102
4.3.3. Home town entrepreneurship and investing	105
4.4. Services for overseas Filipino town mates	113
4.5. Migrant investor - home town investment climate interfaces: Initial glimpses of their interactions through mixed methods	115
4.5.1. Home town financial inclusion	115
4.5.2. Home town entrepreneurship and investment	116
4.6. Concluding remarks	118

Chapter 5. Remittances and Family Finance

5.1. Introduction	120
5.2. Family financial socialisation	121
5.2.1. Money talks	121
5.2.2. A phenomenology on family financial socialisation	121
5.3. Financial decision-making	131
5.3.1. Behaviours on financial decision-making	131
5.3.2. Remittance usage: The role of 'emotional earmarking'	138
5.4. Financial literacy	140
5.4.1. Levels and sources of knowledge about money, and modes of knowing about finance	140
5.4.2. Financial knowledge	141
5.4.3. Actions about money	143
5.5. The sanguinity zone	145
5.5.1. Family financial socialisation	145
5.5.2. Financial decision-making in remittance families	146
5.5.3. Financial literacy	147
5.5.4. In summary: mixed methods data and the sanguinity zone	147
5.6. Concluding remarks	148

Chapter 6. Migrants and their Fellow Community Entrepreneurs and Savers

6.1. Introduction	150
6.2. Risk profiles of migrant households	151
6.2.1. Perceiving and facing risks	151
6.2.2. Assessing risk-taking using prospect theory	154
6.3. Estimating the home towns as sites for business operations	156
6.3.1. Motivations for home town entrepreneurship	156
6.3.2. Geographic considerations surrounding home town entrepreneurship	158

Table of Contents (continued)

Chapter 6. Migrants and their Fellow Community Entrepreneurs and Savers

6.4. Estimations of financial products and services in the home towns	167
6.4.1. Financial intermediation for remittance owners	168
6.4.2. Feedback between service providers and remittance-owning clients	171
6.4.3. Feedback from migrant households	175
6.5. The estimation zone	178
6.5.1. Additional ventures: Factors to be considered	178
6.5.2. Risk estimation and decision making: The role of 'relevant costing'	180
6.5.3. Examples and implications of relevant costing	181
6.6. Concluding remarks	184

Chapter 7. Home Town Investing, Institutional Arrangements and Community Ties

7.1. Introduction	185
7.2. Prospects of bounty	185
7.2.1. Migrant households' economic situations	186
7.2.2. Views on the home town's prosperity	187
7.3. Trust in people and institutions in the home towns	189
7.4. Likelihoods of home town investing, business and financial inclusion	193
7.4.1. Variables used in the Probit regression models	194
7.4.2. Descriptive statistics	195
7.4.3. Probit results for San Nicolas	196
7.4.4. Probit results for Moncada	200
7.4.5. Home town comparisons	204
7.5. Indications of rural home towns' conduciveness for investing	205
7.5.1. 'Good governance' towns?	205
7.5.2. Suitable investment hubs?	208
7.5.3. Differences in local economic activities	210
7.5.4. Financial institutions 'reliable' to serve residents?	211
7.5.5. Migrant households as 'moneyed' investors?	213
7.6. The affinity zone	214
7.6.1. Economic and social engagements: The role of 'signalling'	214
7.6.2. Efforts on signalling by rural home towns to lure remittances for development	217
7.7. Concluding remarks	219

Table of Contents (continued)

<u>Chapter 8. Discussion and Conclusion</u>	221
8.1. Introduction	221
8.2. Principal results and findings	222
8.2.1. 'New' theoretical lens for migration, remittances and development	222
8.2.2. Remittances and home town investing	223
8.2.3. Family financial socialisation beside remittances	223
8.2.4. Interactions between remittance owners and local entrepreneurs and financial institutions	225
8.2.5. Migrant investing given prevailing institutions, norms and relationships in rural communities	227
8.3. Implications for policy and practice	229
8.4. Implications for theory and research	234
8.5. Implications for migration and development	238
8.6. Limitations of the research	240
8.7. Directions for further research	242
8.8. Final remarks	244
<u>Appendices</u>	248
A. Survey questionnaires (migrant and non-migrant households)	248
B. Indicators of the Cities and Municipalities Competitiveness Index	277
C. Data dictionary and descriptive results for the Probit models	278
D. <i>Aide memoire</i> for qualitative interviews	282
E. Participant information sheet	290
F. Informed consent – qualitative interviews	296
G. Complaints procedure form	297
H. Manual of operations for fieldwork: Surveys and interviews	298
I. Transcript confidentiality agreement	307
J. Research ethics approval	308
K. Journal article (published)	309
L. Book chapter (published)	310
<u>Bibliography</u>	312
<u>Afterword</u>	329

List of Tables

1.1	Stock estimates of overseas Filipinos, 2000 to 2013	9
1.2	Profiles of the municipal research sites	15
1.3	Salient local competitiveness conditions of San Nicolas and Moncada, 2017	17
2.1	The zones and yields of the Behavioural Economics of Remittances	55
3.1	Summary of data gathering activities	68
3.2	Demographic profiles of household survey respondents	71
3.3	Key informant and focus group interview targets by stakeholder group	75
3.4	Demographic and migration profiles of object-centred interviewees coming from the household surveys	79
4.1	Profiles of overseas migrants in respondent-households from San Nicolas and Moncada	93
4.2	Occupations of San Nicoleño and Moncadenian migrant household members abroad	94
4.3	Top five destination countries of overseas migrants from San Nicolas and Moncada	96
4.4	Mode and frequency of receiving remittances in San Nicolas and Moncada	97
4.5	Profiles on remittance receipt by San Nicoleño and Moncadenian migrant households	98
4.6	Items / Durables owned by migrant households from San Nicolas and Moncada (% who said yes)	99
4.7	Financial behaviours of migrant savers from San Nicolas and Moncada	103
4.8	Financial behaviours of migrant household entrepreneurs and investors from San Nicolas and Moncada	106
4.9	Indications of local entrepreneurial activity in San Nicolas and Moncada	108
5.1	Talking about money and handling money by migrant households from San Nicolas and Moncada (%)	121
5.2	Primary decision makers of household finances among migrant household respondents from San Nicolas and Moncada (%)	131
5.3	Financial decision-making by migrant household respondents from San Nicolas and Moncada	132
5.4	Financial decision-making by male and female respondents in San Nicolas and Moncada	135

List of Tables (continued)

5.5	Knowledge about handling money by migrant household respondents from San Nicolas and Moncada (%)	141
5.6	Keeping financial records and having unspent money, according to respondents from San Nicolas and Moncada	144
5.7	Attitudes of migrant households from San Nicolas and Moncada toward certain financial situations (%)	145
6.1	Perceptions on risk-taking by the individual and the family, according to respondents from San Nicolas and Moncada (%)	152
6.2	When facing risks, what do respondents in San Nicolas and Moncada rely on?	153
6.3	Thing that first comes to mind when rural household respondents from San Nicolas and Moncada hear the word 'risk'?	154
6.4	Answers to prospect theory-related questions (risks) by rural household respondents from San Nicolas and Moncada	155
6.5	Migrant households' interactions with enterprises and markets within and outside San Nicolas and Moncada	156
6.6	Financial institution-migrant household client feedbacks in San Nicolas and Moncada	170
6.7	Examples of relevant costing in San Nicolas and Moncada (entrepreneurship and financial inclusion and intermediation)	182
7.1	Trusting people and institutions in San Nicolas and Moncada (% - those who answered 'trusted,' 'much trusted' and 'very much trusted')	189
7.2	Trusting family members in San Nicolas and Moncada (% - those who answered 'trusted,' 'much trusted' and 'very much trusted')	193
7.3	Probit model results on using remittances for business, investment and saving in San Nicolas	197
7.4	Probit model results on using remittances for business, investment and saving in Moncada	201

List of Figures

1.1	Contribution of economic sectors to Philippine GDP growth, 2000-2017 (% of GDP)	10
1.2	Contribution of employment sectors to Philippine GDP growth, 2000-2017 (% of GDP)	10
1.3	Investment-to-GDP ratio of selected Asian countries, 2000-2017 (%)	11
1.4	Cash remittances from overseas Filipinos, 1975 to 2019	12
1.5	Location of study areas	14
2.1	Family financial socialisation model	40
2.2	The Behavioural Economics of Remittances	54
3.1	Object-centred interview answer sheet of a household's socialisation moments surrounding family finance (sample)	77
3.2	Home town conferences held in San Nicolas and Moncada	81
3.3	Data integration in this research	87
4.1	Migrant household savers, entrepreneurs and investors in San Nicolas and Moncada: Those who said 'yes' (%)	101
4.2	Local revenue generation in San Nicolas (total and by the four leading local revenue sources)	110
4.3	Local revenue generation in Moncada (total and by the four leading local revenue sources)	111
5.1	The Knot of Behaviours on Family Financial Socialisation by Remittance-Earning Households (a metaphorical visual display)	123
5.2	Respondents from San Nicolas and Moncada who got correct answers to questions on basic finance concepts (%)	142
6.1	Village locations of the registered businesses in San Nicolas	159
6.2	Village locations of the registered businesses in Moncada	161
6.3	Indications of business activity in San Nicolas and its neighbouring markets	164
6.4	Indications of business activity in Moncada and its neighbouring markets	166
7.1	Assessment of migrant households' economic and financial situations in San Nicolas and Moncada	186
7.2	Assessment of migrant households' income levels in San Nicolas and Moncada	187
7.3	Migrant households' assessment of economic growth in San Nicolas and Moncada	188
7.4	Institutional coordination for investment climate and economic interventions in San Nicolas and Moncada (schematic diagram)	207
8.1	Operationalisation of the Behavioural Economics of Remittances	237

List of Boxes

5.1	Switching family financial socialisation behaviours per financial action, by a serene family (from Moncada)	129
5.2	Switching family financial socialisation behaviours per financial action, by a family with separated spouses (from San Nicolas)	130

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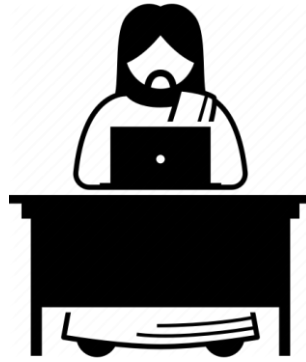
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List of Acronyms

Acronym

ARB/s	Agrarian reform beneficiary/ies
ATM	Automated teller machine
AUV	Action utility vehicle
BOSS	Business one-stop shop
BPLO	Business Process Licensing Office/r
BPLS	Business Process Licensing System
BPO	Business process outsourcing
CBMS	Community-Based Monitoring System (CBMS)
CCT	Conditional cash transfer
CDA	Cooperative Development Authority
CES	Consumer Expectations Survey (<i>Bangko Sentral ng Pilipinas</i>)
CFO	Commission on Filipinos Overseas
CMCI	Cities and Municipalities Competitiveness Index (Department of Trade and Industry)
COVID-19	Coronavirus disease - 2019
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DILG	Department of the Interior and Local Government
DOLE	Department of Labour and Employment
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
FFS	Family financial socialisation
FGI/s	Focus group interview/s
FIMMR	Fully integrated mixed methods research
GDP	Gross domestic product
GIS	Geographic information system
HREC	Human Research Ethics Committee (University of Adelaide)
HVC/s	High value crop/s
IFAD	International Fund for Agricultural Development
IOM	International Organisation on Migration
IRA	Internal revenue allotment, for local government units
KII/s	Key informant interview/s
LEIPO	Local Economic Investment Promotion Office/r
LIIC/s	Local investment incentives code/s
LGOO	Local Government Operations Officer
LGU/s	Local government unit/s
MAFC	Municipal Agriculture and Fisheries Council
MCDC	Municipal Cooperatives Development Council, Moncada
MDO/s	Migrant Desk Office/r(s)
MENRO	Municipal Environment and Natural Resources Office/r

List of Acronyms (continued)

MFI	Microfinance institution/s
MHPSS	Mental health and psycho-social services
MSME/s	Micro, small and medium enterprise/s
MSWDO	Municipal Social Welfare and Development Office
NCR	National Capital Region (or Metro Manila)
NELM	New Economics of Labour Migration
NGO/s	Non-government organisation/s
NIA	National Irrigation Administration
NIE	New institutional economics
OCI/s	Object-centred interview/s
OECD	Organisation for Economic Cooperation and Development
OF/s	Overseas Filipinos
OFC/s	Overseas Filipino workers family circle/s
OFW/s	Overseas Filipino workers
OWWA	Overseas Workers Welfare Administration
PCEDO	Provincial Cooperatives and Enterprise Development Office, province of Tarlac
PESO	Public Employment Service Office
PIP	Pillar integration process
PSA	Philippine Statistics Authority
ReIC	Remittance investment climate analysis
ROI	Return on investment
ROSCA	Rotating savings and credit association
S&A	Structure-and-agency approach
SDG/s	Sustainable Development Goals
SGLG	Seal of Good Local Governance
SOF	Survey on Overseas Filipinos (Philippine Statistics Authority)
SWDO	Social Welfare and Development Officer
SWIP/s	Small water impounding project/s
UNU-MERIT	United Nations University – Maastricht Economic and Social Research Institute on Innovation and Technology

Foreword

Dreams of comfort and better lives begin in “lands of green”. Rural areas sparkle with earth's treasures, simple living, and community solidarity. But rural areas host pockets of poverty and underdevelopment. Doing business there is also costly and difficult, hindering development.

So rural people work to harness as many “global” income sources. If economic fortunes at home are not enough, they go elsewhere. Rural residents then haul harvests from across seas and wire their incomes back — to their rural origins.

Using remittances productively passes through many channels. Members of migrant families interact on how best to use their dollars. Migrant households then meet up with people and institutions in the neighbourhood for the same reason. Here, the human mind is at work. Depending on one's financial knowledge, risk appetites, and financial practices, remittances' potential for development hinges on how moneyed owners decide for themselves vis-a-vis behaving with others, as well as knowing what their birthplaces have to offer.

Remittances are a type of financing that link people and institutions. Understanding remittance owners' conduct given their rural contexts and relationships will enlighten us how harvests from across seas brighten up these lands of green.

[What follows is an editorial cartoon, titled “Migrants’ Origins” (by editorial cartoonist Jimbo Albano of *BusinessMirror*), that illustrates this PhD thesis]



Migrants' origins

by Mr. Jimbo Albano (editorial cartoonist, *BusinessMirror*)

1.1. Background

Studies have found that foreign remittances provide direct and indirect economic benefits to families and geographic communities, including those families who do not have migrant family members (Taylor 1999; De Haas 2003). However, the development potential that these resources bring to less-developed origin rural communities remains less studied. At the same time, the investment climate of rural origin communities may have to be conducive for these places to enjoy more beneficial outcomes from remittances (Taylor et al. 1996).

To address this central knowledge gap, this study employs a mixed methods research design in two rural municipalities in the Philippines: San Nicolas in Ilocos Norte province, and Moncada in Tarlac province. It investigates the processes and outcomes of the remittances funnelled by overseas migrants and their families to these two rural home towns. Remittance-related economic interactions being done — specifically saving, investing and opening up and running enterprises — operate in the context of overseas migrants sending remittance incomes to loved ones and to families in their home towns. For purposes of this paper, investment pertains to the act of putting money, effort, time, among others into a profitable endeavour. Savings, entrepreneurship, financial product subscription and asset acquisition are all considered examples of investment.

Surveys were undertaken in households with and without overseas migrant family members. *Rapid qualitative inquiry* or RQI (Beebe, 2014) was also conducted, combining the following qualitative methods: i) *key informant interviews* (KIIs) with community stakeholders; ii) *object-centred interviews* (OCIs) with migrant household heads (obtained from the survey) and with migrants working and living in Hong Kong, Singapore and the United States (visited during field work); and iii) *secondary data collection* of printed, electronic and visual materials on the investment conditions in San Nicolas and Moncada.

Potential from remittances. Overseas remittances have become a major source of development finance in this new millennium. Coming from an estimated 272 million international migrants worldwide (United Nations Department of Economic and Social Affairs 2019), total remittance flows to both developed and developing countries reached US\$714 billion in 2019 (World Bank 2020a). Remittances sent to low-and-middle income countries (2019 total: US\$554 billion [World Bank 2020a]) also appear to remain constant even when these countries experience slow economic growth (Ratha 2013; World Bank 2018).

De Haas (2003; 2010) found that remittances yield different development outcomes and impacts — both positive and negative — to families, economic sectors, and communities. These heterogenous consequences of remittances are found to depend on the specific socio-economic conditions of the geographic communities where migration occurs (De Haas 2006; 2009). This is because international migration and the corresponding remittances are *part of broader development processes and of daily life*. De Haas (2003; 2019) argues that migration and remittances are not the only causes and effects of today's varied development outcomes.

Nevertheless, remittances from 272 million migrants worldwide provide economic development potential that may give some 800 million family members a chance to stay home and earn a living there. Some estimate that three-quarters of remittances to developing countries serve to meet the immediate needs of families, with the remaining 25 percent (some US\$179 billion) available for other purposes (International Fund for Agricultural Development 2017). Even these remittances help meet some of the sustainable development goals (SDGs) at the levels of households, communities, the national economy, and of various countries (IFAD 2017).

At the time this research was being written, a pandemic struck — induced by a coronavirus that was observed in Wuhan City, China in December 2019 (thus the official name COVID-19). Over-90 million people worldwide have contracted the virus, and more than two million of them died (Johns Hopkins University Coronavirus Resource Centre 2021). Countries saw their economic growth levels contract and they had to close their borders to contain further transmissions of this pathogen. International migration has changed dramatically as a consequence. Because of the

overall economic, social and health impacts of the pandemic, Gamlen (2020) said COVID-19 has impacted on international migration in various ways: Economies may become less dependent on migrant labour because of rising domestic unemployment. People averse to the risks of contracting the virus will be less likely to migrate abroad. Countries have instituted immigration controls that have cut migrant intakes. The global travel industry will take time to recover and reach pre-pandemic travel volumes, if ever. Net migration rates in cities of migrants' host countries will reduce, with migrant outflows diminished. Repatriations of their migrant worker citizens have increased, thus challenging the health systems of origin countries if some migrants are found with COVID-19. Since migrants are among those laid off from work in host countries, their health and welfare has become added burdens for their families and governments in origin countries.

COVID-19 has also been projected to diminish total remittance inflows to developing countries. During the early weeks of lockdowns that countries enforced, the World Bank (2020a) projected a sharp decrease (20 percent) of remittances to developing countries in 2020. This means that from US\$554 billion in 2019, low and middle-income countries (LMICs) are projected to receive US\$445 billion in 2020. In global crises like this pandemic, remittances thus become an important financial lifeline for origin countries (Guadagno 2020).

The welfare of households receiving overseas remittances are also affected by the pandemic. Using migrant household survey data from the Philippines, Murakami et al. (2020) projected that household-level remittances decreased by 23-32 percent, and household spending by 2.2-3.3 percent in one year. Setting aside incomes from remittances, concerns are then raised about whether migrant households have saved enough incomes should future income sources (including overseas remittances) dry up. As these global events unfold, thus using remittances productively and wisely for the medium- to the long-term becomes relevant. The development conditions of origin communities (which receive these remittances) also matter, if these geographic areas are to withstand the economic and social impacts of a pandemic to residents, and recover their economic bearings in the immediate term.

Research and theoretical gaps in the migration, remittances and development nexus. The outcomes of remittances have been analysed as part of earlier migration

theories, many of which focus on the processes and outcomes of migration and on migration decision making. Migration studies has been generally “under-theorised,” not to mention that there is a frequent disconnect between theory and empirical work (De Haas 2019: pp. 4 and 6). Migration is filled with complexities as a social phenomenon, but complexity should never hinder the development of interpretations and patterns of outcomes that are associated with migration (De Haas 2019). A challenge also arises methodologically: How can methods capture socio-economic, political and cultural realities *together with* the determinants of people’s behaviours surrounding migration?

Remittances have also been theorised as part of neoclassical economics and of functionalist theories (De Haas 2014), where migration is a rational behaviour for income-maximising individuals (O’Reilly 2012) to achieve medium-to-long-term gains (De Haas 2019). This perspective led to the New Economics of Labour Migration (NELM) theory by economist Oded Stark (1978; in Taylor 1999). In essence, NELM views migration as a household decision to address income and credit risks, and the resulting remittances then provide benefits to households and to the community where migration emanated (Taylor 1999).

NELM has been a favoured theoretical framework in numerous studies on remittances. However, NELM falls short in explaining the *underpinning reasons, processes and contexts* for the varied outcomes from remittances. “Context” here pertains to the geographic, socio-economic, cultural and familial factors governing the use of overseas remittances. Being part of those functionalist theories of migration, De Haas (2019) notes that NELM cannot decipher how structures (e.g. policies, norms, organised institutions) mould people’s migration behaviours.

The same theoretical insight on the NELM’s limitations also applies to behaviours related to using overseas remittances. For example, research findings show that migration and remittance possession do not automatically meet migrant families’ human development needs (Hagen-Zanker & Muñoz-Castillo 2006; Seigel & Waidler 2012; Kröger & Anderson 2012). Studies in the Philippines (Ang & Opiniano 2016a; 2016b; 2016c) have found that remittance receipts do not lead migrants to inevitably save and invest in their origin communities. NELM may be rendered insufficient to explain household and possibly institutional and locational factors influencing remittance usage.

Another two research gaps are observed in the remittances and local development literature. One is a more fundamental understanding of the dynamic interactions between people and place. Theoretically, this dimension covers the simultaneous roles of agency and structure. In the video *Introduction to Migration Theory*, De Haas defines *agency* as the “capacity of human beings to make choices and impose these on the world;” *structure* covers the “pattern(s) of relations — social class, religion, gender, power, markets, etc. — which constrain or enable the opportunities that individuals have” (UNU-MERIT & De Haas 2016a: 00:31:38-00:32:09). Structure-agency interactions in the context of remittances are an understudied theme (Page & Mercer 2012), and studying these interactions will allow the capturing of “social, cultural and economic dimensions of (remittances) and their development interactions” (De Haas 2001: 394). De Haas (2019) suggests that accounting for structure and agency to help understand and explain migration provides a pivotal test to advancing migration theory.

This study also comes at a time when there has been increasing research on the role of human behaviour in development. Analysing human behaviour may provide added explanations to these heterogenous outcomes of remittances. The World Bank, in a 2015 report titled *Mind, Society and Behaviour*, wrote that people’s decision making may be easily influenced by events people notice (i.e., contextual cues), by networks and norms in communities, and by shared mental models (i.e. how people understand the world and what works). Even decision making by remittance owners can be “the product of an interaction between mind and context” (World Bank 2015: p. 2). Also acknowledged from that World Bank report (2015: p. 3) is this observation:

“What individuals perceive as desirable, possible, or even ‘thinkable’ for their lives may actually be prompted by psychological and social influences.”

Studying migration, remittances, and development may, therefore, need a *nuanced understanding of the household, institutional and locational factors* that influence the outcomes and processes surrounding remittance usage. Further analysis of locational factors, in particular what an origin community offers to attract remittances (Massey et al. 1996), also remains understudied. At the same time, it is possible to build from traditional migration theories and bridge these with other theoretical perspectives that can contextualise the phenomenon under study, and enhance the

contribution of geography and demography to migration, remittances and development.

In response, this research tests a preliminary theoretical framework that not only combines perspectives from different disciplines (e.g. geography, economics, psychology, demography, development studies). This framework, the *Behavioural Economics of Remittances*, can help explain the household, institutional and locational factors that interact and influence the use of remittances for development.

1.2. Significance of the study

Migrants' origin countries still search for models that direct remittances to development, and that provide a deep understanding of what drives these remitters into and away from using their surplus incomes productively. These endeavours thus necessitate exploring the interactions between people and place, and the behavioural responses by remittance owners and community stakeholders. Adopting the structure-agency approach (Czaika 2015) and factoring in human behaviour (World Bank 2015), thus enables prospective research to understand the complexities surrounding the migration, remittances and development nexus. Accounting for the roles of structure-and-agency and of human behaviour may provide opportunities to integrate economic and non-economic explanations of real-world remittance dynamics (UNU-MERIT & De Haas 2016a).

Overseas remittances serve as a bridge between migration and development (Hertlein & Vadean 2006). Using remittances for local development can be linked by the financial knowledge and financial actions of remittance owners (Birkenmaier & Huang 2014; Sherraden & Ansong 2016), and by the investment conditions of local communities (Taylor et al. 1996). Massey et al. (1998) argue that setting up favourable local investment conditions is the primary task of government. However, improving people's financial knowledge, behaviours and practices needs a concerted effort to be made by the state, by individuals and families, and by interest groups.

The present research argues that adopting the structure-agency approach vis-a-vis analysing human behaviours to look at the usage of remittances. This overarching research theme thus moves forward from previous analyses of remittances' development outcomes by looking at family and community-level *outcomes* through quantitative methods. Prospective findings from this study may provide pragmatic policy implications on how rural home towns may support overseas migrants and their families, and how people's financial behaviours can be improved. The prospect here is that home town remittance saving and investing become products of sound behavioural practices on money and family finance. This is especially if migrants and their families become motivated by conducive investment conditions at home.

The research also takes cognisance of how the human mind may impact on development, this insight being applicable also to migration, remittances and development. The World Bank (2015: p. 1) proposes development endeavours have:

“... (to pay) attention to how humans think (the processes of the mind), and how history and context shape thinking (the influence of society), which can improve the design and implementation of development policies and interventions that target human choice and action (behaviour). To put it differently, development policy is due for its own redesign based on careful consideration of human factors.”

Finally, research into remittances and local development warrants a *conjoint analysis* of families / households and the community of origin. Mixed methods designs are the best methodological response to simultaneously capture individual (financial) behaviours and local investment conditions and realities.

1.3. Research objectives and questions

The guiding objective of this comparative case study is to analyse the extent to which overseas remittances are being used for savings, entrepreneurship and investment in rural home towns. The central question is: ***What household, institutional and locational processes and factors influence the productive use of foreign remittances in the Philippine rural municipalities of San Nicolas and Moncada?***

The two municipalities are compared given their proximity (San Nicolas) and remoteness (Moncada) to the nearest¹ cities of their respective provinces (*further details in Section 1.5*).

This study is guided by the following specific objectives:

1. To theoretically situate the remittances-and-development nexus that captures household, institutional and locational factors influencing local remittance use;
2. To find out how overseas remittances are used in San Nicolas and Moncada given the financial behaviours of migrant households and given what these communities have to offer;
3. To determine how remittance households from both municipalities socialise in regard to family finance; and
4. To ascertain and explain how interactions by migrant households and the locality's population and organised institutions (entrepreneurs, financial institutions, public authorities) influence the former's use of remittances.

More specific questions relating to the two study areas are as follows:

1. How to better theorise or conceptualise the nexus between migration, remittances and local development through addressing household, institutional and locational factors for remittance use in a holistic way?
2. How are the remittances of overseas migrants used in the rural home towns?
3. How do family finance dynamics within migrant households influence the use of remittances?
4. How do the interactions between migrant households and the locality's residents and organised institutions (entrepreneurs, financial institutions, public authorities, community groups) influence the use of remittances?

1.4. Migration, remittances and development: The Philippines

The setting for this research is the Philippines, a major origin country of migrants by population size and by migrants' geographic dispersion: in over 200 countries and

¹ Local growth from cities spills over to neighbouring municipalities (Ang & Opiniano 2016a), and this impacts the flow and usage of remittances within and outside these rural municipalities.

territories (International Organisation for Migration 2005; Opiniano 2021). Filipinos' international migration is also a major social phenomenon with a long history, from the colonial era to the present (Alunan-Melgar 1999; International Organisation for Migration & Scalabrini Migration Centre 2013).

The number of overseas Filipinos grew substantially over time. Table 1.1 shows that Filipinos abroad increased from 7.38 million in the year 2000 to 10.23 million in 2013 (for a 38.7 percent increase). From the 2013 figures, some 47 percent of overseas Filipinos are permanent migrants, 41 percent are temporary migrants (called also as “overseas Filipino workers” or OFWs), and 11 percent are irregular migrants. Filipinos have availed of more permanent settlement opportunities over the years, including those who were temporary migrants previously.

Table 1.1: Stock estimates¹ of overseas Filipinos, 2000 to 2013

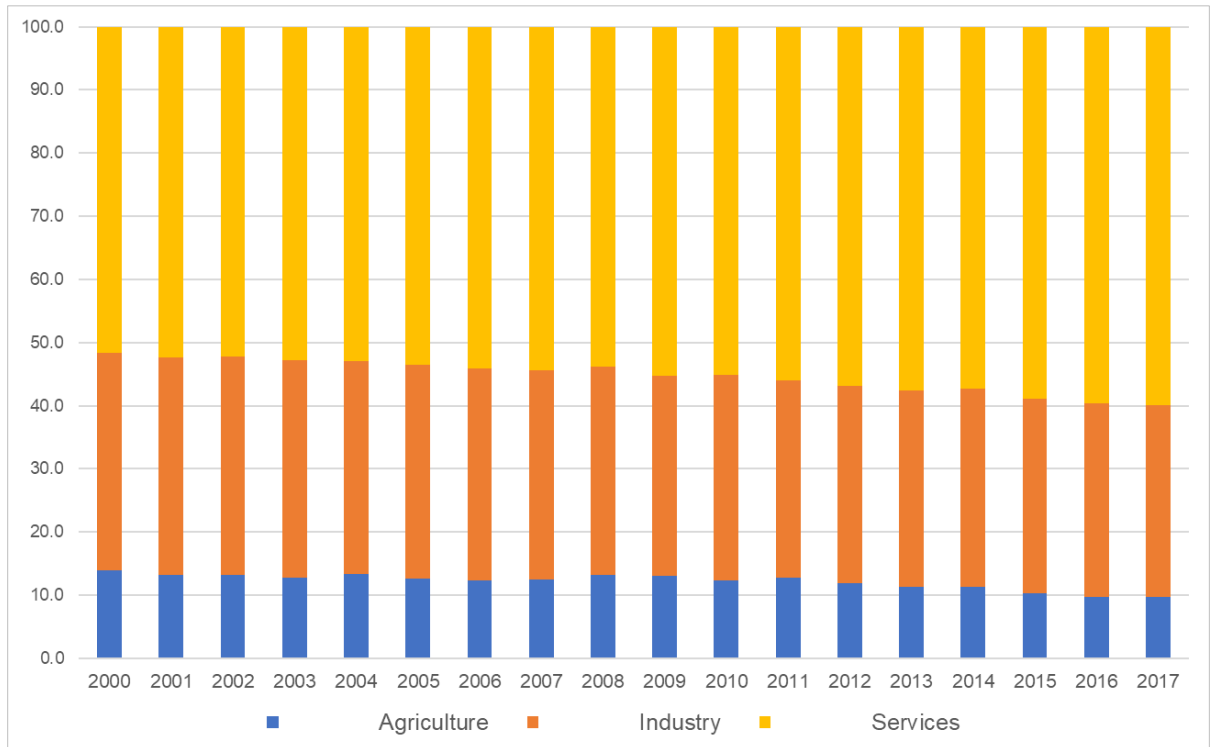
Year	Total overseas Filipinos (OFs)	Permanent migrants		Temporary migrants		Irregular migrants	
		N	% to total OFs	N	% to total OFs	N	% to total OFs
2000	7,383,122	2,551,549	34.6	2,991,125	40.5	1,840,448	24.9
2003	7,763,178	2,865,412	36.9	3,385,001	43.6	1,512,765	19.5
2007	8,726,520	3,682,527	42.2	4,133,970	47.4	900,023	10.3
2011	10,455,788	4,867,645	46.6	4,513,171	43.2	1,074,972	10.3
2013	10,238,614	4,869,766	47.6	4,207,018	41.1	1,161,830	11.3

Compiled unpublished data coming from the Commission on Filipinos Overseas <www.cfo.gov.ph> Totals may not add up due to rounding off.

¹ – The Philippine government has yet to release latest, updated statistics pending the approval by the Philippine Statistics Authority (PSA) of a framework on counting overseas Filipinos. An Inter-Agency Committee on Migration Statistics (IACMS), under the auspices of the PSA, will approve this framework.

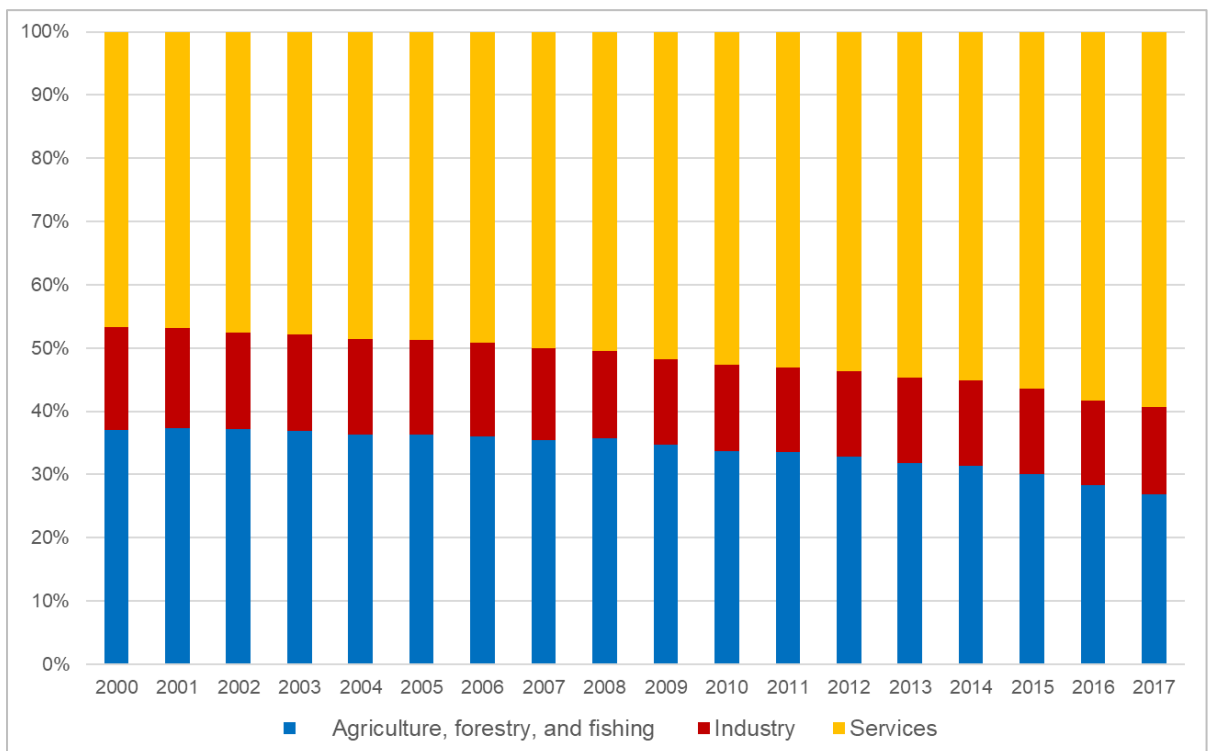
The rise in Filipino overseas migration links to the current economic and employment structure of the country. The macro-economic development pattern of the Philippines is not based on an export-oriented manufacturing industry compared to neighbouring “Tiger economies” in Asia. The services sector has driven macro-economic growth. Figure 1.1 shows that the contribution to GDP growth, over a 17-year span, is predominantly the services sector which has remained higher than agriculture and manufacturing. That is even if the Philippine workforce, as shown in Figure 1.2, mostly comes from the agricultural sector although there has been a decline in the number of agricultural workers between 2000 and 2017.

Figure 1.1: Contribution of economic sectors to Philippine GDP growth, 2000-2017



Computed using compiled, unpublished data from the Philippine Statistics Authority

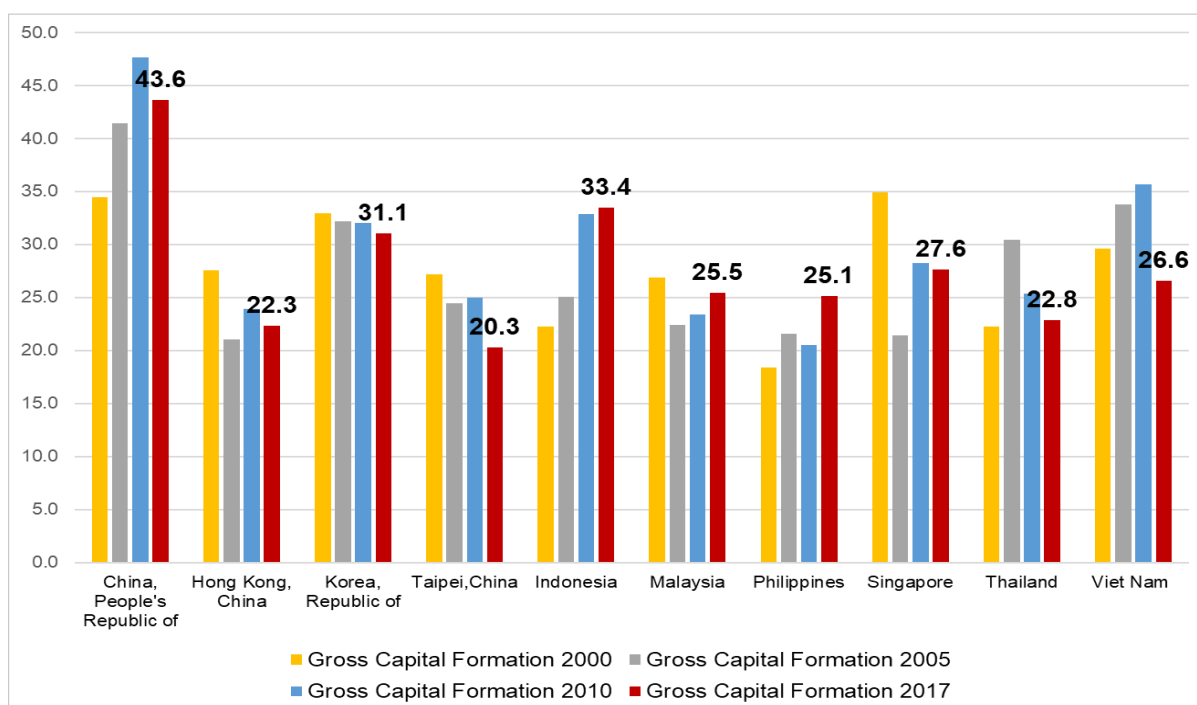
Figure 1.2: Contribution of employment sectors to Philippine GDP growth, 2000-2017



Computed using compiled, unpublished data from the Philippine Statistics Authority

Investments have become a critical variable to observe in the Philippines' ongoing economic resurgence. Structural, employment and investment conditions in the Philippines over the last decade, have yielded limited domestic opportunities, innovation, and competition (in terms of business ownership). These developments explain why investments in the Philippines trail behind their East Asian neighbours, as shown in Figure 1.3. The Philippines' investment-to-GDP ratio in 2017 (25.1%) lags behind China (43.6%), Indonesia (33.4%), Korea (31.1%) and Vietnam (26.6%).

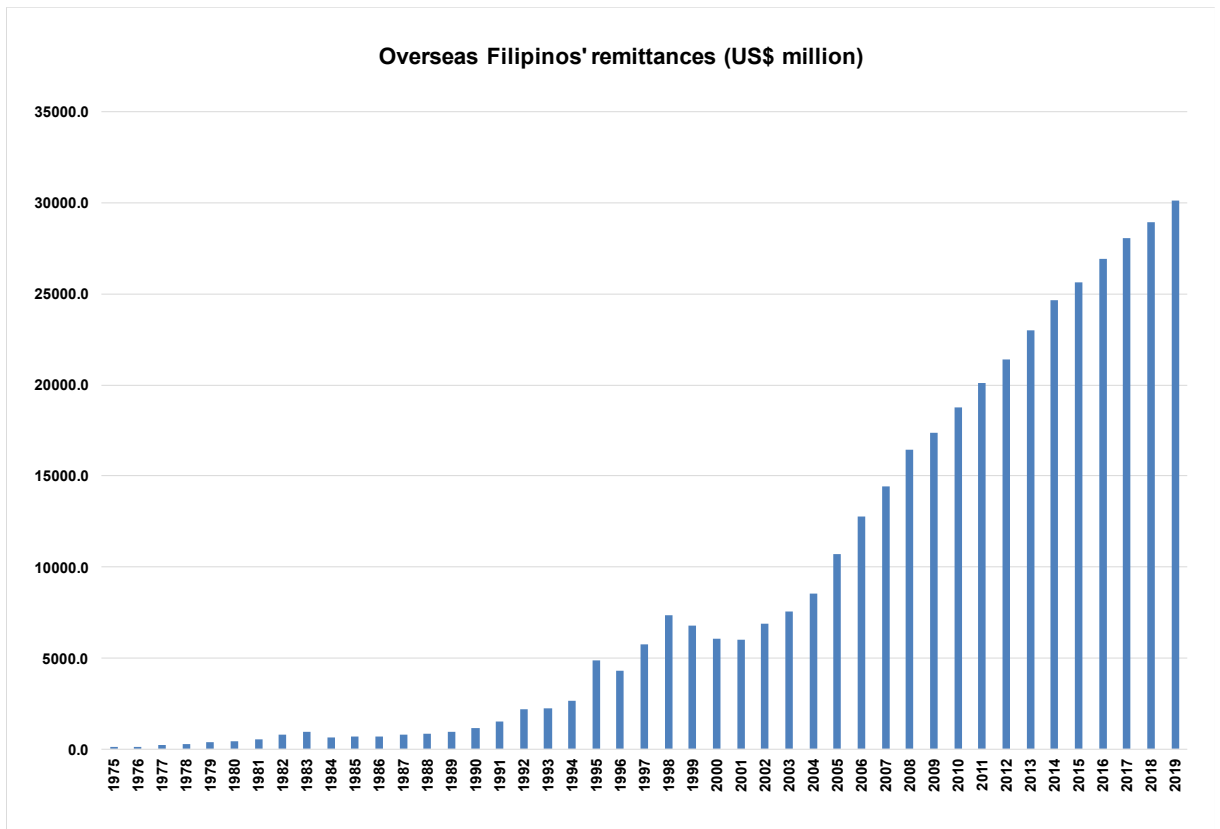
Figure 1.3: Investment-to-GDP ratio of selected Asian countries, 2000-2017 (%)



Compiled unpublished data coming from the Asian Development Bank

Overseas remittances, therefore, compensate for the limited influx of investments. Even if sent directly to families back home, these foreign remittances have been important for the macro-economy — and Filipinos abroad had been hailed as “modern-day heroes” or *bagong bayani* in Filipino (Franco 2013: p. 98). As shown in Figure 1.4, Filipinos abroad have remitted an estimated US\$401.5 billion to the Philippines' formal banking system for the past 45 years (1975 to 2019). Annual amounts of these foreign remittances have been rising since the turn of the new millennium.

Figure 1.4: Cash remittances from overseas Filipinos, 1975 to 2019



Compiled unpublished data coming from the Bangko Sentral ng Pilipinas

The Philippine government, in its national development plans under the last three presidential regimes (including the current presidency of Rodrigo Duterte), instituted programs to improve overseas Filipinos' financial literacy, and to lure remittances for savings, entrepreneurship and investment. The grand vision is for the Philippines to harness the development potential of remittances and realise a "diasporic dividend" (a "net of net" benefit of migration that sees remittances invested in development) (Aldaba & Opiniano 2008). It is stressed that saving remittance incomes for short-, medium- and long-term purposes is the first step to harness the development potential of migration.

Two surveys in the Philippines, with results covering multiple years, show how difficult it is to direct savings from foreign remittances to investments. Results from both the annual Survey on Overseas Filipinos (SOF, by the Philippine Statistics Authority) and the quarterly Consumer Expectations Survey (CES, by the Philippines' Central Bank) show that about one-third of overseas migrant households save, but

less than 10 percent, as per multiple-year CES results, put remittances into investments. At the same time, data from the SOF show that small savers are driving the savings habit for overseas Filipinos.

1.5. Study areas

The two municipalities under study are *San Nicolas* in Ilocos Norte province (north-western Philippines, some 484 km. from Manila), and *Moncada* in Tarlac province (150 km. northeast of Manila), as shown in Figure 1.5. The former is sandwiched between the province's two cities (Laoag and Batac cities); the latter is some 30 km distant from the province's capital city (Tarlac City).

1.5.1. Socio-economic development profiles of the rural municipalities

San Nicolas is the second smallest municipality in Ilocos Norte. San Nicolas was established as the first municipality of Ilocos Norte in 1584 (when the Philippines was under Spanish rule), not until economic hardships demoted the town into a *pueblo* in 1614 (Municipality of San Nicolas 2014). Its current economic activities balance agriculture and non-farming enterprises; the former has rice as a leading crop, while the latter has grown rapidly and advanced given the influx of large enterprises (e.g., retailers in a shopping mall found within the town; a manufacturing plant; car companies). It is also known for producing terra-cotta pottery (*banga* in Ilocano), a centuries-old practice called locally as *damili*.

Moncada is a predominantly agricultural municipality in the northern part of Tarlac province (rice, corn, sweet potato and onions are the dominant crops). It was founded during the tail-end of the Philippines' 333-year colonisation under Spain; its name was in honour of an influential member of the nobility class in Spain (Municipality of Moncada 2016). Agriculture dominates economic activity in Moncada, with non-farming enterprises mostly found in the centre of the town — particularly in the public market. Moncada is located 30 km. distant from the provincial capital, but it is near some economically-booming towns in Tarlac and in the neighbouring

Pangasinan province. Sweet potato (*kamote* in Filipino) is the cultural symbol of Moncada, which is also among the Philippines' top producers of corn.

Figure 1.5: Location of study areas



Sources: www.mapsoftheworld.com; www.philrice.gov.ph; <http://affordablevacationasia.blogspot.com>

1.5.2. Demographic and overseas migration profiles

Table 1.5 shows that both municipalities are among the top earning municipalities among localities in the Philippines in terms of incomes earned by their local governments. However, the municipalities' overseas migration profiles differ. San Nicolas is part of a province with more than a century-old history of overseas migration, with the first Filipino workers recruited for overseas jobs in the 20th century — sugar workers for plantations in Hawaii, United States — came from Ilocos Norte (Pertierra 1992). Moncada and its residents rode on the tide of what many Filipinos from communities across the archipelago have been doing the past three decades: seek overseas employment and permanent residency opportunities.

Table 1.2: Profiles of the municipal research sites

Geographic, demographic and migration profiles	San Nicolas, Ilocos Norte	Moncada, Tarlac
Founding year	1584	1875
Provincial location	Ilocos Norte (capital: Laoag City)	Tarlac (capital: Tarlac City)
Distance to capital city	3.0 km.	30.4 km.
Total land area	60.11 km ² .	85.75 km ² .
Number of villages (<i>barangays</i>)	24	37
Income classification	second income-class (PhP45-55 million)	first income-class (> PhP55 million)
Municipal population	36,736 (2015)	57,787 (2015)
Population growth rates	1.86% (2000), 0.64% (2010), 1.35% (2015)	1.53% (2000), 1.08% (2010), 0.54% (2015)
Regional groupings of residents	<i>Ilocano</i> (Ilocos region)	<i>Ilocano, Pangasinense</i> (from Pangasinan province), <i>Kapampangan</i> (from Pampanga province)
Total overseas migrants	7,938	4,653
Temporary migrants (as of Sept. 2017)	2,815	3,314
Permanent migrants (1988-2015)	5,123	1,339
Share of overseas migrants to municipality's population (%)	21.6%	8.1%
Identified destination countries of overseas migrants from the provinces of Ilocos Norte (including San Nicolas) and Tarlac (including Moncada)	132 countries and territories	180 countries and territories
Poverty incidence		
Poorest households identified for conditional cash transfers, 2017 (%)	7.8	17.5
Small area poverty estimates using the national family income survey, 2015 (%)	7.7	17.7

Sources: Compiled unpublished data coming from the municipal websites of San Nicolas and Moncada; from the Philippine Statistics Authority (PSA), the Overseas Workers Welfare Administration or OWWA (2017); the Commission on Filipinos Overseas or CFO (2017); and the Department of Social Welfare and Development or DSWD (2019)

San Nicolas has more overseas migrants (N=7,938) plus a higher share of the overseas population to the home town's total population (21.6 percent), compared to Moncada (N=4,653 overseas migrants, or 8.1 percent of the town's population). Moncada had more overseas migrant workers or temporary migrants whereas San Nicolas had more permanent migrants living/working overseas. Administrative data from national government agencies involved in migration also show that overseas migrants from Tarlac can be found in more destination countries (180 countries) than their counterparts from Ilocos Norte (132 countries).

Temporary migrants from both provinces are mostly found in the top destination countries for labour migration, namely: Hong Kong, Saudi Arabia, United Arab Emirates, Singapore, Taiwan and Italy (Overseas Workers Welfare Administration 2017). Meanwhile, permanent migrants from both provinces are mostly situated in the United States, Canada, and Japan (Commission on Filipinos Overseas 2017). These leading destination countries by type of migrant are consistent with national-level data on migration flows and destinations (Commission on Filipinos Overseas 2016). It should also be noted that the incidence of poverty is higher in Moncada than in San Nicolas.

1.5.3. *The local economic competitiveness of San Nicolas and Moncada*

The above-mentioned socio-economic, demographic and overseas migration profiles of San Nicolas and Moncada set the tone for prospectively different outcomes of overseas remittances in rural home town development (De Haas 2003). Table 1.6 presents salient administrative data on the local economic competitiveness of San Nicolas and Moncada in 2017. Data follow the Cities and Municipalities Competitiveness Index (CMCI) of the Philippine government, an annual monitor of local governments' economic performance. Data are presented in terms of three major criteria of the CMCI: *economic dynamism*, *government efficiency* and *infrastructure* (Luz & Ang 2013). Commentary on each criterion follows under these sub-titles.

Table 1.3: Salient local competitiveness conditions of San Nicolas and Moncada, 2017

Indicator	San Nicolas Population: 36,736 (2015) Land area: 60.11 km ²	Moncada Population: 57,787 (2015) Land area: 85.75 km ²
I. Economic dynamism		
Size of the economy		
Number of annual registered businesses	1,352	511
Amount of money in circulation	PhP2.4 billion, from 24,382 deposit accounts in 11 banks	PhP483.3 million, from 4,300 deposit accounts in 4 banks
Total capital of new local businesses	P222 million	P20.5 million
Growth of economy and investments		
Gross sales of registered businesses	P4.4 billion	P268.04 million
Employment		
Number of employees in registered firms	5,591 employees	1,109 employees
Financial deepening		
No. of banks (commercial, thrift, rural)	10	3
No. of cooperatives & microfinance institutions	10	13
No. of pawnshops	7	7
No. of remittance centres	12	9
Productivity		
Labour productivity (gross sales over revenue vis-a-vis the number of employees)	PhP791,318 / employee	PhP241,701 / employee
II. Government efficiency		
Public finance (local revenues)		
Total, tax and non-tax	PhP75.61 million	PhP33.09 million
Business taxes (PhP, % of local revenues)	PhP32.79 million (43.37%)	PhP1.74 million (5.25%)
Real property taxes (PhP, % of local revenues)	PhP11.19 million (14.79%)	PhP2.24 million (13.13%)
Recognition of performance		
Seal of Good Local Governance (SGLG)	Years 2017 and 2018	Years 2017 and 2018
Responsiveness to business		
Has automated business licensing system	Yes	Yes
Business permits – no. of steps to get permits	Three steps, within the day	Five steps, within the day
Building permits – no. of steps to get permits	Six steps, within the day	Five steps, within the day
Occupancy permits – no. of steps to get permits	Four steps, within the day	Three steps, within the day
III. Infrastructure		
Basic infrastructure		
Share of paved roads total land area (kms. and % to total that are paved)	150.03 km. (93 percent)	94.72 km. (100 percent)
Percentage of households serviced by utilities		
Electricity (24-hour availability)	99.16%	75%
Water (24-hour availability)	99.68%	53%
Technology infrastructure		
No. of cellular phone sites	5	7
No. of automated teller machines (ATM)	16	3
Social and tourism infrastructure		
No. of tourist facilities (hotels, inns, resorts, pension houses, etc.)	7	3

Conversion: US\$1 = PhP49

Data sources: Municipalities' administrative data submitted to the Philippine government for the Cities and Municipalities Competitiveness Index (CMCI); documentary data collected in San Nicolas and Moncada

Economic dynamism. This CMCI criterion notes the scale of business and financial activities in the locality, leading to benefits for the employed workforce. On economic dynamism, San Nicolas seems to be the more robust local economy than Moncada. This general observation on San Nicolas comes from the number of registered businesses, the size of the resources of these businesses, the number of financial institutions within the municipality, and labour productivity.

San Nicolas had 1,352 registered firms in 2017, some 2.64 times more than Moncada's (N=511). The financial capital of newly-registered firms in San Nicolas is some 10 times larger than Moncada's. The gross sales of businesses in San Nicolas is over PhP4 billion, compared to some PhP268 million by businesses in Moncada. There is also higher labour productivity in San Nicolas (P791,318 per worker) than in Moncada (P241,701 per worker). The development in San Nicolas is mainly due to a shopping mall, Robinsons Place Ilocos, that is found within the municipality. The mall had stirred the creation of other businesses locally, even triggering employment for the entire province of Ilocos Norte. For its part, Moncada remains a largely agricultural economy whose available spaces for non-agricultural ventures — the public market, at the centre of town — is somewhat limited.

It is important to note the rise of economic activity in San Nicolas, with about 27 financial institutions operating there, namely: banks, cooperatives, microfinance institutions, pawnshops and money changers. This compares to 23 financial institutions in Moncada. San Nicolas has five home-grown financial cooperatives compared to the nine in Moncada. However, Moncada is the more vibrant town for cooperativism because two of the largest cooperatives in Tarlac province operate in the said municipality.

Government efficiency. This CMCI criterion shows how local governments in both municipalities perform functions related to ensuring a conducive business and investment climate. A careful look at their governmental efficiency will reveal nuances on how these municipalities are governed, leading to different outcomes in terms of stimulating entrepreneurship and investments.

Both San Nicolas and Moncada have been awarded by the national government in terms of overall local governance (or how authorities run the locality). This

recognition gives the impression that the local economies of San Nicolas and Moncada are competitive and investor-friendly.

To what extent then have the local governance systems of San Nicolas and Moncada been beneficial for local entrepreneurs and investors? San Nicolas has collected more local revenues than Moncada, particularly business taxes (PhP32.7 million for San Nicolas, versus PhP1.74 million for Moncada in 2017) and real property taxes (PhP11.19 million for San Nicolas, versus PhP2.24 million for Moncada). More business taxes collected indicates more lively business activities locally. A related development is acquiring necessary permits by entrepreneurs, this business-related regulation being one important indicator for businesses to freely operate (World Bank 2020b). It was found that San Nicolas requires fewer steps in acquiring business permits than Moncada, whereas it was easier in Moncada to obtain building and occupancy permits.

Infrastructure. This CMCI criterion speaks of infrastructure development, particularly the road networks, basic utilities (electricity, water), connectivity (Internet, banking) and tourist facilities available in a locality. In terms of roads, Moncada had paved its entire road network. Resolving flooding issues in Moncada, however, remains a nagging concern. San Nicolas, for its part, still has some 11.28 km. of unpaved roads (especially in mountainous areas).

San Nicolas and Moncada host a number of cable, internet and telephone / mobile service providers, and cellular phone sites. Electricity and water utilities serve households all day, even with usual service interruptions (e.g. once a month, lasting for at least eight hours). Yet only three-fourths of Moncadenian households are serviced by the provincial electric cooperative, and a little more than half are serviced by the local water district. Almost all of San Nicoleño households are serviced by their provincial electric cooperative and their municipal water district. Meanwhile, owing to the presence of many commercial and universal banks, San Nicolas had more automated teller machine (ATM) terminals over Moncada (16 versus three).

Both municipalities have few natural resource endowments but they bring in tourists through man-made structures. San Nicolas attracts tourists by promoting itself as a cultural heritage town, capitalising on its terra clay pot making tradition and with the

shopping mall being the premiere local tourist attraction. Moncada's tourist attraction is the complex where the municipal hall, park and auditorium stand beside each other. The municipal government also prides itself with cleanliness to draw for tourists, and with sweet potato (*kamote* in Filipino) as its cultural showcase.

These conditions surrounding local economic competitiveness in San Nicolas and Moncada set the stage for understanding how overseas migrant households behave and decide in using their remittance incomes locally. Whatever the communities have (e.g. business landscape, road access, responsiveness of public services, etc.) influence the decisions of migrant households with respect to their remittances.

1.6. Thesis outline

This thesis is comprised of eight chapters. This first Chapter has introduced the research and provided necessary context to issues surrounding migration, remittances and local development. Chapter 2 (Literature and Theoretical Review) examines the issues surrounding remittances and local development research, analysis, and practice. The chapter presents an exploratory theoretical framework, the *Behavioural Economics of Remittances*, to guide the analysis of primary data collected for this project, and for the interpretation of study findings.

Chapter 3 presents a methodology that is governed by the use of a *fully integrated mixed methods research (FIMMR)* design to compare the two case study areas. The chapter also explains why mixed methods is useful in studying the migrant household *and* the rural home town *conjointly*.

Chapter 4 presents an analysis of how remittance-owning families from San Nicolas and Moncada use their remittances. It was found that one town had more remittances-induced savings, investments and businesses over the other town — these being a result of the investment and socio-economic conditions in the two municipalities.

Chapter 5 shows the dynamics and outcomes of family financial socialisation within migrant households from San Nicolas and Moncada. Household behaviours in dealing with money and finance are intertwined with intra-family relationships and emotions, as well as their prevailing levels of financial literacy. These may help explain how migrant households decide on using their remittances.

Chapter 6 examines the interactions between migrant households and local financial institutions and entrepreneurs given the geographic terrain of entrepreneurship and financial services in San Nicolas and Moncada. The risk-taking profiles of migrant households, as well as the nature of the interactions between remittance owners, entrepreneurs and local financial institutions, make up this chapter.

Chapter 7 then looks at the interactions between migrant households, local authorities and fellow town mates vis-à-vis the norms and social relations that prevail in local community life. This chapter determines whether migrant households and the community's organised institutions (e.g. local government units, community groups, etc.) are dependable and reliable — providing judgments on whether the locality is a suitable place for business and investment.

Finally, an overall Discussion and Conclusion chapter (Chapter 8) provides reflections and implications on the following: a) Policies on luring remittances for local development; b) The use of mixed methods designs in future remittances-and-development research; c) The theoretical contribution of the Behavioural Economics of Remittances to analyse the links between migration, remittances and development; and d) The financial behaviours of migrants and their families should they decide to invest and do business in their rural origins.

1.7. Concluding remarks

This Chapter has presented the overall thrust of this mixed methods research. The point here is that remittances' development outcomes are influenced by household, institutional and locational factors. All these factors characterise the interaction

between structure and agency — that one’s conduct (agency) operates in relation to the context (structure) that prevails (Hay 2002).

These elements influencing remittance usage also remind researchers that “geographical context still matters” in migration and development (Gamlen 2014: p. 592). In the case of San Nicolas and Moncada, comparing their economic conditions, their approaches to local governance, their investment climates, and residents’ social relationships all position the use of remittances for development. Migrants abroad aspire for things in their home communities that they can return to (Portes 2009), and these socio-economic, political and community dimensions in the two Philippine municipalities may induce the (financial) behaviours of migrant households.

Theorising can thus contribute to the understanding of these influences to remittances. The exploratory Behavioural Economics of Remittances framework (*outlined in Chapter 2*) may provide a *contextualised* understanding of remittances and migration (De Haas 2019) that possibly fits origin countries of migrants like the Philippines. This exploratory framework will also help this research’s empirical work by accounting for the relative factors why remittances’ development potential may work better for some communities but less for others.

2.1. Introduction

Overseas remittances have made their mark in underscoring the development potential of international migration in the last two decades or so. At international and national levels, migrant remittances continue to outpace dollar flows coming from foreign development aid and the capital markets and stir consumption and some investment (Ratha 2013). These remittances also provide similar economic outcomes to the origin communities of migrants: consumption, demand for goods and services, some employment, and local investments.

Community-level outcomes of remittances are economic and social in nature. Economic outcomes include added funds for spending, investment, and entrepreneurship; diminished levels of poverty; financial dependency to dollar inflows; area-level inequality; and diminished productivity for some economic sectors (Rwelamira & Kirsten 2003; Woodruff & Zenteno 2007; Vargas-Lundius & Lanly 2007; Taylor & Lopez-Feldman 2010; Eversole & Johnson 2014; Ortega-Sanchez & Findies 2001; Cotula & Toulmin 2004). Social outcomes found include family rearing-related “social costs” of migration; possible social conflicts between remittance and non-remittance owners, improved social standing of remittance owners in communities; and shifting of social and community practices (Kabki et al. 2004; Elrick 2008; Isabaeva 2011; Dungo et al. 2013; Zotova & Cohen 2016).

Such observed socio-economic outcomes of remittances only but underscore the role of prevailing conditions and realities in geographic communities. Depending on what these areas have and not have, remittances from abroad will yield heterogenous development outcomes (Taylor et al. 1996; De Haas 2003; 2006). At the same time, De Haas (2014) said a greater context is that migration is inherently part of prevailing processes of development and social change like poverty, political (in)stability, economic growth, among others. Hence, De Haas (2019) argues that migration and remittances are not panaceas for, and causes of, development problems and

successes; migration and remittances are part of a confluence of socio-economic events in both origin and destination countries and communities. That being said, *context* matters in migration and development. Part of that context is geographic, in which migration and development is intricately linked (Gamlen 2014).

However, a mere look at the economic outcomes of remittance usage locally is not enough. A broader understanding of what prevails in local communities that influence dollar remittance usage may have to be discovered. What characterises these rural communities are norms and cultures, familial and institutional arrangements, relationship dynamics, regulations, and topographical and environmental conditions. It thus makes sense that geographically contextualised remittances-and-local development analyses are investigated according to the interactions between people and place, and how human behaviours operate in the context of these interactions and of local conditions that are in place. These overall local contexts obviously govern migrants' decisions and actions to use their remittances (VanWey 2007).

This literature review will expand the analysis of *complex* remittances-and-development dynamics in communities, particularly rural areas. The thrust of this review is to unravel people-and-place interactions through a *structure-and-agency approach* (Morawska 2011; Lacroix 2014; Czaika 2015). As well, this review will attempt to ascertain the *role of human behaviour* in the economic and social actions of migrant home town savers, investors and entrepreneurs.

Firstly, this Chapter will explain the geographic contexts of rural areas and the socio-economic consequences migration and remittances produce in those areas. Secondly, previous studies and their units of analysis and research methods will be critiqued. This critique will, thirdly, help identify research gaps in the study of remittances and local development. What follows is a review of the New Economics of Labour Migration theory (Stark 1978; Stark & Bloom 1985). The strengths and limitations of the NELM will be tackled, inspiring the next portion of this literature and theoretical review: the presentation of a fresh theoretical approach on remittances. To be sketched is a *preliminary multi-disciplinary framework* on remittances that accounts for not just the cyclical, recursive and complex interactions between structure and agency (Morawska 2011) but also human behaviour (World Bank 2015). This Chapter will end with previewing the methodological demands of

capturing structure-and-agency interactions in using remittances for local development.

2.2. Geographic context: The rural economy

The geographic, economic and social make-up of rural areas and of rural economies all set the tone for the unique economic and social consequences of remittances when utilised productively in these communities.

Rural areas extensively use land and natural resource endowments for economic activities. These areas are also less-densely populated, yet this demographic occurrence helps maintain local cultural norms (Torre & Wallet 2016). These facets then help situate what *rural economies* do to produce goods and services through farming and non-farming means. These *seasonally-produced* goods and services that rural economies generate come from land and natural resource endowments; use traditional and/or advanced technologies; and eye consumers and markets both proximate and distant (Marini & Mooney 2006). As regards (rural) entrepreneurship, Korsgaard et al. (2015) wrote these income-generating activities are embedded locally, operationalising entrepreneurs' attachment to the place, its individuals and its firms.

Ideally, a "well-functioning" rural economy links its ventures to markets and to investors. Rural economies may also have to have the following: available local labour; a sustainable agricultural sector; functional financial services; public infrastructure and public utilities (power, water, communication signals, postal system); regulations for local entrepreneurs (e.g. business licensing) and interventions for entrepreneurs (e.g. business development services) so as to improve local investing and entrepreneurship (World Bank 2006).

However, rural economies have shortcomings, such as "low service levels" in financial intermediation, infrastructure, utilities provision and government services (World Bank 2006). These shortcomings lead to high transaction costs of the goods and services being produced; high risks for doing business locally; high prices for local goods and services produced; and reduced choices for consumers. This

confluence of rural economic realities helps explain why rural economies had been tagged as lagging or backward that merely produce primary goods (Marini & Mooney 2006). High poverty levels and low human development conditions also prevail in rural areas (World Bank 2006; Siegel & Waidler 2012).

These socio-economic and entrepreneurial realities in rural areas serve as backdrops of the foreign remittances that flow to these rural communities. Migration had become a measure for rural families to address economic risks through livelihood diversification (Stark 1978; World Bank 2006). If these risks are addressed, remittances follow and its owners then decide to expand the returns of their exponential earnings by making investment-related decision and actions. However, unique community contexts found in rural areas provide overarching factors to rural residents' decision making and economic behaviours. These confluences between individual decisions and community realities help set the tone for determining the economic and social consequences of migration and remittances to rural communities.

2.3. International migration, remittances and rural areas

2.3.1. Heterogenous social and economic outcomes of remittances in rural areas

It does not come as a surprise that international migration and remittances yield different development outcomes in the rural origins of migrants (De Haas 2006). The differences in socio-economic outcomes may be brought about by prevailing development peculiarities in these rural communities.

Remittances and migration provide positive economic outcomes. These outcomes include financial upkeep for daily needs, for non-consumables, and for health expenses (e.g. Sharma 2011; Sagynbekova 2017). However, for some rural communities and their remittance households, remittance inflows are not even enough to improve existing local socio-economic conditions. Prevailing local economic conditions (Maharjan et al. 2013) may have made remittance owners decide to invest small sums on agricultural inputs and additional labour (Ochieng et

al. 2016). Even natural resources (e.g. water, land) are affected by remittances (Sagynbekova 2017).

On the social front, remittances and migration may have altered rural communities' social practices. Some community realities (e.g. patriarchy) remain amid remittance inflows from women migrants. Though, new social practices emerged like early marriages and arranged marriages (Wassan et al. 2017). Some communities that impose community obligations —e .g. volunteer labour for construction and farming activities, donations to development projects — have brought these influences to community members based abroad. The latter uses overseas earnings to meet these community expectations and obligations (VanWey et al. 2005) and even organise lavish community events (Kabki et al. 2004).

Regardless of the contrasting socio-economic outcomes of international migration and remittances to rural communities, there is no denying the rural economic potentials of remittances. The greater global context here is that 70 percent of the poor are found in rural areas, and that some 30-40 percent of rural income comes from rural non-farm enterprises (Ang & Opiniano 2016a). Remittances stimulate rural economic activity while rural households continue to diversify their income sources (Kangmennaang et al. 2017). The overall impact of private rural enterprises is considered a game-changer for rural development (Ang & Opiniano 2016a). What more if some of these overseas remittances are directed to savings, entrepreneurship and investment locally?

However, remittance possession is not an automatic stimulus for remittance owners to use these productively in rural birthplaces. This situation even happens in rural home towns that are better governed, and that have favourable investment climate conditions (Ang & Opiniano 2016a; 2016b; 2016c).

2.3.2. Reflections on remittances and rural development

Some reflections can be made surrounding these heterogenous and perplexing outcomes of remittances in rural areas. The first reflection covers migration's intrinsic place in current development processes: Remittances do not occur in a socio-economic or cultural void. These economic resources seep in to existing socio-

economic and cultural situations — and Mata-Codesal (2018) thinks the outcomes of remittances may depend on the conditions prevailing in these rural communities.

The second reflection is that economic and social interactions between remittance owners and their rural areas' people and institutions exist beside prevailing socio-economic realities in rural areas. Borrowing from institutional economics, "institutions" here refer to not just organised institutions such as government, business firms, financial intermediaries, community groups, etc. "Institutions" here also cover rules, social norms and laws that all influence human action (Cuevas et al 2014). Migration-induced social and economic changes depend on how residents are receptive to such forces. Finally, decision-making behaviours by migrant households may be rationally bound given the influences coming from these socio-economic rural contexts. Bounded rationality may have prevailed in the economic decisions of migrant households, like finding out which economic activities are less risky and more profitable (Ochieng et al. 2016), or are culturally acceptable (Kabki et al. 2004).

In general, Marini & Mooney (2006: p. 99) said development paths by rural economies "are significantly different from one another (especially since) each regional economy is profoundly influenced by its own cultural environment." The same observation can be said of remittances' social and economic outcomes in rural communities. From a policy standpoint, local authorities may have to account what prevails and works best for development — beside overseas migration and foreign remittances — in their rural communities given specific geographies, economic conditions, social relationships and cultural norms. From the standpoint of research on remittances and development, theoretical underpinnings and research methods may have to be re-assessed in order to deeply understand the nuances and contexts on household-community interactions (Taylor et al. 1996; Mata-Codesal 2018).

2.4. Research on remittances and local development

Prevailing analyses of the outcomes of remittances on rural communities warrant us to examine how previous authors executed their research projects. This examination looks at the units of analysis being focused on, and the research methods employed.

2.4.1. Household-centred studies

Households (covering migrant and non-migrant households, the latter as a control group) are the usual units of analysis for remittances-and-local development studies. Quantitative methods such as household surveys are staple fare in remittances research (Piotrowski 2006; Ford et al. 2009; Jones 2011; Sharma 2011; Maharjan et al. 2013; Mahapatro 2016; Ochieng et al. 2016; Ajefu 2017; Sagynbekova 2017). In contrast, qualitative methods such as key informant interviews, focus group discussions and life history interviews probe the family-level economic outcomes of remittance usage and of the migration experience (Kabki et al. 2004; Sikder & Ballis 2013; Vancluysen et al. 2017; Wassan et al. 2017; Abebaw et al 2019; Aminuddin et al. 2019; Rashid 2019).

2.4.2. The value of mixed methods

Mixed methods research is being used in remittances-and-development studies. The advantage of mixed methods is that inferences and conclusions are products of *integrating* both quantitative and qualitative data and their inferences. Household- and community-level outcomes can also be seen together.

In a mixed methods study in four semi-arid villages in India (Samal 2006), migrant households benefited from remittances. However, their areas suffer from chronic drought and from poor social and economic services. Thus, Samal (2006: p. 89) argues that the spill-over benefits of remittances in communities studied are limited given “the absence of institutional, policy and market mechanisms appropriate to enhancing income-generation potential” in these areas. In two rural villages in Ecuador, Mata-Codesal (2018) found that more equitable income distributions among households in one village were maintained and inequalities did not come up even with remittances coming in. In a longitudinal mixed methods study on five-decade-long migration and development conditions of an oasis in Morocco, Kusnose & Rignall (2018) found that migration was an equalising force given decades of steady remittance and pension flows, with remittances invested in local enterprises and in the education of family members.

These mixed methods studies enabled a broader understanding of how migration and remittances impacted on households and the community of origin in economic *and* social fronts. By just using quantitative or qualitative methods, Kusnose and Rignall (2018: p. 432) argue that these single-method studies “are limited in their ability to describe the empirical extent of... changes” in these rural communities. Meanwhile, in mixed methods analyses of both people and their place...

“... context-specific variables play a determining role in the outcome (of remittances... And) there is a need for contextualised and detailed studies of the local consequences of remittance reception. The socio-economic frames in which remittances are embedded, which are the consequences of past developments and which are further affected by international migration patterns, are essential for understanding the processes of equality or inequality spurred by international remittances in rural areas” (Mata-Codesal 2018: p. 89).

2.4.3. Methodological, empirical and thematic gaps

Households have been the primary units of analysis in remittances and local development studies. Meanwhile, communities or study areas had been treated as secondary units of analysis. In some studies, data on communities of residence are relegated to background information on how economic conditions there prevail (Samal 2006; Kusnose & Rignall 2018). Other researchers (Abdelali-Martini & Hamza 2014), using mixed methods obtained data from households, mentioned community conditions like the lack of formal land titles that prevented them from increasing agricultural investments through remittances. However, data validated from information coming from institutions, and administrative data in local communities, are limited. Future studies may have to treat both households *and* the community as *empirical*, yielding quantitative and/or qualitative data from both analytical units.

What this conjoint analytical approach also leads to is unearthing the facets of the *interaction* between people and place — between migrant households and the socio-economic conditions, norms and social structures that prevail in rural communities (e.g. Mata-Codesal 2018; Kusnose & Rignall 2018). The community outcomes of remittances do not occur in a socio-economic or cultural vacuum (Mata-Codesal 2018). Therefore, actors involved in these socio-economic and cultural interactions

may exhibit differing, rationally-bounded behavioural responses in their remittance usage decisions.

2.4.4. Research prospects on remittances and development: Structure-and-agency, and human behaviour

On this score, two research prospects emerge surrounding remittances and local development. One prospect is a deeper understanding of the roles of *structure and agency* in migration phenomena (UNU-MERIT & De Haas 2016a; 2016d). *Agency* pertains to “the capacity of social actors to reflect on their position, devise strategies and take action to achieve their desires” (Bakewell 2010: p. 1694). In other words, agency is one’s ability to act independently through making choices and through imposing such choices on the world (UNU-MERIT & De Haas 2016a). *Structure*, for its part, pertains to the “ensemble of social interactions within a society” that emanates from the “patterns of aggregate behaviours” operating in an “ensemble of interpersonal relations” (Lacroix 2014: p. 7). Structure also covers “any recurring pattern of social behaviour” that hampers and supports the individual actions of agents (Bakewell 2010).

The structure-and-agency (S&A) approach has been studied in the context of migration movements (Goss & Lindquist 1995; Morawska 2001; 2011; Bakewell 2010) and of the actions of migrants as organised groups (Lacroix 2014). Surprisingly, *remittances* are an understudied theme for structure-and-agency research on migration.

Remitting is said to be “a social practice” that is part of a migrant’s “relationship to a wider social system” (Page & Mercer 2012: p. 4). Page and Mercer (2012: p. 7) argue that remitting is a “routinised form of behaviour” that encompasses all possible everyday activities and practices. Moreover, these remittance behaviours are outcomes of the relations between and among individuals, and of the practices in the communities where they reside. Decisions by these migrant remitters in using their money, Page and Mercer add (2012: p. 7), are “culturally and historically constructed”. Therefore, structure-and-agency research on migrants’ remittances compel researchers to:

“...observe the accomplishment of daily life... sometimes the things we see as development outcomes are the consequence of everyday life and are better understood as such, rather than as the intentional outcomes and choices focused on ‘doing development.’ As a result, those who concentrate on defining what (are) ‘normal ways of life’... (rather than focusing on development *per se*) will generate different accounts of how practices are organised” (Page & Mercer 2012: p. 13).

Explaining migrants’ motivations and dispositions underpinning their remittance usage is a not just a prospective structure-and-agency research theme. Migrant-remitters are also *decision-makers*, and research may have to decipher the *behaviours* of migrants when using their money. Thus, remittance usage decisions and actions are largely a *cognitive* affair.

The productive use of remittances may depend on “what individuals perceive as desirable, possible, or even ‘thinkable’ for their lives” (World Bank 2015, p. 3). These perceptions may actually be prompted by psychological and social influences, and decision making by remittance owners “is influenced by contextual cues, local social networks and social norms, and shared mental models” (World Bank 2015: p. 3). Therefore, decision making for specific actions like those related to remittances is “the product of an interaction between mind and context” (World Bank 2015: p. 2) — of how migrants and their families think (i.e. mind processes) and how contexts (i.e. occurring in local communities) shape their thinking (local society’s influence).

2.5. Expanding theoretical insights on remittances: The NELM

Remittance research has long been anchored on the New Economics of Labour Migration (NELM). Formulated by economist Oded Stark, NELM was said to “depart” from neoclassical theories that usually treat individuals as rational actors responding on their own. NELM also falls under *functionalist* social theories where society is comprised of individuals and actors to make up a system. At the same time, functionalist migration theories tend to provide optimistic pictures to migration — with migration yielding productivity and prosperity due to the reciprocal flows of money, goods and human capital (De Haas 2021; 2014). De Haas (2014) even parallels

NELM to *livelihoods approaches* since migration is a household response to diversify livelihood opportunities.

2.5.1. Dynamics of the NELM

The NELM sees migration as a household-level strategy to surmount income, credit and insurance risks (Taylor 1999). The household and its members are the ones who make “joint” migration decisions, premised on sharing the costs and returns from migration. Household members here “enter voluntarily into a mutually beneficial contractual arrangement with each other” in deciding about migration. Thus, migration decisions cover the “mutual interdependence” of household members which they may view as “a calculated strategy” (Stark & Bloom 1985, pp. 174-175).

It is the household, not merely the individual, that gets involved in the migration process according to the NELM (Stark & Bloom 1985; Massey et al 1993; Taylor 1999). The household focus of the NELM makes the theory distinct from previous actor-oriented theoretical perspectives (De Haas 2010). At the same time, the NELM grounded itself with the reality that households (not just individuals) respond to economic constraints — providing “sophistication and adherence as a theory of migrant agency” (Abreu 2012, p. 57). This is while other social science disciplines (e.g. anthropology, sociology) have already covered the household as a unit of analysis (De Haas 2010).

Let us highlight two at least major dimensions of the NELM. Relative deprivation, for one, factors in as a major input to the migration decision. Households make migration decisions when they compare themselves with counterparts belonging to the same income group — making some households feeling either relatively deprived or relatively satisfied (Stark & Bloom 1985). Relative deprivation may even be seen from a geographic context: that migration seems higher from communities (e.g. villages) with unequal income distributions (Abreu 2012).

Risk also plays a relevant role in the NELM. Essentially the household has made migration a “risk handling” (Stark & Bloom 1985, p. 175), a “risk sharing” and a “risk spreading” strategy (De Haas 2010, p. 242-243) to address prevailing economic constraints from the wider society. Examples of risks include the absence of

insurance (e.g. farming, unemployment) and of credit, as well as limited opportunities to invest and increase the values of their assets. Remittances earned from migration then become a form of insurance, a source of credit, and a type of financial capital for the household (Massey et al. 1993), as migration allows households to diversify incomes.

2.5.2. The place of remittances in the NELM

If neoclassical theorists disregard remittances, these incomes figure prominently in the NELM (De Haas 2010). Remittances are the household tools that address income, credit and insurance risks (Massey et al. 1993). Household incomes eventually improve their incomes, which can be maximised for other purposes (De Haas 2010). NELM even put together three aspects in which the role of remittances is highlighted: *migration decision making*, *migrants' remittance behaviour*, and *remittance usage* by households (Massey et al. 1993; also in Massey et al. 1998).

In relation to family rearing, the NELM says remittances carry “an important effect on a household’s economic behaviour” (Massey et al 1993, p. 438). This especially comes as migration is a household’s “chosen contractual arrangement... (that) reflects the relative bargaining powers of the parties ... (enhancing) the bargaining power of the family and the importance of its support” household (Stark & Bloom 1985, p. 175).

More than the household, remittances provide *direct and indirect benefits* to the immediate community. Examples of these benefits include increased demand for goods and services; enterprise creation; farming intensification (if remittances are used to purchase farm inputs and farming equipment); demand for local labour (when remittance households, for example, want to construct a house, grow a business or expand farming activities); or widened income inequality (Taylor et al. 1996).

On this score, the local impacts of migration and remittances are determined by a) How household incomes get influenced by the size and distribution of received remittances; and b) The scale and extent that these remittances are used into the local community (Taylor 1999, p. 78). These economic outcomes of migration and

remittances, it is to be noted, will be different or heterogenous, depending on the make-up of geographic communities (De Haas 2010).

2.5.3. NELM as a structure-and-agency theory

Migration theories, some analysts observe, seem to focus either on agents or on structures alone (De Haas 2014; 2021). However, detaching migration and migrants from wider social and economic contexts shortchanges the analysis of relating migration with broader development processes (De Haas 2010, pp. 245-246). This viewpoint is why the NELM was regarded as a “most crucial innovation” (De Haas 2009: p. 242) because the theory helped bridge or balance agency and structure (in Abreu 2012).

The inextricable ties between agency and structure helps present a realistic grounding on the links between migration and development. This theoretical positioning by the NELM even comes at a time when wider social theory is harmonising structure and agency (De Haas 2010, p. 245-246). From the migration decision to risk taking up to using remittances locally, we can see here the interplay between agents and structures. The household as the unit of analysis even served to play middle-ground from studies employing agency or structure approaches alone (De Haas 2010).

2.5.4. Methodological demands of the NELM

Given the economic nature of the theory, quantitative methods are the terrain of NELM. Surveys inspired by Stark’s theory collect household income data from non-migration and migration sources. That is even if these surveys may not provide information on “the many indirect influences of migration on migration sending economics, or even on how remittances affect expenditures in the households receiving them” (Taylor 1999, p. 80).

Studies using the NELM provided results that have also debunked previous pessimistic conclusions on the impacts of remittances. What NELM provides² is an account of how migration and remittances directly and indirectly affect the economic standing of households and their resident communities (Taylor et al 1996; also in De Haas 2010).

2.5.5. NELM as a migration-and-development theoretical breakthrough?

Migration analysts think the NELM has fundamentally changed how migration and development are linked conceptually and theoretically. That is because in the NELM...

“the origins of migration (e.g. households’ desire to overcome missing or incomplete capital and risk markets that constrain local production) imply certain outcomes of migration for development (e.g. a positive effect on local production, as remittances and implicit risk contracts with family migrants enable households to overcome credit and risk constraints)” (Taylor 1999, p. 76).

In this respect, the household orientation of the NELM covers the analysis of both migration *and* of the economic activities and conditions of the origin community (De Haas 2010). NELM helps look at migration as part of broader development processes (De Haas 2010). This intertwined relationship between migration *and* development can be reflected from migrant households: their individual actions (agency) happen given prevailing contexts in communities (structure).

² If studies wish to cover both the household and the community, a “multi-level statistical model” may have to include individual and household-level independent variables and “the community characteristics of income inequality, or an operational measure of relative income” (Massey et al 1993, pp. 457-458). Even the NELM can be tested at an aggregate level that can determine, from households themselves, if they have availed of insurance products and programs, of financial services, and credit (Massey et al 1993, p. 458) — with these items serving as predictor variables for migration.

However, some think the NELM did not depart from neoclassical models³ — and is even a refined version of neoclassical economic thinking. Abreu (2012, p. 57) thinks that even if the unit of analysis is the household (instead of individuals or “persons”), the NELM is “resolutely methodologically individualist”. At the same time, Abreu posits that NELM seems to have fully glossed over the power struggles, gender dynamics and possible conflicts within households when they make migration and economic decisions (2012).

2.5.6. Dissecting the NELM

The NELM essentially links household-level decisions and actions on migrating and remitting (agency) with the prevailing conditions and constraints that induce migration decisions and remittance uses (structure). NELM is also strong on determining the outcomes of migration decisions and remittance uses (De Haas 2001). However, is Stark’s theory sufficient to explain the *underlying reasons and processes* for the development outcomes of remittances? In relation also, has NELM truly covered the full extent of agency *and* structure interactions?

Abreu’s criticism on the NELM (2012) raises that kind of question. At the household level, the “mutual interdependence” that households exhibit (Stark & Bloom 1985, p. 175) may have overlooked decision-making and family relationship dynamics in these households (these dynamics being “structures” seen and felt at the household level). Stark himself notes that patterns of remittances resemble an “intertemporal contractual arrangement” between the migrant and the family — with both parties entering “voluntarily into a mutually beneficial contractual arrangement with each other” (Stark & Bloom 1985, p. 174). This requires studying remittance patterns that carry “variables (on) the bargaining power of the family and the importance of its support” (Stark & Bloom 1985, p. 175). Family-level contexts thus matter in determining if the contractual arrangement made by household members succeeds or not (Hagen-Zanker 2008). The role of these family dynamics, however, was less explored in NELM-inspired studies.

³ Abreu even thinks NELM is a “new avatar” of neoclassical thinking; the core tenets of neoclassical economics — rationality, methodological individualism, limited regard for structural constraints — remain entrenched in the NELM (Abreu 2012). Czaika (2015: p. 58) even thinks NELM belongs to “the standard economics of migration”.

Households use remittances as insurance and as credit, and then as capital and investment. These measures, according to the NELM, show households' risk-sharing decisions (Stark & Bloom 1985; Taylor 1999; De Haas 2010). However, NELM was not primarily developed as a theory on personal and household finance, even if these remittance uses are financial actions. NELM may also not be able to explain remittance behaviours as intrinsically and incidentally about the *financial behaviours* of people. These financial behaviours form part of the agentic actions by migrant households.

In terms of NELM's postulations on the community impacts of migration and remittances, further research and methodological expansion may be needed. The economist Taylor tried to estimate the multiplier economic outcomes of remittances, employing methods like rural economy-wide analyses using household surveys (e.g. Taylor & Dyer 2009). Such studies tried to determine how much local incomes increase given additional remittances sent home.

These approaches however can be best complemented by a scan of a locality's socio-economic conditions, and the roles of community institutions (especially government) in local development. Doing these household surveys *in tandem* with community-level appraisals (e.g. local politics, access to markets, local investment climate interventions, geographic connectivity of places) helps crystallise the precise local outcomes of migration and remittances. Ascertaining the local contexts in which development and migration operate is even rooted in geography (Gamlen 2014); the NELM may not have covered these *geographic contexts* — economic, social, cultural, etc. — where migration, remittances and development dynamics occur.

NELM has emphasised on risk, and analysing risk can also be expanded. Risk taking behaviours can be determined at the household level and, at the same time, be better understood if we capture data on the socio-economic, political and investment conditions of geographic communities. For example, entrepreneurs may be risk averse from opening businesses if the requirements of local authorities to acquire permits are cumbersome and expensive. Analysing risk taking behaviours and conditions helps provide nuances to household-community (economic) interactions, at least with respect to remittances.

2.5.7. Expanding and building from the NELM

Opportunities thus beckon to expand the explanatory power of the NELM if the theory is to be *blended* with other theoretical perspectives. NELM is not enough to explain the economic decisions remittance owners make; the family- and community-induced processes they undergo surrounding their economic decisions; and the resultant non-deterministic outcomes of remittances on families and communities. Hence also, remittances and local development studies are not anymore mere determinations of economic outcomes. These analyses must now conjointly cover *processes and outcomes* that occur between and among individuals and institutions — within and outside of families and communities — and capturing both the economic and social dimensions of remittances and migration. Remittances-local development analyses that utilise the structure-agency approach, and that account for cognition and behaviour by remittance owners and the community's people and institutions, will expand the understanding of the remittances-local development nexus.

Such expanded analysis may warrant theoretical enrichments to the NELM. The succeeding sections seek to outline an exploratory theoretical framework that is built on perspectives from: [**Agency**] *personal and family finance* (Gudmunson & Danes 2011; Sherraden & Ansong 2016); *behavioural economics* (Kahneman & Tversky 1979); [**Structure**] *institutional economics* (North 1992; Williamson 2000); [**Structure-agency interfaces**] *human capabilities* (Sen 1999); and *structuration of migration* (Morawska 2001; 2007).

2.6. The contours of a structure-agency theoretical framework on remittances and local development

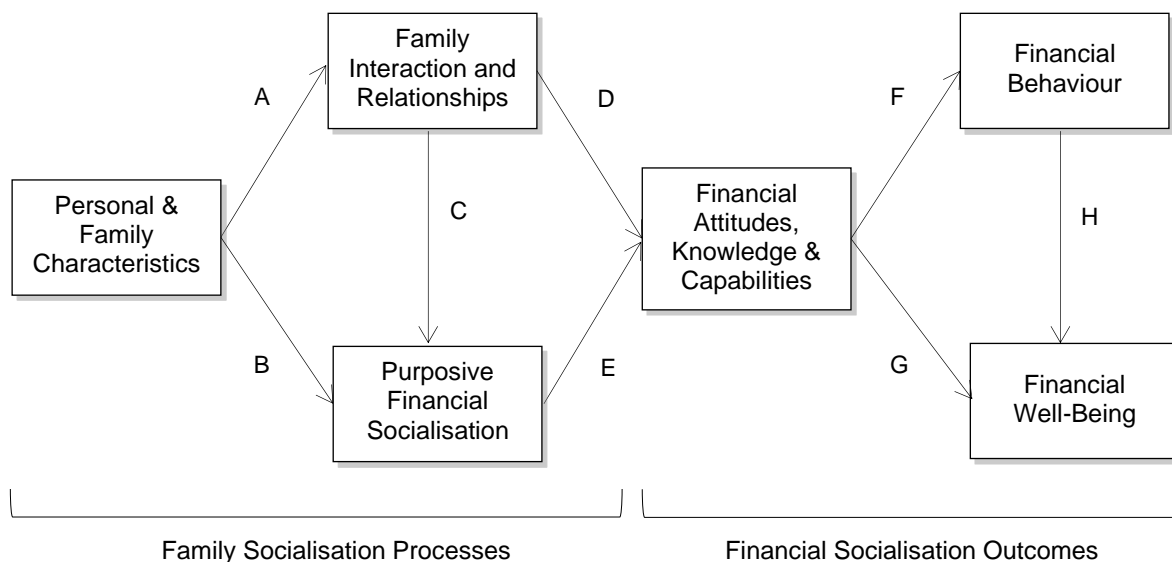
2.6.1. Understanding remittance owners' agency

Family Financial Socialisation model. Financial literacy and social work scholars Clint Gudmunson and Sharon Danes offered a theoretical model to capture the processes and reasons surrounding the financial behaviours of people. This model, *Family Financial Socialisation*, avers that the financial capability of an individual

starts in the family, and family members are the fundamental agents of financial socialisation (Gudmunson & Danes 2011; Roberti 2014).

The FFS outlined in Figure 2.1 indicates that individual backgrounds of family members, as well as interactions between and among them, influence individual and family financial behaviors and well-being. How family members talk, decide and act about finance given their financial attitudes, knowledge and capabilities, is important as this socialisation can even mediate the predicted financial outcomes of family members. A good quality family relationship *may* positively influence financial attitudes and eventual financial behaviours and well-being (Gudmunson & Danes 2011).

Figure 2.1: Family financial socialisation model



Source: Gudmunson & Danes (2011), p. 648.

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Economic or financial roles within migrant families are part of overall transnational family rearing arrangements (Luna & Rahman 2018; Battistella & Conaco 1998; Asis 2002; Asis et al. 2004). Relevant processes within families include authority and control, decision making, relationship dynamics between and among certain family members (e.g. parent-child, among spouses), among others (Dungo et al. 2013) also indicate that these also span remittance usage decisions, with family welfare being primordial concerns. However, family financial socialisation in migrant families may

present unique dynamics especially since this process operates beside families' handling of the migration phenomenon. For instance, traditional family roles (e.g. father as provider and mother as home keeper) have been altered, like the mother abroad as economic provider and main financial decision maker (Dungo et al. 2013).

The *gendered* social and economic consequences of international migration and remittances at the family level then become relevant in how families deal with overseas migration and remittances. However, gender variances are notably seen in remittance households' financial socialisations (Dungo et al. 2013). In some societies (e.g. Indonesia, the Philippines, Thailand), husbands are more likely to be decision-makers and to have controls over remittances, as the remitting wife gets involved in fund allocation. In others, given the roles of extended family members, mothers-in-law are primary decision-makers — or there is joint spousal decision-making (Dungo et al. 2013).

In addition, different FFS situations in remittance families may help explain different outcomes of their remittance usage. Using monies for daily needs, luxuries and some asset acquisitions are givens, leading to some economic and human development improvements for family members. However, in other remittance-receiving families, their financial situation remains unchanged: some remittance households still struggle financially (Dungo et al. 2013). If levels of financial literacy by members of migrant families, like overseas remitters, are low⁴, the situation may affect family financial planning (Brahmana & Brahmana 2016).

The Family Financial Socialisation model provides an interesting approach to inspect the processes making up the financial capabilities and dynamics of remittance households. The household puts together individual agents (family members) who carry differing levels of financial literacy and exhibit different financial behaviours. Overseas migration and transnational family rearing then provide nuanced contexts to these familial *and* financial dynamics (Lacsina & Opiniano 2017).

Financial Capabilities concept. The concept of *Financial Capabilities* by social work scholars Margaret Sherraden, Julie Birkenmaier and colleagues was adopted

⁴ Brahmana and Brahmana (2016) made no explicit mention of the educational profile of their respondents, as well as their other demographic profiles.

from the human capabilities concept of Amartya Sen and Martha Nussbaum [expounded on Section 2.5.4]. Financial capability speaks of a person's ability and opportunity to act about money and finance in ways that contribute to financial functioning⁵ (Birkenmaier & Huang 2014; Sherraden & Ansong 2016). A related definition on financial capabilities comes from the World Bank:

“The internal capacity to act in one's best financial interest, given socio-economic (and) environmental conditions. It therefore encompasses the knowledge, attitudes, skills and behaviours of consumers with regard to managing their resources and understanding, selecting and making use of financial services that fit their needs" (World Bank 2015: p. 3).

Financial capabilities cover three dimensions: *financial literacy* (knowledge, skills and attitudes), *financial inclusion* (access to formal and appropriate financial products and services), and *financial functionings* (actions on finance; options of financial behaviours) (Birkenmaier & Huang 2014; Sherraden & Ansong 2016). Examples of financial functioning are investing, entrepreneurship, financial goal setting, etc. From a policy standpoint, financial literacy interventions have a real potential to change the financial behaviours of remittance-earning households (Seshan & Yang 2014). This is especially if financial decision makers and remittance senders abroad have at least finished university-level education.

Improved financial capabilities (beginning with financial literacy or knowledge) may yield positive effects unto remittance households, eventually seeing these households make better financial decisions and functionings or actions. Testing Indonesian migrant workers, Doi et al. (2012) found that financial literacy training had yielded positive impacts on knowledge about money, and on financial practices such as having more savings and diminishing the amount of loans. Given also financial literacy interventions, Seshan and Yang (2014) found that Indian migrant workers in Qatar and their spouses at home now make joint financial decisions and savings goals.

Notwithstanding these benefits of improved financial capabilities, the impacts of financial literacy interventions may be relative. If the intervention is for the migrant

⁵ This definition noticeably harmonises with Sen's human capabilities approach (Sen 1999), particularly capabilities and functionings (Deneulin & Shahani 2009).

alone, the effects will be smaller. If financial literacy interventions are provided during “teachable moments,” Doi et al. (2012) found that the effects of these interventions are large. Seshan and Yang (2014) found that the effects of financial literacy interventions on financial practices and savings goals were average, and spouses in migrant households then desired for more joint financial decision making.

Migration and remittances are thus ripe for further financial capabilities research, awaiting more answers such as how family members in two societies are financially included and make financial decisions in origin communities (e.g. Lacsina & Opiniano 2017).

Prospect theory. A “cornerstone of behavioural economics” (Just 2014: p. 251) is prospect theory, formulated and tested by Israeli psychologists Daniel Kahneman (a Nobel laureate) and the late Amos Tversky. The theory reflects how people can be irrational when they make decisions under risk or when they assess and decide on gains and losses. Persistent biases by people, motivated by psychological factors, regardless of their educational attainment, seep into the choices of people when they face uncertainty (Kahneman & Tversky 1979).

Prospect theory has some essential elements. The most basic of these is *reference dependence*: people assess gains and losses based on a neutral reference point (Opong 2012: p. 15; Barberis 2013: p. 191). The usual reference point is the person's status quo (*status quo bias*): People perceive gains when outcomes are better than the current reference point, and feel losses when outcomes are below their reference point.

Another basic element is *loss aversion*: people perceive gains and losses differently. People think that losses loom larger than gains, making them fear the former (Kahneman & Tversky 1979); the way that information on gains and losses (alternative choices) are presented to people also influences the assessment, called here as the *framing effect* (Barberis 2013; Just 2014).

Related to loss aversion is *risk aversion*. Prospect theory considers preferences as a function of *decision weights* or *probability weighting* (Opong 2012: p. 21) which do not match with probabilities over time. Kahneman and Tversky (1979) think people

are risk averse when talk is about gains and, ironically, are risk seeking when the domain is about losses. A related concept is the *endowment effect*: people feel pain more when they lose what they currently have. The pain from losing outweighs the joy of gaining something new of comparable value — an equal-sized gain (Opong 2012; Czaika 2015).

Prospect theory has been applied to numerous fields. In economics, prospect theory has challenged expected utility theory which view people as rational actors. Prospect theory and other behavioural theories, like mental accounting (by economist Richard Thaler, a Nobel laureate like Kahneman) helped behavioural economics blossom as a field.

Using prospect theory in sending remittances was also inferred. The reference point of overseas migrants is the “one from which they have emigrated from.” This reference point, says Opong (2012), pertains to “very deep social, cultural and familial bonds.” Remitting therefore is an expected task by the migrant to enhance familial bonds and traditions that the kin at home are dependent on (pp. 22-23). Thus saying, Opong (2012) argues that the migrant is more concerned with the “disutility that may result from disconnections with familial relations” (pp. 24-25).

Applying prospect theory to remittance-related financial decisions remains under-researched. In some few studies using elements of prospect theory and behavioural economics, interesting findings emerged. Davies et al. (2009) found that Malawian migrant household heads, by gender, allocate remittances for different purposes (except for expenses for education). In Vietnam, comparing non-migrant and migrant households, Nguyen et al. (2012) found that foreign remittances are positively correlated with trust and people become trustful. However, foreign remittance receipt reduces trustworthiness and expectations of reciprocity from recipients (since receivers are not expected to reciprocate senders). Nevertheless, prospect theory remains a less-explored theoretical premise to test remittance behaviours.

2.6.2. The influence of structure

Institutional economics (NIE). Economics is usually associated with rational behaviour since economies are characterised by efficient markets. However, there is

incomplete information available that limits people's mental capacities to make supposedly rational economic decisions. *People also impose constraints* on human interaction, like regulations, so as to influence economic exchanges (North 1992; *emphasis North's*); the situation even produces transaction costs (e.g. fees) for economic agents.

This being said, *institutions* — the ones that (try to) reduce transaction costs between and among economic agents — do matter. This purview has led some economists like Ronald Coase, Douglass North and Oliver Williamson to build from neoclassical economics and develop *institutional economics*. Institutional economics basically assesses the role and impact of institutions on economic performance. Studying institutions covers knowing what these are, how these came into being, what are their purposes, and how they change and evolve (Klein 1998).

"Institutions" thus matter: That term refers to the "triad of [commonly known] rules, social structures and organisations... founded on common belief systems that transform individual acts and expectations in collective values; convert personal values into social norms and social beliefs; and define the formal and informal behavioural systems of human existence" (Cuevas et al. 2014: p. 125).

Institutional economics is concerned with how institutions shape economic activities and people's rationally bounded economic behaviours. Two key variables are *institutional environments* and *institutional arrangements* (also called *institutions of governance*). The former (called the "rules of the game") covers formal and informal man-made rules to guide individuals' economic, social and political interactions. On the other hand, the latter covers the way of implementing and organising economic actors (the "play of the game") given prevailing "rules" —of what economic actors cannot do and can only do (Joskow 2008).

Institutional economics provides an interesting way of looking at how community or social structures and arrangements sway remittance usage. For example, in Mexico, migrants and their families are mandated to help fulfil community obligations such as paying some community taxes, contributing labour to some construction projects, and making donations to home town development projects (Conway & Cohen 1998; VanWey et al. 2005). Institutional analyses of remittances and development are also structure-agency interactions at work, seeing recursive interactions *and outcomes* by

structures (embeddedness and institutional environments) and agents (institutional arrangements, as executed by economic actors, to firms and individuals).

Institutional economics studies have always put premium on firms. However, if bounded rationality surrounds the decision making of economic actors like firms (run by individuals), why not study the decisions made by individuals? When uncertainty and imperfect information prevail while agents are bound by the parameters set by institutional environments, can individual cognition and decision making be studied (Joskow 2008)? It is why some aver the logical connection between institutional and behavioural economics (Joskow 2008) so that the nature and behavioural motivations of transactions are ascertained. Decisions by individual migrant remitters and their families are thus bound by prevailing institutional environments and governance arrangements. Institutional economics as a framework may possibly answer how the quality of institutions is probably linked to the development outcomes of foreign remittances to local communities.

2.6.3. Agents' interfaces with structures

Human capabilities approach. This approach, put forward by the economist Amartya Sen (Nobel laureate) and by philosopher Martha Nussbaum, evaluates individual well-being and social arrangements (Robeyns 2005; Deneulin & Shahani 2009). Development here is about people's capabilities to function (or the ability of humans to live lives they have reason to value), as well as to enhance the substantive choices they have (Deneulin & Shahani 2009; De Haas & Rodriguez 2010). The focus of the capabilities approach is what people "are effectively able to do and to be" (Robeyns 2005: p. 94). Meanwhile, the social context to which individuals are located — the *external environment* (Deneulin & Shahani 2009) — matters in their execution of capabilities and functionings (Robeyns 2005). This context includes public policies, social and cultural norms, gender roles, power relations, and the physical environment (Sherraden & Ansong 2016).

Human mobility is said to be integral to human development for intrinsic and instrumental reasons. When migration enables a person to earn a resource called remittances, human mobility then makes one improve other aspects of life like health or education (*instrumental value*) (De Haas & Rodriguez 2010). This is why some

hypothesised that migration is a positive aspect of development (i.e. enlargement of human capabilities) (Deneulin 2006).

Though, migration and remittances yield varying outcomes on human development. For example, being non-poor and receiving foreign remittances lead to higher well-being in El Salvador. However, majority of these recipients also had shortfalls on bringing children to medical check-ups, on availing health insurance, on making proper waste disposal, on bringing children to school, and on having economic security (Hagen-Zanker & Muñiz-Castillo 2006). Future studies may assess if these varying outcomes of remittances on human development may be brought about by the external environment where people execute their capabilities and functionings, warranting some behavioural explanations.

Structuration model of international migration. This model by Ewa Morawska (2001) analytically elaborates categories of social structure and human agency, that which is usually covered by sociological research. This model also includes the influences of purposeful, reciprocal activities by migrants in home and host societies. This structural model puts premium on the “more proximate surroundings (where) individuals and groups evaluate their situations, define purposes, and undertake actions” that affect “local-level and, over time, larger-scope structures” (Morawska 2001: p. 52).

In essence, this structuration model sees the interaction of human agents (migrants and their families) with structures, depending on the degree of their interaction. Structures then sway their influence to these human agents (Morawska 2001). These structures where migrants and their families interact span various levels and time frames; interactions between structures and agents are also “ongoing processes of becoming rather than as fixed entities in time” (Morawska 2001: p. 18).

This structural model can be made applicable to remittance usage. Migration and remittances bring forth changes in communities; a development process leads to a migration-related outcome and another development outcome. These dynamics then transform socio-cultural aspects of community life (Elrick 2008). For example, new modes of relationships between males and females have been generated in a Polish rural community. Values are changing: language, which is now a form of capital and

remittance families, were seen to have acquired behaviours from abroad (Elrick 2008). In a community in Kyrgyzstan, Isabaeva (2011) found that migration and remittances have fueled community debates on what local traditions have been “lost” or “altered”. In Tajikistan, Zotova and Cohen (2016) found that remittances have transformed local practices such as weddings, as well as efforts to display community success (e.g. through bungalow houses).

Structuration of remittances and migration leads to these varying social outcomes in rural communities. It should be noted that social and economic groups in origin communities may be “structuring the decisions of migrants about remittances... all (showing) the power of home over migrants” (VanWey 2007: p. 138). Thus, accounting for the role of social norms (structure) leads to a broader understanding of the economic impacts on migration and remittances in origin communities (VanWey 2007).

2.6.4. Theoretical integration

The theoretical perspectives presented here can expand the NELM. That is even if some of the theories have yet to be applied in remittances research (e.g. family financial socialisation, prospect theory, structuration model of international migration, behavioural model of urban and regional development). Nevertheless, these theories may help explain (spatially, rationally bound) reasons and processes, and possibly capture human behaviours, surrounding remittance usage and the heterogenous social and economic outcomes of remittances.

The theories and models cited here present a remittances-to-local development nexus that carries multiple-level recursive interactions. This relationship begins with the migrant household and its members, and how these micro-level (group/s of) agents handle varied behaviours and economic prospects when their finances are (to be) used locally. Dynamics within households also have to be accounted for (e.g. power, quality of relationships between family members, gender roles, etc.). Meanwhile, and at the other end of the remittances-local development relationship, structure/s (found in the community of origin) has/have prevailing cultural, socio-economic, political, regulatory and institutional conditions that influence resident households' human and financial capabilities and functionings.

When structure (community) and agency (migrant household) interface, behaviours and (non)actions from migrant households emerge given the subtle-to-direct pressures from organized institutions and social structures. However, the economic and social impacts of remittances and migration have already influenced social structures — and these structures respond with regulations, behaviours and outcomes that, in turn, influence remittance owners. Iterative structure-agency interactions and behavioural responses reveal how migration smoothly gets integrated in development processes; these simultaneous agency-structure interactions alone show that the links between development and migration are not linear (De Haas 2003; UNU-MERIT & De Haas 2016b).

The heterogeneity of remittances' outcomes is obviously variegated. Of interest also here are the (complex) mosaics of processes within migrant households, within origin communities, and between agents and structures — all brought about by iterative behavioural responses by agents and structures. A new theoretical perspective on remittances and (local) development may thus have to provide a “meaningful understanding of social processes (that) take into account agency and structure and their interactions” (UNU-MERIT & De Haas 2016a). This now leads to the presentation of an exploratory theoretical framework.

2.7. The Behavioural Economics of Remittances

2.7.1. Definition and elements

The *Behavioural Economics of Remittances* is a multi-level theoretical model that sees remittances and their owners interact with the people, social structures and organised institutions that are directly and indirectly affected by these monetary flows. Remittance usage by its household owners gets influenced by people and institutions (both organised institutions and the rules and social norms governing a place and its people). Usage of remittances is also bounded by the make-up of a place where people, institutions and remittance owners meet. What the Behavioural Economics of Remittances strives to study are multiple-level behaviours and

processes, as well as the resulting (geography-induced) outcomes of remittances in communities.

This framework intentionally covers agency, structure and structure-agency interactions⁶. Processes surrounding the interactions between migrant households and their origin community find root on human behaviours, and on structure-agency interactions. The varying outcomes of those interactions emanate also from: a) The recursive interface of family financial interactions by migrant household members; b) The financial knowledge, access and actions of members in migrant households; c) The prevailing stakeholders and structures (e.g. organised groups, regulations, social norms) in a community; and d) The reciprocal financial and non-financial actions between and among migrant households and local (non-migrant) community members.

2.7.2. Household: The starting point

Like the NELM, the Behavioural Economics of Remittances begins its analysis with the household. The family is the filtering point of finance (Gudmunson & Danes 2011) and has decided to adopt migration as an economic and risk-mitigating strategy. However, how did the family and its members decide to adopt migration as an economic strategy? To begin with, how do household members (to include prospective migrants or those who have already migrated) interact about their household finances? What are the individual dispositions of the father, mother and children (plus possibly some extended family members) surrounding money?

International migration research has documented which family member/s handle/s remittance earnings in transnational households (Asis 2002; Asis et al. 2004; Lacsina & Opiniano 2017), but deeper explanations on household finance dynamics prior, during and after migration are wanting. The Behavioural Economics of Remittances may be able to capture individual tales — financial and emotional — of families' financial interactions or socialisation (Gudmunson & Danes 2011).

⁶ The elements under agency for this framework took note of the Family Financial Socialisation model (Gudmunson & Danes 2011), the financial capabilities concept (Birkenmaier & Huang 2014; Sherraden & Ansong 2016) and prospect theory (Kahneman & Tversky 1979; Kahneman 2011). For structure, the Behavioural Economics of Remittances applied some concepts from institutional economics. Finally, the interactions between structures and agents apply the human capabilities approach (Sen 1999) and structuration in the context of international migration (Morawska 2011).

The overseas migrant is a unique actor in this household. S/He considers household welfare conditions as a *primary reference point* for remitting money. As well, migrants' length of stay and migration status (Aguilar 2012) influence their ways of prioritising certain aspects of family life and economic actions, including remitting money. This is where prospect theory (Kahneman & Tversky 1979) may yield varied financial habits on the part of the remitting family member.

Migrants' socio-economic standing in the geographic community is a status quo (Lacroix 2014) and a *secondary reference point*. Household decision making may even account for how social networks, social norms, and shared mental models factor in the financial behaviours and decisions (World Bank 2015: p. 3) of remittance owners. Examples of mental models here include a community's savings habit or propensity to borrow money.

2.7.3. The locale of the interaction

In NELM, remittances “compensate for the lack of government programs” or to “missing, insufficient or poor-functioning financial markets” that could have provided insurance and credit to households (Sana & Massey 2005: p. 510). These conditions are particularly found in the *immediate* geographic area of the household. Deciding to migrate as a family economic strategy and using remittances locally are a “community-contextualised” response by households, especially in rural areas (Taylor & Dyer 2009: p. 968). Making such a household response in the light of a community's socio-economic conditions is itself a baseline agency-structure interaction.

However, the specific socio-economic environment of communities can influence remittance usage. If households aspire to earn more from their remittances, one may hope that the socio-economic environment they reside in is conducive to make more productive uses of their remittances (Taylor et al. 1996). For example, rising inflation rates locally may dictate purchases while the absence of deposit-taking financial institutions in the immediate area may drive remittances elsewhere.

It is these specific conditions of a community that the Behavioural Economics of Remittances also strives to analyse. Expect remittance impacts to differ when communities have more, less, or nil numbers of financial institutions; when infrastructure is functional, decrepit or absent; or when enterprises are deeply or distantly linked to target markets within and outside a community (Ang & Opiniano 2016a, 2016b, 2016c). Even the quality of local political institutions and governance matters (Nijenhuis 2010). These local conditions these also drive behavioural responses and decision making from residents who are physically present and absent (the latter in the case of migrants). People here use “a more realistic, psychology-informed model of decision-making, while keeping a focus on institutions and the context in which decisions are made” (Glassman 2013: p. 1).

What also makes the locality an important unit of analysis is the regulatory power and influence of organized local institutions such as local authorities, financial institutions, private firms and community groups. Local authorities govern community affairs and set various regulations in place. Financial institutions are also governed by internally- and externally-dictated regulations that clients must follow; enterprises of various sizes follow prevailing local regulations on entrepreneurship and taxation. Community organisations (e.g. farmers’ groups, women organisations, etc.) also respond to the prevailing conditions and the demands of the local market through various political and market “behaviours.” These behaviours are manifested in, for example, adjustments to production volume of a product given local demand, responses to local policies on business registration, or relations with local political actors.

The economic activities and financial actions (or functionings) of migrants and their households, coupled with the cognitive behaviours they elicit, are thus economically embedded in their localities. The locality thus hosts structure-agency interactions and recursive behavioural heuristics or shortcuts — both individual and institutional — on money and finance.

Given the above-explanations about the roles of migrant households and the community, the Behavioural Economics of Remittances framework thus enables researchers to observe the following:

- a. The *observable financial heuristics (shortcuts) and decisions of actors*, especially of (migrant) individuals and households. Here, one can expect

people to make financial decisions (almost completely) unaware of the contextual factors leading to such decisions — even if decisions made are spatially rooted (Gordon 2011);

- b. The *patterns of structure-agency interactions* at various levels (household [micro] to the community [locally, macro]). The household is itself a structure, with its individual members (including the overseas migrant) negotiating with each other, conforming to certain family norms, and sustaining their familial and financial relationships; and
- c. The *economic and non-economic outcomes of remittances* on local development — at family and community levels.

2.7.4. Zones and yields of remittance behaviours, interactions and outcomes

The Behavioural Economics of Remittances has three *zones* where structure-agency interactions occur recursively [Figure 2.2]. These zones represent the places where financial and non-financial transactions and relationships are forged, where family and community contexts can be seen, and where financial decisions are made. The major actors in each of these zones also have their *own* reference points in making financial decisions. In each of these zones also, the migrant household and the corollary stakeholder/s the former interacts with employ risk mitigation measures in the financial decisions and actions made.

Each of these zones also *interact with each other recursively*, with the migrant household getting involved in all these multi-level interactions. It is migrant households who utilise their remittances given the locality's entrepreneurial and investment climate, the services of financial institutions, and the regulations and social norms of formally- and informally-organised institutions. Actors involved also try to influence each other and their decision-making efforts. These three zones also form part of a *yield circuit*, the route where these multi-level interactions happen. This circuit is where the positive and negative outcomes — economic and non-economic — of remittances and migration flow. We call these zones the *sanguinity, estimation and affinity* zones [Table 2.2]. The sections that follow further explain these zones.

Figure 2.2: The Behavioural Economics of Remittances

(Author's schematic diagram)

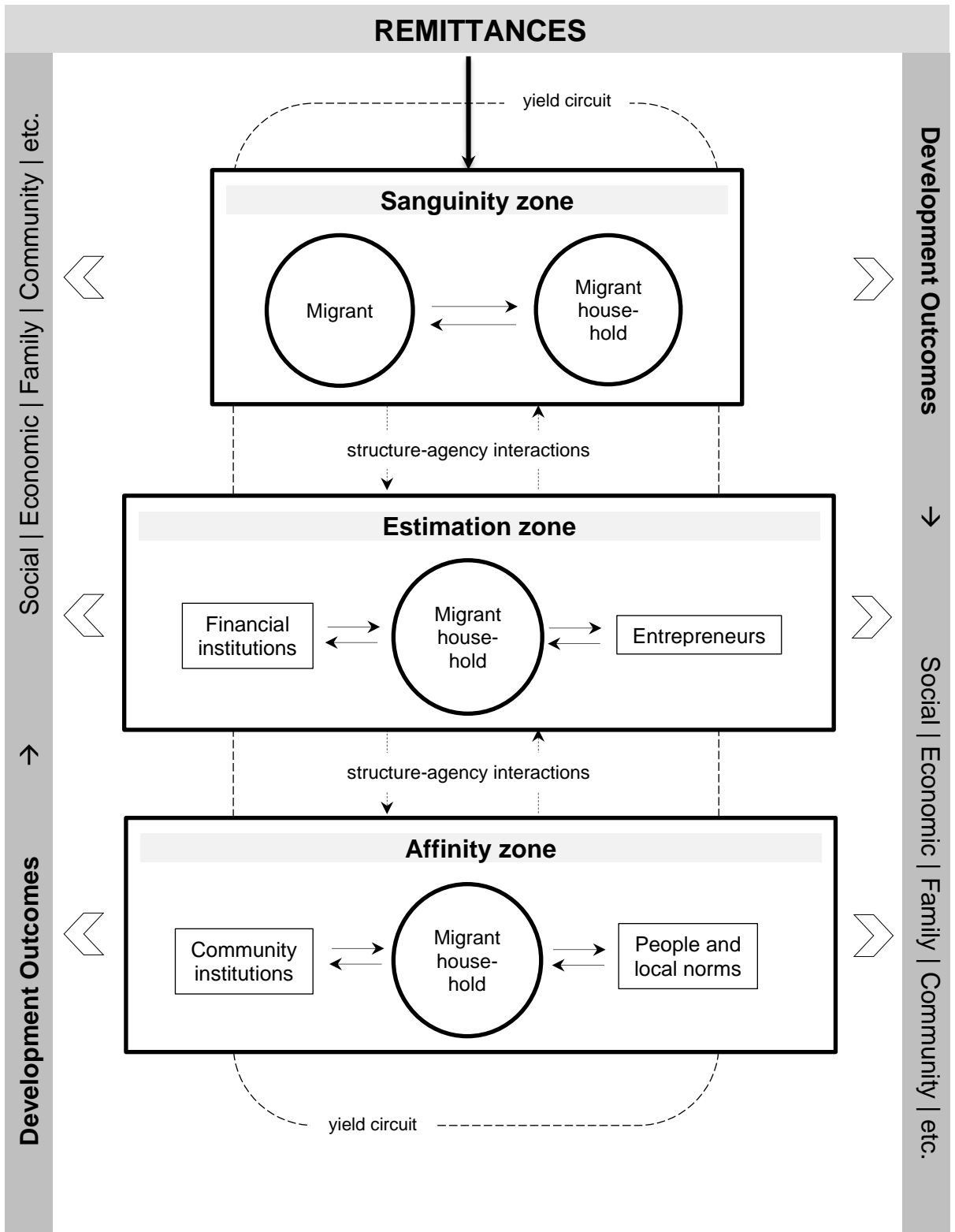


Table 2.1. The zones and yields of the Behavioural Economics of Remittances

Zones	Reference point/s	Risk mitigating measures	Nature of risk mitigation	Yields / Outcomes from remittances	Key topic of analysis
<p>Sanguinity zone</p> <p>Actors: Migrant and migrant household members</p>	<p>Current situation of the (migrant) household</p>	<p>Incomes (especially from the migrant)</p> <p>Emotions</p>	<p>Affective</p>	<p>Enhance economic and social welfare conditions of the household</p> <p>Household investments</p> <p>‘Social costs’ of migration</p>	<p>Quality of family relationships</p>
<p>Estimation zone</p> <p>Actors: The migrant household and the locally-operating enterprises and financial institutions</p>	<p>Prevailing economic conditions of households and of local financial and entrepreneurial markets</p>	<p>Migrant household: Family bonds</p> <p>Local entrepreneurial and financial markets: Economic resources, economic networks, financial regulations</p>	<p>Appraisive</p>	<p>Savings and investments in locally-operating financial institutions</p> <p>Enterprises opened, operated (in competition with others locally) and sustained</p>	<p>Quality of investment / entrepreneurial climate, and of financial intermediation</p>
<p>Affinity zone</p> <p>Actors: The migrant household and the locality's institutions (e.g. local government) and members (e.g. local community groups, farmers' organisations)</p>	<p>Accustomed community life and social and economic conditions locally</p>	<p>Migrant household: Family bonds, some social networks</p> <p>Local community and its members and institutions: Social networks, cultural norms, regulation, political power</p>	<p>Regulative acquaintance</p>	<p>Economic spill-over benefits from remittances to non-migrant households</p> <p>Improved or unequal socio-economic impacts unto households and proximate communities (e.g. villages)</p>	<p>Quality of institutions</p>

Developed by the author

- The **sanguinity zone** is the terrain of the migrant household. In associating this zone to the metaphor, sanguinity means one’s leaning to have faith in achieving the best outcome. This inclination usually resides in the family, what with parental duties for example almost always striving to attain the

most desirable outcomes for children and for the family. The said inclination very much applies to efforts related to household finance.

It is in the sanguinity zone where the individual financial capabilities of household members — at home and abroad — interface with the quality of their family relationships through formal and informal financial socialisation moments. Family bonds ground economic aspirations by migrant households, as well as frequent communication by migrant family members on financial matters.

The family also confronts the entangled influences of overseas migration and remittances to household finance and to family relationships. Migrants can be family centred (Vancluysen et al. 2017). Given the role of remittances, receiving and accessing these incomes, as well as controlling and deciding over their usage, then become family matters and issues (Aminuddin et al. 2019). Researchers will observe here both the positive and negative quality of family relationships vis-à-vis their financial socialisation.

Gender has long been a critically important variable in migration and remittances. Not surprisingly, gender induces differing family financial socialisation dynamics within remittance-owning families. The greater context here is the altering of family rearing roles in translocal and transnational families (Dungo et al. 2013). These family rearing roles also seen migrant household members display differing levels of involvement in household economic activities, in bargaining or negotiating the use of their households' finances, and in exercising control over household resources and financial decisions (Singh 2019; Rashid 2019).

Those family rearing and family financial interactions then combine with the levels of financial capabilities of the individual members of migrant households. All these lead to the eventual financial decisions and actions that these remittance-owning households make. The financial capabilities (Birkenmaier & Huang 2014; Sherraden & Ansong 2016) of individual household members then matter. Financial knowledge, financial access and financial actions or functionings by family members affect the outcomes of their remittance use and of their prevailing family relationships. An example

here is how low levels of financial knowledge may impair financial planning by returning migrant workers (Brahmana & Brahmana 2016). The financial and familial outcomes of remittances then form part of how overseas migrant households confront the *usual family consequences* of transnational migration on overall family life. Therefore, the economic and social dimensions of migration and remittances within migrant households both smoothly and visibly connect themselves to overall daily family dynamics and in specific financial matters (Lacsina & Opiniano 2017).

It can be hypothesised in the sanguinity zone that there is grounded trust between and among migrant household members on deciding to use their remittances productively. This is because the migrant household's aim is to ensure the achievement of the most optimal financial outcome. When adverse outcomes of these economic actions come, migrant household members will mitigate these using their financial resources and their prevailing emotional bonds. This reveals an *affective* nature to risk mitigation by the migrant household in the sanguinity zone.

The sanguinity zone puts forward the *quality of family relationships* as the topic of analysis. One may have to understand the back-and-forth movements of a) The quality of dyadic family relationships (e.g. spouses, parent-to-child); b) The quality of financial capabilities and financial behaviours of individual household members; and c) Gender roles and actions related to overall family rearing and family financial or interaction. It is also in the sanguinity zone where the household-level benefits and costs of remittances and migration can be seen.

- The ***estimation zone*** sees the migrant household interact with financial institutions, entrepreneurs and the overall entrepreneurial conditions of a place. The metaphor *estimation* is used to name this zone since the migrant household assesses the financial costs and benefits of financial transactions and productive economic activities. Personal and family-level contexts also drive their desires to save and invest remittances (Vancluysen et al. 2017).

In the same vein, financial institutions and enterprises assess migrant households as customers especially since they have (some) disposable income. Approximations by these financial institutions and enterprises also consider the trustworthiness of these migrants and migrant households. This approximation comes into play, for example, when migrant households borrow money and try to honour the terms of the loan agreement. These estimations by involved actors characterise their economic interactions.

Prospective migrant entrepreneurs and investors will first feel excitement, optimism, over-precision and sometimes overconfidence. Their possession of disposable incomes (coming from remittances and other income sources) buoys their interest at these economic ventures. What also gives them confidence is that ventures operate in familiar territory: their immediate geographic communities where economic activities are geographically embedded (Korsgaard et al. 2015). In the course of venturing into the entrepreneurial or investment endeavour, migrants and migrant households then acquire gradual clarity, knowledge and skills on how these economic ventures are handled and managed. What follows are differing actions and modes of assessment on how profitable, less risky entrepreneurship and/or investing may be.

When dealing with financial institutions, migrant households (the “remittance owners”) encounter the former’s regulations and requirements. Eventual transactions then yield both satisfaction and displeasure. As well in the estimation zone, migrant households survey their place’s business landscape and assess prospects and risks. With the help of loved ones and their local connections or networks, physically-absent remittance senders negotiate with family members at home to decide which local ventures may work. Being in rural areas, agriculture provides an example of a profitable venture.

Thus saying, assessments on the viability of entrepreneurial ventures and the products and regulations of local financial institutions govern remittance owners’ actions and decisions in the estimation zone. In this zone, the current economic conditions of families and the profit standing of financial institutions and enterprises are their reference points. Also in the estimation zone, both sets of transacting parties assess each other’s financial mechanisms. These

mechanisms cover: a) The cash flow and risk appetites of remittance owners; b) The regulations that financial institutions promulgate; and c) The measures of entrepreneurs to address risks to their ventures (e.g. climate impacts, increased competition for scarce markets, etc.).

The risk mitigation efforts of actors in the estimation zone can be thus described as *appraisive*. What insulates actors from risks are migrant households' family bonds (plus some extra incomes they may have kept), and entrepreneurs and financial institutions' prevailing economic resources, financial regulations, and local economic networks. Given also that migrant households directly make economic decisions and actions with the use of remittances, it would be interesting also to determine their levels of risk appetites. Their risk-taking behaviours here take cognisance of not just their individual dispositions to risk, but the geographic contexts to where risk-taking activities are to be made.

Accounting for the *nuanced* geographic conditions surrounding entrepreneurship, investing and financial intermediation provides the reason why *the quality of a locality's investment climate* is the key topic of analysis in the estimation zone. The ease of investing and doing business takes note of not just the topographic make-up of a place, but also the services that relevant institutions accord to prospective and current entrepreneurs and investors—in that place. These overarching conditions alone lead to the different outcomes that remittances provide to local development (De Haas, 2003; 2010).

- As the migrant and her/his family interface with financial institutions and with enterprises locally, they simultaneously interact with organised institutions, with members of the community, and with the community's prevailing norms and customs. These wider interactions occur in the ***affinity zone***. Affinity covers a sympathy for a person or thing given shared characteristics. This word gets easily associated with a (rural) community, where kinship relationships, interpersonal empathy and shared values and norms exist. These community realities help shape people's conduct as well as the regulations and the institutional arrangements that sustain and uphold community life. It does not therefore come as surprising that cultural norms —

embedded spatially (Korsgaard et al. 2015) — may seep into the economic decisions of migrants and their families. Even a local culture of relatedness (Aguilar 2009; 2013) may also buoy present economic or financial biases by these migrant households.

It is in the affinity zone where institutions matter. In institutional economics, “institutions” cover not just the organised groups (be it formal or informal) but also the rules and social structures (examples of the latter will be local norms, belief systems and quality of community relationships). We look here at not just the “rules of the game” (or institutional environments) — or the formal and informal rules guiding people’s economic, social and political interactions. We also try to make sense of the ways that organised community actors respond to those rules (referred to here as institutional arrangements) (Joskow 2008). These institutional environments and institutional arrangements thus sway the actions of residents. This is the interaction of structure and agency at work. If rules, for example, on registering business ventures and acquiring business permits prove to be cumbersome, these realities will discourage any aspiring entrepreneur (like overseas migrants) from trying out entrepreneurship locally.

Community linkages are also being maximised to assess the prospects to productively use remittances locally. Thus, social institutions or organised groups in migrants’ origin communities are critical influencers. Social and economic institutions or groups in migrants’ origin communities showcase their importance in “structuring the decisions of migrants about remittances” (VanWey 2007: p. 138). Prospective entrepreneurs and investors like overseas migrants would like to see if organised institutions locally are worth extending their financial resources and, more importantly, their confidence with these institutions. Eventually, positive assessments of organised institutions may lead to actual remittance use — for the benefit of individual migrant households, and by extension the local community (VanWey et al. 2005; Robson & Berkes 2011). Thus, accounting for the role of institutions — covering *institutional environments* and *institutional arrangements* (Joskow 2008) — will help us best understand the community-level economic outcomes of migration and remittances (VanWey 2007: p. 139). These outcomes happen vis-a-vis prevailing and emerging development dynamics

and events that involve *both* migration and non-migration factors (De Haas 2019).

Migrant households and community actors though still face risks in their interactions with each other. In the affinity zone, migrant households cling to their family bonds as a risk mitigating measure, premised on family welfare as reference point. The community for its part has prevailing social networks, cultures, norms and regulations (especially from local authorities) as risk-mitigating measures. Such measures strive for community progress and order as an overarching reference point. Thus, *regulative acquaintance* describes the risk mitigation efforts of involved actors. This means that while rural residents and community stakeholders belong to the same community, prevailing rules will still have to be followed.

In the end, the key topic of analysis in the affinity zone is the *quality of local institutions*, giving indications on how migrants abroad and their families at home will use — or not use — their remittances for productive purposes. On the part of the origin community, since overseas migration is intrinsic in daily community life, community leaders and members wish that overseas remittances contribute to local development. All the more that rural areas aspire for such migration-for-development aspiration amid visible constraints to rural livelihoods and economic activities.

The Behavioural Economics of Remittances, as illustrated in Figure 2.2, reveals the iterative interactions of migrant households (from the sanguinity zone) and actors in the community (from both the estimation and affinity zones). When they interact, both the migrant household and the community-based stakeholders *employ decision-making and risk-taking tools* to ascertain the gains and costs of using remittances locally, and to endow confidence between and among involved parties. Meanwhile, each of these zones of the Behavioural Economics of Remittances also yields varied development outcomes of remittances and migration: to family rearing, to local entrepreneurship and investment, to financial intermediation, to community relations, to local economic development, among others.

A limitation of this theory is that the analysis extends only to the level of geographic communities. Outcomes of remittances in local communities may not be representative of a wider geographic scope like a province, a geographic region or an entire country. However, the *meso level of generalisability* that the Behavioural Economics of Remittances provides runs consistent with the expectation that remittances yield different, non-uniform impacts (De Haas 2010).

Nevertheless, the Behavioural Economics of Remittances extends the New Economics of Labour Migration theory and empirically captures *both* the behaviours of the migrant household (e.g., risk taking) and the economic conditions of the geographic community. In extending the household-centric focus of the NELM:

- a. Principles of the Behavioural Economics of Remittances can be applied to both internal and international migration. Researchers take note here of the family-rearing dynamics within households with (internal or international) migrant family members (e.g. power dynamics, gender, quality of dyadic family relationships);
- b. The conjoint analysis of both the household and the community of focus becomes inseparable when looking at the theory. This inseparability falls in the spirit of agency-structure interactions; and
- c. Mixed methods designs then become the default methodology so as to fully understand nuanced structure-agency interactions and behavioural outcomes — both positive and negative — of remittances and local development.

2.8. Concluding remarks

This Chapter has presented an exploratory theoretical framework, the *Behavioural Economics of Remittances*, to analyse the remittances-and-local development nexus. This framework builds from six theories spanning agency, structure, and structure-agency dynamics. The migrant household and the local community and its members

and institutions comprise the baseline, conjoint units of analysis in the Behavioural Economics of Remittances.

This interdisciplinary framework also refreshes and extends the New Economics of Labour Migration theory by accounting for individual *and* institutional behaviours (financial, institutional, emotional) that contextualise the outcomes of remittances on local development, and the interactions between migrant households and their immediate communities. The exploratory framework is a small contribution to the search for theories that seamlessly connect remittances and development phenomena (Massey et al. 1998; Cohen 2005).

In connecting the remittances-local development nexus to theory, the next challenge is putting forward a research design that “simultaneously tests the propositions of several theories at once” (Massey et al. 1998: p. 293). On this score, *mixed methods* may better explain the Behavioural Economics of Remittances. Mixed methods research designs enable “the systematic development of analytical links between individual decisions and the social structures in which they are embedded” (Jefferson et al. 2014: p. 291). Individually executed quantitative and qualitative methods can only answer individual dimensions of the Behavioural Economics of Remittances. Putting together the financial heuristics (shortcuts), behaviours and decisions of household and community actors, patterns of their interactions, and the socio-economic outcomes of remittances — as mixed methods data and inferences — may yield new insights on migration, remittances and development.

3.1. Introduction

This chapter deals with the mixed methods research design and data gathering methods to meet the research objectives of this thesis. Mixed methods is presented here as a research design (not just as a research “approach”) that *purposively integrates* quantitative results and qualitative findings.

An objective of this research is to explain mixed methods in the context of analysing the interactions between remittances and local development interactions, and between people and place. The specific quantitative and qualitative data gathering methods employed in San Nicolas and Moncada are outlined here. These research methods cover the following aspects: target respondents; sampling methods employed; and the design of research instruments and the questionnaire. The presentation of quantitative and qualitative data analysis techniques follows and, more importantly, mixed methods data integration approaches. Issues surrounding the limitations of this research, as well as research ethics considerations are outlined here. Finally, the Chapter ends by highlighting the importance of mixed methods designs in testing the Behavioural Economics of Migration framework (*refer to Chapter 2*).

3.2. Context setting: Methods in remittances studies

Many studies on remittances and development in the last three decades cover economic themes and methods. These studies have been anchored on the New Economics of Labour Migration theory, premised on standard economics (Czaika 2015). However, critics say the NELM emphasises more quantitative methods (De Haas 2003), leaving *qualitative* methods either to be subservient to them or to be rendered irrelevant.

The situation reveals the long-standing paradigm wars between quantitative and qualitative methods, both of which are carrying different (and “opposing”) epistemologies and ontologies (Johnson 2015). Economists naturally disregard qualitative research because many of them perceive qualitative studies as “less reliable, less accurate, less powerful and/or less credible” (Starr 2014: p. 240). Meanwhile, a critique of traditionally quantitative economic research is that the voices of economic agents — households, firms, governments — get left out (Starr 2014).

Is there hope then for the broader analysis of remittances and development from a behavioural standpoint, and the need to capture structure-agency interactions by using *both* quantitative and qualitative methods? The answer is yes. Jefferson et al. (2014: p. 91) argue that mixed methods designs enable “a *depth* and *breadth* of analysis and understanding” that is not possible through quantitative results or qualitative findings *alone*. Both quantitative and qualitative methods systematically analyse the links between individual decisions and the social structures (e.g. institutions, norms) where economic agents are embedded. If quantitative and qualitative research designs are well executed in economics-aligned studies, it is likely that new economic knowledge will be produced:

“Well-designed qualitative projects, by virtue of their open-ended approach to gathering information, provide valuable avenues for bringing perspectives of actual economic actors more directly into the processes of economic knowledge... bringing the perceptions, experiences and understandings of research subjects into discussions of economic issues and topics that concern them can yield unexpected and highly valuable insights... Potentially then, making greater use of research strategies that give economic agents more opportunities to shape how economic knowledge evolves may result in knowledge that has better scientific validity, higher social value, and better ethical properties” (Starr 2014: p. 258).

Gordon (2011) argues that all the more that qualitative research resembles a perfect methodological match for behavioural economics, a field that usually studies the meaning of human behaviour. He adds:

“Behavioural economics can provide qualitative researchers with new energy and a very different frame of reference for certain kinds of research problems. Dynamic qualitative research can provide those working with behavioural economics... the practical skill and applications they need to solve the problems that face them in an increasingly complex world context. [Qualitative research

and behavioural economics is a] true marriage of equals” (Gordon 2011: p. 184).

3.3. Fully integrated mixed methods design (FIMMR)

The researcher employed a *fully integrated mixed methods research* (FIMMR) design in this study. In her book, Creamer (2018, p. 12) says FIMMR is:

“... an approach to mixed methods research where there is the intention to mix or integrate the qualitative and quantitative strands of study throughout each of the stages or phases of the research process.”

Mixing or integration is central to the FIMMR definition of Creamer, this being “the linking, merging or embedding of qualitative and quantitative strands of a mixed methods study” *throughout the research process and (all) its stages* (Creamer 2018, p. 5): research design, data collection, sampling, data analysis, and interpretation. If just one phase or few phases of the research process is / are mixed, the situation “does not optimise the potential value-added of mixed methods” (Creamer 2018, p. 12). As it is usually the case with mixed methods, putting the quantitative and qualitative research strands together covers both breadth and depth; outcomes and processes; the generalisability of quantitative results and the credibility and transferability of qualitative findings; and interpretations extending both quantitative results and qualitative findings (Creamer 2018, p. 9).

The researcher believes an FIMMR design provides the best chance to derive interesting insights and analyses on the processes, interactions and outcomes of remittances on local development. Covering both the rural household and the rural municipality as units of analysis warrants the conduct of quantitative and qualitative methods. Data gathered will be purposively used for corroboration, triangulation, and elaboration of the richness and detail of the phenomenon under study (adopting Creamer 2018).

It is in rural households where the researcher has captured data on their remittance usage behaviours; their financial capabilities; their family financial interactions; and

their views of their rural home towns and its stakeholders. The rural municipality, for its part, has provided the researcher with primary and secondary data on its socio-economic and investment conditions; its regulations and endeavours related to local financial inclusion, investment and entrepreneurship; the behaviours of rural residents and local stakeholders (including migrant households); and the geographic make-up of the locality.

This research recognises the unassailable value of mixed methods in analysing remittances-and-local development interactions —these being observable in the Behavioural Economics of Remittances framework (*refer to Chapter 2*). Given the interactions between individual *agents* (migrants and migrant households) and existing *structures* (organised institutions, prevailing rules and regulations and cultural norms), mixed methods enable "the systematic development of analytical links between individual decisions and the social structures in which they are embedded" (Jefferson *et. al* 2014, p. 291). FIMMR absolutely fits methodologically to test the Behavioural Economics of Remittances theoretical framework.

3.4. Primary data collection

The quantitative segment of this mixed methods research employed *household surveys* while the qualitative segment utilised methods under the umbrella of *rapid qualitative inquiry*. Qualitative methods employed include key informant and focus group interviews (KIs and FGIs), object-centred interviews (OCIs), documentary analysis, and participant observation. The University of Adelaide and its Human Research Ethics Committee (HREC) approved this research project (with approval number H-2018-169). Fieldwork was conducted from September 2018 to June 2019.

3.4.1. Sampling

Table 3.1 presents the rich dataset profiles for both municipalities. The household surveys employed *quota* and *referral sampling*. Key informant and focus group interviews with local stakeholders used *key informant sampling*; the same qualitative methods were employed to overseas migrants based in three destination countries

and working on a ship (i.e. seafarer) —all of whom were selected through *referral sampling*. Meanwhile, migrant household heads who were subjected to object-centred interviews (OCIs) were selected through *nested sampling* since they agreed to be interviewed after participating in the household survey. Finally, documentary data collected from San Nicolas and Moncada were collected through *maximum variation sampling*.

Fieldwork in San Nicolas gathered a *total* of 601 survey respondents while, data gathering activities in Moncada yielded a *total* of 527 survey and interview respondents. Fieldwork in both municipalities thus yielded a total of 1,128 survey and interview respondents.

Table 3.1: Summary of data gathering activities

Quantitative design and method/s employed: Household surveys				
Municipality	Respondent-groups		Sampling methods employed	
	Migrant households	Non-migrant households		
San Nicolas (24 villages)	221	251	<i>Quota and referral sampling, covering all villages (sample determined through statistical power — confidence interval of $\alpha = 95$ percent and 0.5 power [medium effect size])</i>	
Moncada (37 villages)	222	212		
Qualitative design and methods employed: Rapid qualitative inquiry (RQI)				
Municipality	Respondent-groups		OCIs with surveyed migrant households	Secondary data analysis
	KIIs / FGIs with local stakeholders	KIIs / FGIs with overseas migrants		
San Nicolas (24 villages)	27 KIIs: 27 pax 9 FGIs: 68 pax	4 FGIs, 1 KII (9 from Hong Kong and 1 seafarer)	24 pax	74 document sets
Moncada (37 villages)	27 KIIs: 27 pax 9 FGIs: 29 pax	2 KIIs (1 apiece from Singapore and the USA)	35 pax	88 document sets
Sampling methods employed	<i>Key informant sampling</i>	<i>Referral sampling</i>	<i>Nested sampling (from household survey)</i>	<i>Maximum variation sampling</i>

Acronyms: KIIs – key informant interviews; FGIs – focus group interviews; OCIs – object-centred interviews

3.4.2. Quantitative method

Household surveys. Migrant and non-migrant households were surveyed, with the latter being a control/comparison group. The households selected for the surveys include both the *immediate* family of the overseas migrant, and their *extended* family. (An example of the latter is the migrant worker's mother taking care of their children). The extended family system of the Philippines has been well documented to be a *primary* recipient of overseas remittances and, in many instances, a "carer" of the immediate family members of overseas migrants (Aguilar 2009).

There are no reliable and updated sources of information on the number of households with overseas migrant residents from the local governments of San Nicolas and Moncada. National government agencies handling overseas migrants provided numbers of overseas migrants from both municipalities (*refer to Table 1.5 in Chapter 1*), so that a multi-stage set of sampling techniques could be employed.

The sample sizes of migrant and non-migrant households per municipality were determined using statistical power analysis, with effect size as one of the parameters. A sample size carrying a minimum of 200 households per respondent group was targeted per municipality. The target of 200 households per respondent group fits a confidence interval of $\alpha = 95$ percent and 0.5 power (medium effect size).

The household survey covered all villages (*barangays*), 24 in San Nicolas and 37 in Moncada. Given the minimum target of household respondents, *proportionate and quota sampling* techniques at the village (*barangay*) level were employed. To arrive at the quota per village, the percentage share of a village's population to the municipality's total population was determined — with the total reaching a minimum of 200 migrant and 200 non-migrant households. If a village had a quota of five migrant households, the same quota of non-migrant households per village was set.

With the aid of four survey enumerators per municipality, the survey exceeded the minimum quota of 200 households per respondent-group. The surveys yielded a total

of 443 migrant household respondents and 463 non-migrant household respondents (refer to Table 3.1).

For purposes of this thesis, however, much focus will be given to survey results from migrant households. *Some few survey results* from non-migrant households (the comparison group) are to be presented in identified tables and figures. This comparison of *salient* survey results from both household respondent-groups seeks to check if both respondents exhibit similar behaviours and dispositions [see *next section*]. Some non-migrant household survey data was also used as *background information* in relation to presenting migrant household survey results on identified variables.,

Survey questionnaire design. The household survey questionnaires [Appendix A] covered the following themes: a) *Demographic and migration information*; b) *Risk appetites and economic prospects* (to cover prospect theory [Kahneman & Tversky 1979]); c) *Remittance behaviour and usage*; d) *Family financial socialisation* (Gudmunson & Danes 2011); e) *Financial capabilities* (Birkenmaier & Huang 2014; Sherraden & Ansong 2016), covering *financial literacy* (with aptitude and objective question items), *financial inclusion* (i.e. having a bank account) and *financial functionings* (saving, investing and doing business in the rural municipality); and f) *Human capabilities* indicators such as education and health (Sen 1999; Nussbaum 2011). The surveys were undertaken in local languages: *Ilocano*, a major Philippine regional dialect spoken in San Nicolas; and *Tagalog*, the reputed national language that is mostly spoken in Moncada.

As mentioned earlier, *some* non-migrant household survey results will be presented in tandem with migrant household results. Examples here include home town saving / investing / entrepreneurship, their knowledge of finance, their risk-taking behaviours, and their trust with family members and local institutions.

Table 3.2 summarises the demographic profiles of household respondents. It should be noted that: a) There were more female than male respondents representing their households; b) Migrant household respondents were older than non-migrant respondents. Male respondents from non-migrant households were older than their counterparts from migrant households; female respondents from migrant households

were older than their counterparts from non-migrant households; and c) Respondents were pre-dominantly married and Roman Catholic by religious affiliation. In terms of the civil status of migrant household respondents from the two towns, there are no statistically significant differences between them ($p \geq .05$).

Table 3.2: Demographic profiles of household survey respondents

Demographic details of respondent-households	San Nicolas, Ilocos Norte (%)		Moncada, Tarlac (%)	
	MHHs (N=221)	NHHs (N=251)	MHHs (N=222)	NHHs (N=212)
Gender				
Female	69.2	78.1	73.4	73.1
Male	30.8	21.9	26.6	26.9
Age (M or mean)				
Persons	48.34	45.93	51.41	46.95
Male	47.40	47.82	48.73	49.74
Female	48.76	45.40	52.39	45.93
Civil status (top answers) [^]				
Married	72.9	82.1	72.5	84.0
Widow/er	12.2	4.4	17.1	10.4
Single	11.8	10.0	7.2	5.2
Religion (top 4 affiliations)				
Roman Catholic	58.4	59.8	80.6	76.9
Born Again	8.6	8.4	7.7	7.1
<i>Iglesia ni Cristo</i> (Church of Christ)	5.0	5.6	5.4	8.0
Philippine Independent Church	18.6	17.5	--	0.5
Educational attainment of respondents (top 5 answers)				
University / College graduate	33.5	19.5	23.0	2.4
High school graduate	31.7	35.9	44.6	15.1
Elementary graduate	14.0	18.3	12.6	10.4
University / College undergraduate	8.6	14.3	0.9	20.3
High school undergraduate	2.7	5.2	0.5	36.8
Average monthly incomes (PhP)				
All household respondents	16,209.80	14,565.87	12,782.19	8,050.87
Male household respondents	14,721.68	16,209.80	12,018.92	12,928.83
Female household respondents	16,908.07	13,269.03	13,060.18	6,241.83
Number of income earners in household (top 2 answers)				
One income earner	30.8	39.4	32.9	41.0
Two income earners	38.9	39.0	45.9	39.6

Legend: MHH – migrant households; NHH – non-migrant households

Covering MHHs: [^] $p \geq .01$

Source: Household surveys 2018-2019

There are also some salient differences between San Nicolas and Moncada in the demographic profiles of these household respondents:

- *Educational attainment.* University or college graduates from migrant households were more dominant in San Nicolas (33.5%) while high school

graduates (44.6%) dominated among migrant household respondents in Moncada.

- *Average monthly incomes.* Migrant household-respondents from San Nicolas earned more average incomes (PhP16,209.80 [US\$330.81]) than their counterparts from Moncada (PhP12,782.19 [US\$260.86]). Female respondents from migrant households (i.e. those left behind) earned more than male respondents from the same respondent group. This trend may indicate that the overseas breadwinners of female-respondent households earn gainful incomes across occupations (including domestic work).
- *Number of income earners in the household.* Moncadenian migrant households with two household members as income earners (45.9%) were more than their counterparts in San Nicolas (38.9%). As well, migrant households having single income earners (32.9%) from Moncada also outnumbered those from San Nicolas (30.8%).
- *Household heads among respondents.* Not all respondents to the household surveys are heads of their households. At least nine in ten migrant household respondents from San Nicolas, and six in ten migrant household respondents in Moncada, head their households. This set of results may imply that there were more financial decision-makers who are physically present in San Nicolas than in Moncada.

3.4.3. Qualitative methods

Several qualitative methods were implemented as part of RQI. Applied social scientist James Beebe defined RQI as a team-based applied research approach that: a) Focuses on an insider's perspective of the phenomenon; b) Uses triangulation (i.e. multiple sources); and c) Implements iterative data analysis and additional data collection over a period of at least eight-to-12 weeks (Beebe 2017). RQI is used not only when the issues being studied are not yet clearly defined, and also when there is no sufficient time or other resources to conduct long-term, traditional qualitative research methods like ethnography (Beebe 2014).

RQI methods were employed for at least eight weeks per municipality. Through RQI, the following were determined: a) The local competitiveness of the two municipalities, using a Philippine framework on local economic competitiveness (Luz & Ang 2013; Philippine Department of Trade and Industry 2019); b) The interactions of the municipality's organised institutions and the financial sector with overseas migrants and their households; c) Insider information about the culture and norms of the communities concerned; and d) The geographic locations of economic activities within the two municipalities.

Secondary data collection. Secondary data collected here were both in printed and electronic forms. These documents include administrative data and records, photographs, artefacts, doodles, audio-visual materials, etc. — all of which were produced by their sources and not through any intervention (e.g. purposive questions) by researchers (Bowen 2009).

Secondary or documentary data provided *contexts* on the socio-economic and investment conditions of the municipalities concerned. Certain details on the products and services of financial institutions were also found in documents. As well, some documents provided highly useful background, like certain cultural contexts about the way of life in both San Nicolas and Moncada.

A range of documents about San Nicolas and Moncada were collected through *maximum variation sampling*. Documents were collected within and outside the two municipalities, and with permission from their owners — especially the local government units (LGUs) and the financial institutions concerned. These secondary data provided contextual explanations and information to supplement the primary data from household surveys and the interviews.

A guiding framework, produced by the Philippine government (Department of Trade and Industry 2019), was also used to look at the municipalities' economic competitiveness. This is the *Cities and Municipalities Competitiveness Index* or CMCI (*Appendix B*); since 2013, LGUs are assessed according to some indicators — *economic dynamism, infrastructure, government efficiency* (Luz & Ang 2013) — using the administrative data that provinces, cities and municipalities have at their

disposal. LGUs then submit these data to external assessors. The Department of Trade and Industry, then ranks LGUs and their levels of competitiveness. Collected CMCI data of San Nicolas and Moncada cover multiple years, from 2011 to 2018, so as to see changes over time. (*Refer also to Table 1.6 in Chapter 1.*)

Key informant and focus group interviews with stakeholders in the two municipalities. Key informant interviews (KIIs) and focus group interviews (FGIs) were conducted with identified stakeholders in the two municipalities. Question items vary per stakeholder interviewed, as shown in Table 3.3.

In summary, there were a total of 104 interview participants for San Nicolas, and 52 for Moncada to both the key informant and focus group interviews. Interviewees included respondents outside of San Nicolas and Moncada, but they belonged to organisations or offices with programs and projects benefiting the two municipalities. All interviews with these stakeholders were conducted in the offices and residences of respondents. Interviewees were first oriented about the research project and, upon their agreement, they signed informed consent forms to proceed with the audio-recorded interviews. The KIIs and FGIs were also occasions to request relevant documents and administrative data.

Object-centred interviews with migrant household heads who participated in the household survey. These *object-centred interviews* (OCIs) were conducted with migrant households, with objects used as props. The “objects” shown to respondents helped elicit further answers and clarify the meanings of the elicited answers; and assisted in the information recall and accuracy of respondents (Taylor & Lynch 2016: p. 43). Objects had to be used because the topic, money and family finance, was perceived to be a sensitive discussion for respondents. OCIs are frequently used in marketing research.

Table 3.3: Key informant and focus group interview targets by stakeholder group

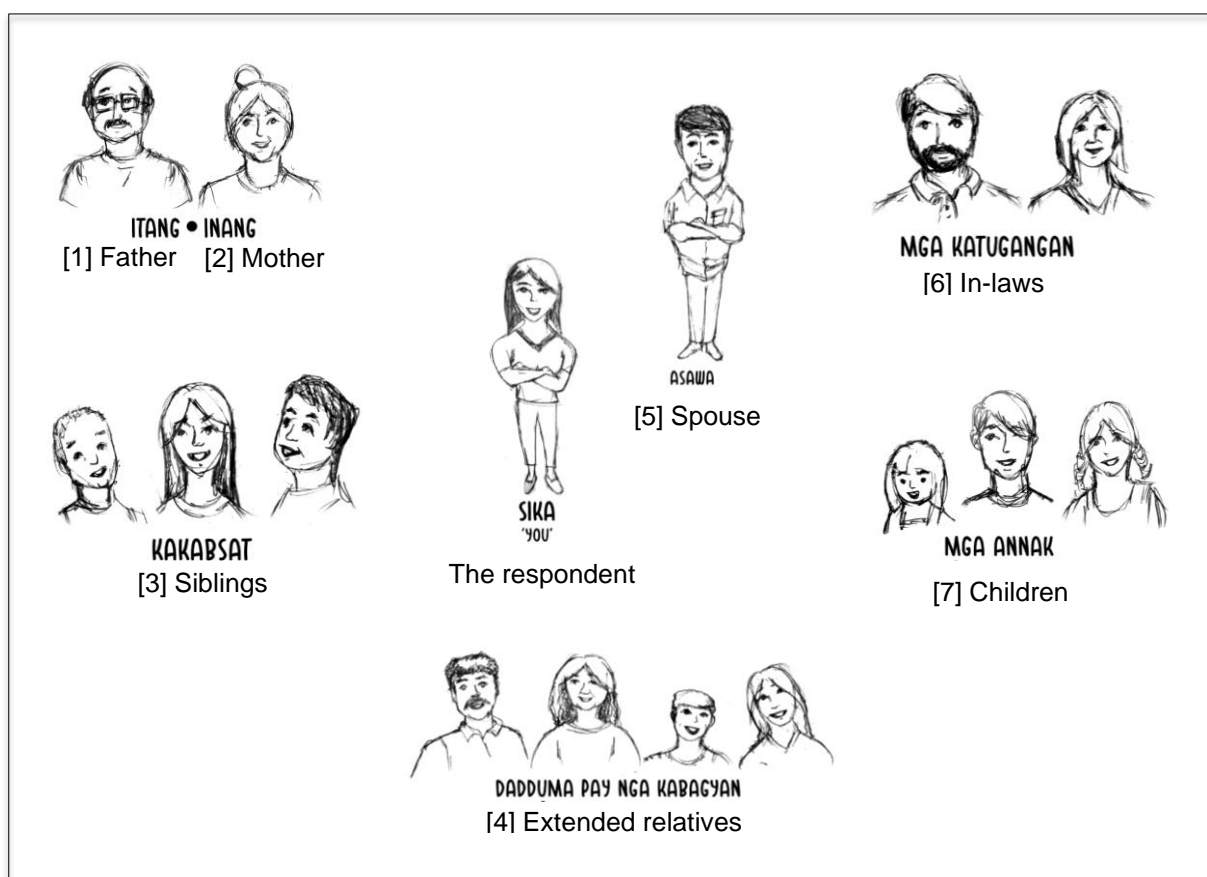
Sector	Target respondents	Interview themes
<i>Local government officials</i>	Municipal agriculturist; Municipal assessor; Municipal engineer; Municipal social welfare and development officer; Public Employment Service Office (PESO) manager; Local economic investment promotion officer (LEIPO); Municipal local government operations officer (LGOO); business permits and licensing office (BPLO) head; Municipal population officer (if applicable); Municipal environment and natural resources officer (MENRO); Municipal tourism officer; Local police chief; Public market administrator (if applicable); Municipal cooperatives officer.	Local competitiveness / Investment climate of the rural municipality and its intricate details; programs and services; dealings with overseas migrant town mates and their families
<i>Home town-based financial institutions</i>	Rural banks (including cooperative banks and microfinance-oriented rural banks); credit and multi-purpose cooperatives; microfinance NGOs	Financial products and services; assessment of overseas migrants and their households as clients
<i>Community-based civil society and business groups</i>	Organisations of farmers / fishers / agrarian reform beneficiaries; groups of local entrepreneurs (farming and non-farming enterprises)	Dealings with overseas migrant town mate-clients and their families as community members and entrepreneurs; dealings with overseas migrant town mate-clients and their families; Investment competitiveness of rural home town; Local culture about money, money management, social capital
<i>A home town-based migrant family group, or a home town association based in host countries</i>	Migrant Family Circle based in the municipality; home town association in a destination country with members from the rural home town	Family financial socialisation; allotting remittances for human development needs; cognitive heuristics on finance and investment; Migrant entrepreneurship
<i>Overseas migrants and their migrant home town associations</i>	Vacationing overseas migrants returning to the rural home towns for holidays and town fiesta; Face-to-face interviews with overseas migrants in Hong Kong and Singapore	Family financial socialisation; allotting remittances for human development needs; cognitive heuristics on finance and investment; reconnecting with the rural home town
<i>Civil servants based in the province, helping the home towns</i>	Department of Labour and Employment (DOLE) and its attached agencies serving overseas workers; Department of Agrarian Reform (DAR); National Irrigation Administration (NIA); Cooperative Development Authority (CDA); Provincial government officials	Programs, services and projects — on economic development— implemented to benefit the research sites concerned

Migrant household respondents to the OCIs provided in-depth information about their answers to the household survey. Through *nested sampling*, these household respondents were selected because: a) They were identified to have savings, investments and/or enterprises in San Nicolas and Moncada; and b) They agreed to be interviewed again after participating in the household survey. Two teams of interviewers (eight interviewers for San Nicolas and 12 interviewers for Moncada) conducted private interviews in the residences of OCI respondents. Two interviewers probed each respondent: one conducted the interview while the other jotted down observations and some notes (*memos*).

For purposes of this research, answers to the OCI that will be presented here surround family financial socialisation dynamics (Gudmunson & Danes 2011) by migrant households. An answer sheet, titled *Me and My Family, on Money*, shows sketches of the respondent (*Figure 3.1*) in a universe with two sets of families: her/his immediate family (when the respondent was under its tutelage) and her/his own family (the latter to accommodate married respondents). This sheet also contained sketches of the respondents' extended family members and her/his in-laws, given the role of extended family members in overall Filipino family rearing, extending notions of cultures of relatedness to include migration (Aguilar 2009).

For this specific OCI, interviewers asked respondents to recall how do they discuss money matters or family finance with parents, siblings, extended family members, with the spouse, in-laws and with children. Doing this exercise checks a major assertion of the Family Financial Socialisation model (Gudmunson & Danes 2011): family members are the fundamental agents of one's financial socialisation, and the family the starting point of all learning about money. This exercise checks the assumption that a good quality family relationship *may* positively influence financial attitudes (Gudmunson & Danes 2011).

Figure 3.1: Object-centred interview answer sheet of a household's socialisation moments surrounding family finance (sample)



Note: Language used in the sheet was Ilocano

Sketch by Mr. Walter Lingon

Object-centred interviewees coming from the household surveys — 24 for San Nicolas and 35 for Moncada — covered almost all villages of the two municipalities. In addition, OCIs using the *Me and My Family, on Money* doodle sheet were employed to: a) Ten overseas migrants from San Nicolas and one overseas migrant from Moncada; and b) Nine respondents of grouped interviews with identified members of home-grown cooperatives (or credit unions) who receive overseas remittances from immediate family members. Six of these cooperative members are from San Nicolas, and three cooperative members are from Moncada. In total, the object-centred interviews yielded a total of 78 respondents.

Interviewees were given participation information sheets prior to the interviews; upon their approval, they signed informed consent forms to proceed with the audio-recorded interviews. Prior to the actual interview, respondents accomplished

demographic profile sheets or *robotfoto* (a Dutch word for a cartographic sketch of respondents, capturing their basic characteristics given the research at hand [Wakat 2017; De Guzman *et. al* 2007]).

Robotfoto items were only obtained from the 59 household survey respondents. This is given that interviews with the other respondents (overseas migrants and members of cooperatives who have migrant family members) had the questions on family financial socialisation as *rider questions*. Nevertheless, the 59 household survey respondents to these object-centred interviews revealed the heterogeneity of their households' overseas migration experiences — from labour migration to permanent settlement, per destination country, and according to respondents' stage in the life cycle.

Table 3.4 shows most of these specific OCI respondents were female, were married, aged 35-44 years old, and had children still in school. In addition, most of these specific OCI respondents had daughters who were working abroad, and who were the primary remitters. Most respondents have one family member working or residing abroad, and receive remittances monthly. Finally, the top four destination countries of most respondents' family members are (by rank) the United States, the Kingdom of Saudi Arabia, Taiwan – Republic of China, and the United Arab Emirates. About 21 countries of destination of overseas breadwinners were identified from the 59 migrant household survey respondents.

Participant observation. To get a sense of community life and the local culture and customs of the municipalities, some participant observation activities were undertaken. Notes from these activities were jotted down in separate diaries.

San Nicolas had its town fiesta⁷ (26-30 December 2018, called the *Damili* Festival. *Damili* is a local word for terra-cotta pottery making that is the town's major cultural facet). Weeks after, the town fiesta of Moncada (8-10 February 2019) is called the

⁷ Both fiestas had their own dedicated night for the towns' vacationing overseas town mates. This is frequently called *Balikbayan* Night in the Philippines (*balikbayan* is a Filipino word referring to the returning overseas Filipino migrant). Those nights were held on 29 December 2018 in San Nicolas, and 9 February 2019 in Moncada. The said occasions saw the return of mostly emigrants and naturalised citizens (and some temporary migrant workers) to their home towns. Symbolically, those *Balikbayan* Nights brandished the local governments' accomplishments to dollar-remitting town mates, the latter being exposed to better systems and public services in host countries.

Kamote Festival. *Kamote* is the Tagalog word for sweet potato, the major crop of the town). Fiestas bring people together and showcase their local culture through special activities like street parades, artistic contests, beauty pageants and communal gatherings (e.g. carnival rides, cultural performances).

Table 3.4: Demographic and migration profiles of object-centred interviewees coming from the household surveys

Profiles of OCI respondents	OCI respondents			
	San Nicolas		Moncada	
	Male (N=10)	Female (N=14)	Male (N=8)	Female (N=27)
Civil status (top two)				
Single	4	4	3	1
Married	4	9	4	26
Age groups				
25-34	3	3	2	2
35-54	3	9	5	12
55-and above	4	2	1	13
Children who are studying				
Pre-school to high school (junior, senior)	3	5	4	15
University undergraduates and graduates	2	2	1	8
Family member/s working / residing abroad				
Family of origin (parents, siblings)	6	10	4	5
Family of pro-creation (spouse, children)	4	6	4	19
Number of family member/s abroad				
One family member	5	8	5	19
Two or more family members	5	6	3	8
Family member/s who remit money				
Family of origin (parents, siblings)	5	7	6	6
Family of pro-creation (spouse, children)	5	5	2	20
Country locations of family members				
Family members in five leading destination countries (United States of America, Kingdom of Saudi Arabia, Taiwan, the United Arab Emirates, and Hong Kong SAR)	7	7	6	12
Family members in 16 other countries	3	7	2	15
Frequency of receiving overseas remittances, top answers				
Once or twice a month	5	7	5	26

Source: Object-centred interviews 2019

The town's centres of entrepreneurial activity were visited, and these included commercial areas, agricultural farmlands, irrigation facilities, financial service provision and tourist sites, as well as areas where village-level public services are provided. Observations were also jotted down on municipalities' road connectivity (farm-to-market roads, major national highways where non-farming enterprises set

up shop, and roads in rural villages); the public markets and micro-, small-, medium- and large-sized enterprises found in these towns; and the municipalities' connectedness to nearby cities and municipalities by public transport. Those observed details give flesh to the economic competitiveness conditions of San Nicolas and Moncada, these being outlined in documentary data to the annual Cities and Municipalities Competitiveness Index (CMCI).

Finally, local officials and their dealings with the public were also observed during their daily visits to the municipal halls of both towns. Observations were collected on how local governance plays a role in improving the local investment climate (Ang & Opiniano 2016a).

3.4.4. Data validation

Data validation was conducted in both San Nicolas and Moncada through events called *home town conferences*. Those conferences presented preliminary findings from the fieldwork, and some study respondents and other community members had also provided comments. The home town conferences were held on 9 January 2019 in San Nicolas and 15 May 2019 in Moncada. Those who attended the home town conferences include the mayors and top elected and appointed officials, representatives of financial institutions and other community members (*Figure 3.2*).

3.5. Mixed methods for data analysis and integration

The highlight of mixed methods research is *integration*, the “explicit combination of quantitative and qualitative components of a mixed methods study” (Plano Clark & Sanders 2015: p. 179). Creamer (2018) asserted that integration in mixed methods begins as early as planning the research project; integration may be shown also in phases such as constructing research questions, developing research instruments, conducting data gathering activities, merging / connecting / embedding quantitative and qualitative data, and developing mixed methods inferences.

Figure 3.2: Home town conferences held in San Nicolas and Moncada



Tarpaulin images above designed by Mr. Mar Jensen Arinto (2019 journalism graduate, Manila)

Photos with mayors of San Nicolas (left photo, carrying a plaque) and Moncada (right photo, carrying a pet dog)

Integration is highlighted more in the data analysis phase. Here, quantitative results and qualitative findings are in “conversation or dialogue” (Plano Clark & Sanders 2015, p. 179). That way, mixed methods integration allows researchers “to develop more complete, nuanced, valid and useful understandings” of the phenomenon under study (Plano Clark & Sanders 2015: p. 178).

A major product of mixed methods data analysis and integration will be the *meta-inferences* resulting from conjointly presented quantitative results and qualitative findings. Meta-inferences “link, compare, contrast or modify inferences generated by the qualitative and quantitative strands... by weaving together two or more inferences... in such a way that it [meta-inference] links or merges results from the qualitative and quantitative strands” (Creamer 2018: p. 15).

This sub-section will enumerate how mixed methods data analysis and integration, as well as quantitative and qualitative data analyses, were done.

3.5.1. Quantitative data analysis

Descriptive statistics. These were employed in the analysis of household survey data. Non-migrant households surveyed acted as a control group since the overseas migrant household was the focus of the research. Descriptive quantitative results per identified theme or segment of the survey were presented across chapters. What followed the presentation of these quantitative results was their juxtaposition with relevant and aligned qualitative findings.

GIS mapping. Some secondary data from the two municipalities, already in quantitative form, enabled two sets of GIS maps per municipality to be produced. These GIS maps helped visualise the role of geographic location and topography in local entrepreneurship, and understand the desires of overseas remittance households to open and sustain businesses given the markets that can be targeted.

The first set of GIS maps is about the number of registered firms within San Nicolas and Moncada and their village locations (coverage year of the data: 2017). This map allows the analysis of where within the municipalities do entrepreneurs converge and reach target customers.

The other set of GIS maps covered San Nicolas and Moncada and their neighbouring cities and/or municipalities. Both communities were compared in terms of their number of their registered firms; the gross incomes of these registered firms; and the business taxes collected by local authorities. This set of maps helped visualise the external target markets of San Nicoleño and Moncadenian entrepreneurs. At the same time, these maps yielded a geographic understanding of how developed, neighbouring cities and/or municipalities provide spill-over economic benefits to San Nicolas and Moncada.

Probit regression. The probit model used here examined the probability of owning a business, having an investment and opening a savings account in the rural home town due to the overseas remittances that the household receives. This probability is due to the financial behaviours of remittance-receiving households whose surplus incomes may encourage them to use excess funds productively.

The probit model used here covered migrant households from the two municipalities. However, apart from *household characteristics* and the *levels of financial literacy* that may be associated with the above-mentioned financial actions of remittance households, this research also accounted for the following: a) the *risk profiles* of respondents; b) households' efforts to socialise about finances among its members (*family financial socialisation* [Gudmunson and Danes 2011]); c) respondents' views on the *economic prospects of their home town*; and d) respondent-households' social interactions and trust unto people and organised institutions / agencies in rural birthplaces. For migrant households surveyed, the variables *amount of overseas remittances received*, *length of time receiving overseas remittances*, and *frequency of receiving overseas remittances* were added in the analysis.

Overall, owning a business, making investments and owning a savings account in the rural home town are modelled as a function of the demographic and financial literacy characteristics of migrant households, as shown in the three equations as follows:

$$BusinessOwnership = \alpha_1 + \beta_1 F + \gamma_1 H + \delta_1 Remittances + \varepsilon_1 \quad (\text{Eq. 1})$$

$$InvestmentsinHometown = \alpha_2 + \beta_2 F + \gamma_2 H + \delta_2 Remittances + \varepsilon_2 \quad (\text{Eq. 2})$$

$$SavingsAccount = \alpha_3 + \beta_3 F + \gamma_3 H + \delta_3 Remittances + \varepsilon_3 \quad (\text{Eq. 3})$$

Where,

$$BusinessOwnership \begin{cases} 1 & \text{if } Business > 0 \\ 0 & \text{Otherwise} \end{cases}$$

$$InvestmentsinHometown \begin{cases} 1 & \text{if } InvestmentsinHometown > 0 \\ 0 & \text{Otherwise} \end{cases}$$

$$SavingsAccount \begin{cases} 1 & \text{if } Saving > 0 \\ 0 & \text{Otherwise} \end{cases}$$

The *economic significance* of probit regression results was also determined through *marginal effects* (Kachitova 2013). Economic significance here pertains to how big or small (i.e. magnitude) the treatment effect is, which is frequently used in applied economics (Bellemare 2016; Kachitova 2013).

3.5.2. Qualitative data analysis

Two qualitative analytic designs were employed in this research: phenomenology and case study.

Descriptive phenomenology and phenomenological reduction. As earlier mentioned, respondents were asked in the object-centred interviews to accomplish the doodle sheet *Me and My Family on Money*, on family financial socialisation (containing “objects” or “sketches” to guide respondents in answering questions). Answers given during these OCIs — both on those sheets and during elicitation interviews (the latter of which were transcribed in local languages, and then translated into English) — helped produce descriptive phenomenological analyses.

Phenomenology portrays people’s lived experiences (*lebenswelt*) given a phenomenon (Ng & De Guzman 2017). In this case, the lived experiences on family financial socialisation were subjected to descriptive phenomenological analysis. Each accomplished doodle sheet was collected and coded, the same with the corresponding (transcribed) interview answers. Phenomenological reduction and bracketing were done “using... that person’s world-view in order to understand the meaning of what that person is saying, rather than what the researcher expects that person to say” (Hycner 1985: p. 281). A repertory grid table was used analyse OCI participants’ answers. Also known as the Kelly Grid (named after psychologist George A. Kelly), the repertory grid instrument assesses personal constructs or meanings in order to understand the worldview of an individual. Repertory grids help make apparent the patterns of thinking that individuals do (Blagden et al. 2014), or how people provide their own meanings and understandings to their experiences (Kawaf & Tagg 2017). The grid used here by the researcher brought together the relevant answers from OCI interviewees (i.e. their worldview about family financial

socialization), which were then coded and clustered into sub-themes and major themes.

A phenomenological outcomes space (Larsson & Holström 2009) was produced from the OCIs. Such phenomenological outcomes space was presented graphically through a *metaphorical visual display* (Verdinelli & Scagnoli 2013: p. 368) — which “depicts in a metaphorical and, at times, poetic way the nature of the topics or themes found” in a qualitative study, as well as representing the connection between themes and sub-themes.

Case study analysis. This analytic design was employed given the comparison of local economic competitiveness in San Nicolas and Moncada. Documentary analyses and the key informant and focus group interviews (KIIs and FGIs) with local stakeholders were the bases for the municipal case study analyses. Documentary data, interview quotes and participant observation findings were integrated in presenting the two municipal cases. The Cities and Municipalities Index (CMCI) of the Philippines’ Department of Trade and Industry proved to be a useful guide to analyse the economic competitiveness of both municipalities as *case studies* (see example in Table 1.6 in Chapter 1). As mentioned earlier in this Chapter, comparing the two rural municipalities will provide contextualised observations, results and findings on how remittances provide differing economic consequences (i.e. saving, investing, doing business) in the two rural home towns.

3.5.3. Mixed methods data analysis and integration

Joint display tables were used to present data succinctly and in economical but focused ways. Joint displays aim to aid readers in understanding mixed methods data, analyses and interpretations (Guetterman et al. 2015: p. 158).

A recently-introduced *type, format and technique* of a joint display was used in this research: the ***pillar integration process*** or PIP (Johnson et al. 2019). The PIP is a technique to systematically integrate quantitative results and qualitative findings during the analysis phase. PIP has four steps to integrate quantitative and qualitative data. Researchers first *list* the quantitative results and qualitative findings on the rear

ends of the joint display table. After doing so, researchers then *match* the appropriate quantitative and qualitative data. These matched data will then be *checked* if there are data that match and do not match. Finally, researchers develop meta-inferences through *pillar building*, which is the middle column of the PIP joint display table (Johnson et al. 2019: pp. 305-306). It is when the meta-inferences are developed when researchers have come to realise that their inferences and conclusions are broader — these which quantitative or qualitative methods alone cannot provide.

3.5.4. Illustrating this study's mixed methods integration

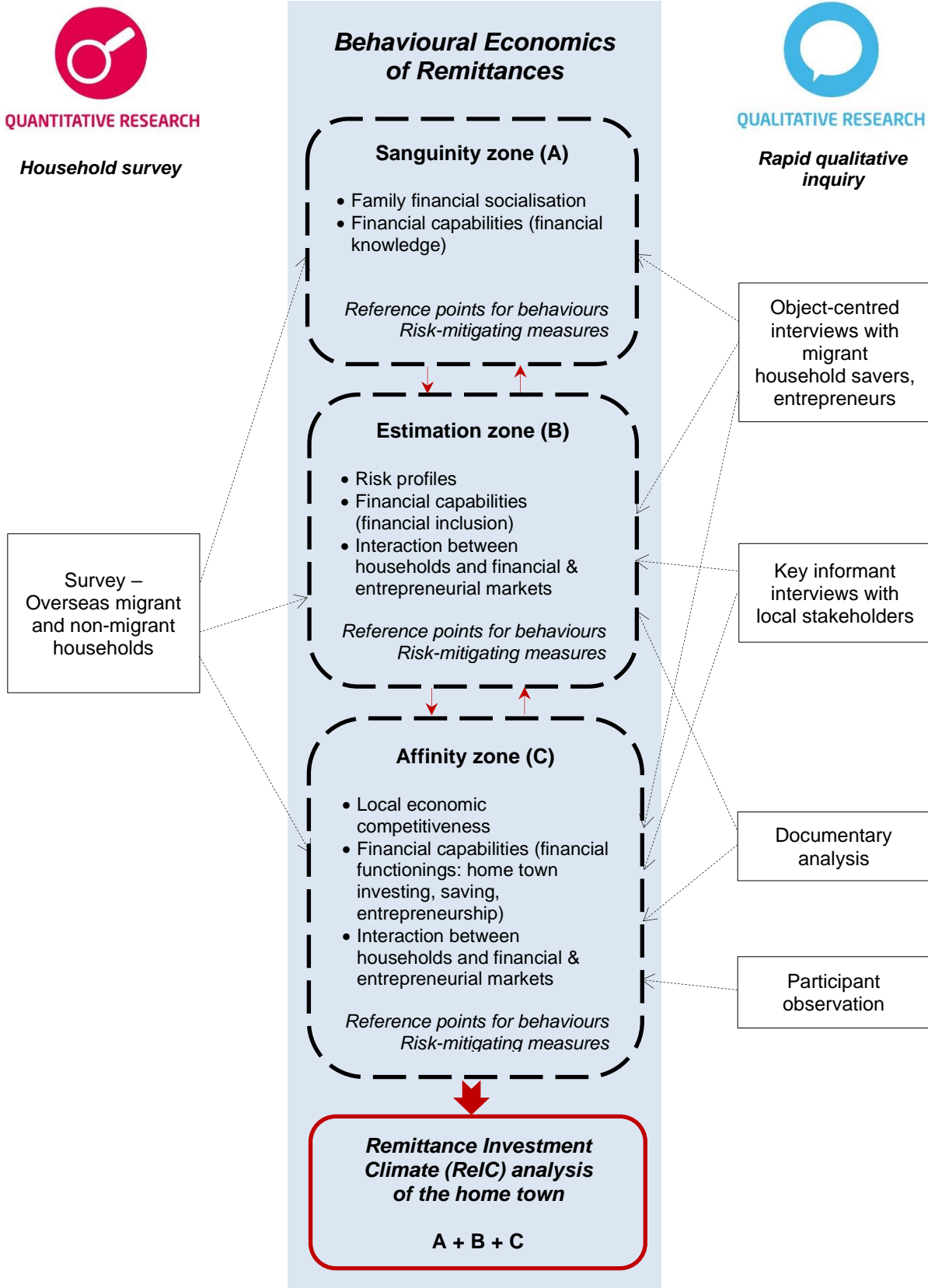
Figure 3.4 visualises the entire mixed methods integration effort, illustrating how each of the empirical chapters employed mixed methods integration. The figure reveals how data for the empirical chapters were integrated. Some of the major empirical chapters, and the quantitative and qualitative data that fit into each, were assessed vis-à-vis the three zones of the Behavioural Economics of Remittances framework (sanguinity, estimation and affinity zones).

Answers to the second specific research question were assessed vis-à-vis the *sanguinity* zone of the framework. Meanwhile, answers to the third specific research question were evaluated vis-à-vis the *estimation* and *affinity* zones. Finally, integrated answers contained in the four empirical chapters formed the basis for presenting what is called the *remittance investment climates* (or ReIC) analyses of San Nicolas and Moncada (Ang & Opiniano 2016a; 2016b; 2016c).

3.6. Limitations of the study

There were numerous challenges encountered during fieldwork, as well as limitations to the data gathering work and the mixed methods data to be presented.

Figure 3.3: Data integration in this research



A limitation of the household surveys conducted is the *use of non-probability sampling techniques*. The absence of reliable community lists or directories (or even administrative statistics) of home town-originated overseas migrants and/or households with family members overseas prevented the use of random sampling techniques. Nevertheless, the household samples collected from both municipalities provide a best approximation of these target respondent-groups, although generalisations cannot be made to the wider population.

There were only two refusals a day in Moncada (10 households a week) and three refusals in San Nicolas (15 households a week). Refusals per municipality occurred because the surveys contained some sensitive questions (e.g. incomes) which people refused to answer. The household surveys ran for six weeks per municipality, with refusals totalling 60 households in Moncada and 90 in San Nicolas. Meanwhile, the OCIs only had one respondent withdrawing participation at the middle of this interview.

Some respondents also refused to answer some question items. Notably, the specific question items surround the details of family members working and living overseas, and the specific kinds of investments made in the rural home town. Gender disaggregated data based on the household member working or living abroad cannot be presented in this research. Mostly shown here is the gender of the respondent.

One other question item that a significant number of respondents refused to answer is their sources of income. While respondents were asked if overseas and/or domestic remittances were their *only* sources of income, many respondents refused answering succeeding survey questions itemising income sources and amounts from wages, self-employment (be it farming or non-farming), pensions, investment dividends, rental income, and/or cash gifts and donations to them. The researcher acknowledges this development as a limitation.

Another limitation of this research was the *inability to get some target key informant respondents — local stakeholders — due to bureaucratic challenges*. This issue specifically pertained to the financial institutions operating in the two municipalities. There were slight challenges for the rural and thrift banks, microfinance NGOs and cooperatives since permissions from their superiors — in their headquarters, found

within the home towns and outside of the two municipalities — or by officials themselves based in San Nicolas and Moncada were sought. Most of them agreed.

It proved difficult to seek permission from universal and commercial banks (or some thrift banks that are the subsidiaries of these commercial banks). Their headquarters are based in Metro Manila (the Philippines' capital region), and it is time-consuming to seek permissions from these bigger financial institutions. Thus, findings here concerning financial institutions cover those *grassroots* financial institutions — rural banks (including cooperative banks and microfinance-oriented rural banks), cooperatives and microfinance institutions — that originated or that are external from San Nicolas and Moncada.

3.7. Ethical considerations and confidentiality

The University of Adelaide and its Human Research Ethics Committee (HREC) approved this current research project. In compliance with the HREC, human research participants were handed out *participant information sheets*, *informed consent forms* upon agreeing to requests to participate (especially for respondents to qualitative interviews), and *complaints procedure forms*.

It must be noted that collaborators — survey enumerators and qualitative interviewers — to the fieldwork efforts were first trained on: a) Implementing either the surveys or the object-centred interviews; b) Issuing the ethics-related forms, whether target respondents agreed to participate or not; and c) Considering respondents' health and welfare conditions during interview or survey requests.

Electronic and printed data and documentation for this research were stored in the following places: a) Encrypted and password-protected computer drives at The University of Adelaide; b) Figshare account that is also encrypted; and c) In office cabinets inside university premises.

Household survey data were aggregated, thus ensuring that no individual respondent can be identified in the analysis of survey findings. Meanwhile, the qualitative

interviews were transcribed with the help of Filipino assistants. These transcribers signed *transcription confidentiality agreements* to ensure that audio interviews and written transcripts are shared only to the researcher.

3.8. Concluding remarks

This Chapter has presented the *fully integrated mixed methods research* (FIMMR) design (Creamer 2018) adopted here. FIMMR fittingly captured household and community data that makes sense of the outcomes and processes of the remittances saved and invested in two rural municipalities in the Philippines. San Nicolas and Moncada were compared given how near or far they are to the nearest cities. The socio-economic and investment conditions of the two municipalities also vary, providing different settings on the productive usage of overseas remittances.

Data gathering employed the following methods: (quantitative) *household survey* of migrant and non-migrant households; and (qualitative) *rapid qualitative inquiry* (RQI) that puts together *key informant and focus group interviews* (with community stakeholders), *object-centred interviews* (with some migrant household respondents who answered the household survey) and *secondary data collection* (printed, electronic and visual data, from both municipalities). Quantitative analysis (descriptive statistics, GIS mapping, probit regression) and qualitative analysis (phenomenology, comparative case study) were employed here. All these quantitative and qualitative analytical methods paved the way for the mixed methods integration and analysis approaches (joint displays, pillar integration process) that were employed in this research.

Finally, this research hopes to fulfil some challenges posed by migration scholars in regard to analysing migration, remittances and development. The broad challenge (UNU-MERIT & De Haas 2016a) is this: *How to understand migration and remittances as intrinsically part of heterogenous social and economic development processes?* That broad challenge has revealed particular questions: a) How to deal with the complexity and diversity of real world migration-and-remittance processes? b) How to understand the individual migration and remittance decisions of people

within the broader processes of development and social change? c) How to capture the simultaneous roles of structure and agency (UNU-MERIT & De Haas 2016a)? and d) How to explain migration phenomena through research designs that “simultaneously test... propositions of several theories at once” (Massey et al. 1998: p. 293)?

Chapter 4 Remittances and home town investing

4.1. Introduction

To answer the specific research question “How are the incomes of migrant households used locally?”, there is a need to understand how these moneyed households deal with the economic and investment conditions of their home towns. This Chapter will provide baseline information on how remittance owners use their earnings given what economic conditions prevail in San Nicolas and Moncada. Home town usage of remittance incomes by migrant households is to be compared with how non-migrant households save, invest and engage in entrepreneurship.

This Chapter begins by profiling how migrant households from San Nicolas and Moncada were involved in overseas migration and were receiving remittances. This is followed by a snapshot of the remittance usage behaviours of migrant households in the two areas. These behaviours are then contextualised to the economic competitiveness of the two municipalities. Finally, an analysis of how migrant households confront the economic conditions of their home communities to open and maintain savings accounts, run businesses and make investments using their remittance incomes. Rural home town investing dynamics are compared based on household survey data, on stakeholder key informant interviews (KIIs), and the use of some secondary data.

4.2. Remittance usage in San Nicolas and Moncada

4.2.1. Migration profiles of household-respondents.

The household survey found that most of their migrant members are land-based overseas workers or migrant workers. Table 4.1 shows that a fifth of respondents in

San Nicolas are immigrants (i.e., permanently living elsewhere). This is due to the presence of town mates who are in the United States (especially in the state of Hawaii) given the centuries-old history of migration to that country from Ilocos Norte province (Pertierra 1994). San Nicolas had some 20.8 percent of respondents with immigrant household members, while Moncada only has 3.2 percent. By contrast, some 62 percent of respondent-households in San Nicolas had household members who were land-based migrant workers, compared to 87.4 percent in Moncada. These results reveal the extensive influence of international labour migration as a migration pathway for Filipino workers.

Table 4.1: Profiles of overseas migrants in respondent-households from San Nicolas and Moncada

Overseas migrant household members	Totals and %			
	San Nicolas (N=221)		Moncada (N=222)	
	Freq.	%	Freq.	%
Categories of overseas Filipinos				
Land-based overseas contract worker †	137	62.0	194	87.4
Immigrant but still a Filipino citizen	46	20.8	7	3.2
Filipinos abroad who were naturalised or born to parents with Filipino roots [^]	19	8.6	3	1.4
Seafarers / Sea-based overseas contract worker †	9	4.1	12	5.4
Dual citizen	5	2.3	4	1.8
Tourist/s working abroad	3	1.4	1	0.5
Others (including returned overseas migrants)	2	1.0	1	0.5
Number of overseas migrants in household				
One household member	159	71.9	198	89.2
Two household members	44	19.9	19	8.6
Three household members and above	18	8.2	5	2.3

[^] This category includes Filipinos who became naturalised citizens in host countries (whether born in the Philippines or in host countries)

† Overseas contract workers, also called temporary migrants in the Philippines, can either be land- or sea-based workers. The former covers those who work in destination countries. The latter covers those who work in ocean-plying vessels (cargo ships, cruise ships, oil tankers)

Source: Household surveys 2018-2019. Totals may not add up due to rounding off

Table 4.1 also shows that respondents from both municipalities only have one overseas migrant in their households: 71.9 percent in San Nicolas and 89.2 percent for Moncada. The numbers for Moncada indicate that spouses (especially females) are the overseas breadwinners serving work contracts abroad. There were 20 percent of respondents in San Nicolas which have two migrant members, and 8.6 percent in Moncada. The figure for San Nicolas may reflect network migration,

especially to the United States where the town has a sizeable group of San Nicoleño town mates.

Table 4.2 shows that predominantly *female* domestic workers make up the top occupational group — elementary occupations — of migrant household members in both San Nicolas and Moncada. These figures are consistent with national data on the leading occupation of migrants, particularly migrant workers (Philippine Statistics Authority 2019). These domestic workers are also the leading specific occupation of these migrant household members in both municipalities (34.4 percent in San Nicolas and 40.9 percent in Moncada).

Table 4.2: Occupations of San Nicoleño and Moncadenian migrant household members abroad

Top-ranked occupational groups and specific occupations	Municipal totals		Gender			
	Freq.	% to municipal total	Male		Female	
			Freq.	%	Freq.	%
San Nicolas (N = 189)						
Occupational groupings						
1 – Elementary occupations	67	35.4	3	8.6	64	50.4
2 – Service and sales workers	43	22.8	15	42.9	28	22.0
3 – Professionals	24	12.7	9	25.7	15	11.8
4 – Technicians and associate professionals	17	9.0	4	11.4	13	10.2
5 – Plant and machine operators and assemblers	11	2.2	4	11.4	7	5.5
Top occupations						
1 – Domestic worker	65	34.4	2	7.7	63	61.8
2 – Hotel worker	15	7.9	6	23.1	9	8.8
3 – Factory worker	13	6.9	4	15.4	9	8.8
3 – Nurse	13	6.9	6	23.1	7	6.9
4 – Fast food worker	8	4.2	2	7.7	6	5.9
5 – Seafarer	7	3.7	4	15.4	3	2.9
5 – Teacher	7	3.7	2	7.7	5	4.9
Moncada (N = 215)						
Occupational groupings						
1 – Elementary occupations	95	44.2	8	16.3	87	60.8
2 – Service and sales workers	34	15.8	13	26.5	21	14.7
3 – Technicians and associate professionals	25	11.6	13	26.5	12	8.4
4 – Clerical support workers	20	9.3	7	14.3	13	9.1
5 – Professionals	18	8.4	8	16.3	10	7.0
Top occupations						
1 – Domestic worker	88	40.9	1	3.6	87	79.1
2 – Factory worker	18	8.4	10	35.7	8	7.3
3 – Office worker	13	6.0	7	25.0	6	5.5
4 – Caregiver	10	4.7	1	3.6	9	8.2
5 – Seafarer	9	4.2	9	32.1	0	0.0

Classifications based on the 2012 Philippine Standard Occupational Classification (PSOC)

Source: Household surveys 2018-2019

Almost all these domestic workers from both home towns are females. Moncada may have found overseas domestic work an easy employment pathway that suits some of the worker's levels of education (*Table 3.2 in Chapter 3 shows that 44.6 percent of Moncadenian respondents earned high school diplomas*). San Nicolas also has a high number of domestic workers. This is due to the presence of town mates having similar occupations in countries such as Hong Kong, inducing chain migration.

Table 4.2 also shows that “service and sales workers” are the second leading occupational group of migrants, mainly females, in both municipalities. The leading specific occupations that fall under “service and sales workers” include hotel workers, fast food workers, and caregivers. San Nicolas had more migrants who work as “professionals,” while Moncada had a slightly higher number of “technicians and associate professionals” than San Nicolas.

Female domestic workers are an important issue for the Philippines since they usually face vulnerable employment and welfare situations abroad (Garabiles et al. 2017). Mothers leaving their families for overseas work create situations that family unity becomes vulnerable (an example of the social costs of migration). Though fathers have stepped up to do family-rearing duties. Overall, the employment profiles of migrant household members from both municipalities reflect the general Philippine trend, whereby many overseas Filipinos —especially females — occupy jobs in the services sector. They also take on jobs responding to the needs of certain sectors, and are easily identifiable by gender such as females for domestic work, caregiving and nursing, and males in construction (OECD & Scalabrini Migration Centre 2013).

In terms of destination countries, Table 4.3 only shows the top five destinations. San Nicoleño migrants went to at least 29 destination countries, while Moncadenian migrants went to at least 34 countries. The surveys also found that 18.2 percent of overseas migrant members in surveyed San Nicoleño households went to the United States, underscoring the history of emigration of Ilocanos (not just from San Nicolas) to the US since the early 1900s (Pertierra 1992). Network migration had also led San Nicoleños to target the US for permanent settlement, naturalisation, and marriage.

Table 4.3 also shows Saudi Arabia being the top destination of overseas migrants (13.5%) from Moncada, followed by the United Arab Emirates (12.6%) and Hong Kong SAR (9.9%). In San Nicolas, migrants who are in Hong Kong make up 9.7 percent, and those in the UAE make up 8.5 percent. In these top five destination countries for both San Nicolas and Moncada, females make up most of the migrants. These countries are the usual major destinations for Filipino migrant workers / temporary migrants (OECD and SMC 2013). Whether temporary or permanent migrants, Saudi Arabia, the United States, the United Arab Emirates, Hong Kong SAR, Singapore and Canada are among the top ten destinations of overseas Filipinos (Commission on Filipinos Overseas 2016).

Table 4.3: Top five destination countries of overseas migrants from San Nicolas and Moncada

Municipality	Totals		By gender, of the top 5 destination countries			
	Freq.	%	Male		Female	
			Freq.	%	Freq.	%
San Nicolas (N=247)						
United States of America	45	18.2	15	50.0	30	31.9
Hong Kong SAR	24	9.7	2	6.7	22	23.4
United Arab Emirates	21	8.5	4	13.3	17	18.1
Canada	20	8.1	5	16.7	15	16.0
Saudi Arabia	14	5.7	4	13.3	10	10.6
<i>Total destination countries</i>			At least 29 countries			
Moncada (N=251)						
Saudi Arabia	30	12.0	15	45.5	15	19.2
United Arab Emirates	28	11.2	10	30.3	18	23.1
Hong Kong SAR	22	8.8	0	0.0	22	28.2
United States of America	16	6.4	6	18.2	10	12.8
Canada	15	6.0	2	6.1	13	16.7
<i>Total destination countries</i>			At least 34 countries			

Note: Respondents can have more than one family member overseas.

Source: Household surveys 2018-2019

4.2.2. Remittances

Table 4.4 reveals the mode (or channel) that households receive foreign remittances, and how frequently they receive money. Most households receive remittances via money transfer organisations such as money transfer operators and Filipino-run pawnshops with remittance services. At least six of ten household respondents

receive remittances via money transfer organisations (65.6 percent in San Nicolas, and 68 percent in Moncada). Pawnshops in the Philippines either run their own money transfer services or they act as retail agents of the money transfer organizations such as Western Union, MoneyGram, UniTeller, etc. (Bagasao 2013).

Table 4.4: Mode and frequency of receiving remittances in San Nicolas and Moncada

Variables	San Nicolas (N=221)		Moncada (N=222)	
	Freq.	%	Freq.	%
Mode of receiving remittance				
Money transfer organisations	145	65.6	151	68.0
Bank-to-bank	61	27.6	64	28.8
Door-to-door	15	6.8	4	1.8
Frequency of remitting by overseas migrant household members (top answers) † *				
Once monthly	120	54.3	168	75.7
Once-to-thrice a year	36	16.3	21	9.6
More than once a month	25	11.3	20	9.1
Every two or three months	25	11.3	13	6.0

† $p \leq .01$

* p value significant at .05 level

Source: Household surveys 2018-2019. Totals may not add up due to rounding off

Table 4.4 also shows that over half of the respondents from San Nicolas and three-quarters in Moncada receive remittances monthly. There are statistically significant differences in the answers of both respondent-groups ($p \leq .01$). The numbers for Moncada reflect the regularity of sending money by land- and sea-based migrant workers. The figure for San Nicolas, for its part, may reflect the immigration statuses of their migrants: given that a combined 31.7 percent of households had household members abroad who are permanent residents, naturalised citizens, and dual citizens (refer to Table 4.1). These migrants may remit less frequently since they have their families living with them in their host countries.

In terms of migration and remittance-receiving experience, Table 4.5 shows that most remittance-receiving households from both towns have migrant household members who are still young in their overseas migrant sojourns. Some 30.8 percent of migrant household respondents in San Nicolas and 54.5 percent in Moncada have been receiving remittances for up to four years. The number of households receiving

remittances within a five-to-ten-year period was also high (25.8 percent in San Nicolas and 39.6 percent in Moncada). Note that 94.1 percent of Moncadenian migrant households have received remittances within the last ten years, indicating that their household members are relatively recent overseas migrants. Meanwhile, 43.4 percent of migrant households in San Nicolas had received remittances for more than 11 years — reflecting the long-term stays of their migrant household members (mostly as permanent settlers [e.g. United States, Canada], with some as migrant workers under elongated work contracts). These observations may explain the statistically significant differences in the answers of both municipal respondent-groups ($p \leq .01$).

A related item is if remittances (overseas and/or domestic) are migrant households' only source of income. Majority of households from both municipalities said no. However, more Moncadenian migrant households surveyed (35.1%) have remittances as their only income source.

Table 4.5: Profiles on remittance receipt and income earning by San Nicoleño and Moncadenian migrant households

Variables	San Nicolas		Moncada	
	Freq.	%	Freq.	%
Length of experience receiving remittances*				
Four years and less	68	30.8	121	54.5
More than 15 years	67	30.3	88	39.6
Five-to-ten years	57	25.8	8	3.6
11-15 years	29	13.1	5	2.3
Are overseas and/or domestic remittances your only source of income?				
Yes	32	14.5	78	35.1
No	189	85.5	144	64.9
	San Nicolas		Moncada	
	<i>M</i> (PhP)	<i>SD</i> (PhP)	<i>M</i> (PhP)	<i>SD</i> (PhP)
Average remittances received				
All households	9,919.15	12,439.43	13,218.52	10,182.87
Male respondents	11,489.79	13,623.16	11,263.21	6,537.26
Female respondents	9,257.83	11,898.32	13,926.27	11,147.10

† $p \leq .01$

* p value significant at .05 level

Conversion: US\$1 = PhP49

Source: Household surveys 2018-2019. Totals may not add up due to rounding off

Table 4.5 also shows that the average remittances received in San Nicolas is PhP9,919.15 (US\$202.43), and in Moncada it is PhP13,218.52 (US\$269.77). The discrepancy in these averages reflects the regularity of remittance receipt given that most Moncadenian migrants are migrant workers (especially land-based) who were found to remit more frequently.

It was interesting that male survey respondents in San Nicolas received more remittances than their female counterparts. This result may reflect the jobs male San Nicoleños had in certain countries, like the United States, that paid higher wages. In contrast, the households of female survey respondents in Moncada received more remittances on average than their male counterparts. Among all these migrant households in the two municipalities, female respondents in Moncada had received the highest average remittances from loved ones abroad (PhP13,926.27, or US\$284.21).

4.2.3. Ownership of assets and durables

Table 4.6 shows that respondents from both towns owned “luxury” items. These items included air conditioners (31.7 percent for San Nicolas, 25.2 percent for Moncada); desktop personal computers (22.2 and 14.0 percent, respectively); dining sets (62.4 and 67.6 percent); washing machine (72.4 and 82.9 percent); and cars or high action utility vehicles (28.5 and 14.9 percent). These results seem to imply that some of these migrant households have used their remittances to provide comfort to their loved ones.

Table 4.6: Items / Durables owned by migrant households from San Nicolas and Moncada (% who said yes)

Durables / Assets owned	San Nicolas (N= 221)	Moncada (N= 222)
Radio / Radio cassette / Stereo / Stereo set	84.2	66.7
Television	97.7	97.7
Electric fan	99.1	98.6
Air conditioner	31.7	25.2
Flat iron	80.1	82.9
Refrigerator and/or freezer	83.3	76.6
Water purifier / dispenser	40.3	11.7
LPG gas stove / range	95.0	88.3
Microwave oven	39.4	27.0
Personal computer (desktop)	22.2	14.0
Laptop / notebook	52.0	37.8
Cellular phone (pre-paid)	85.1	88.3
Cellular phone (post-paid)	13.6	3.6
Landline telephone	16.7	10.8
Paid Internet / Internet connection	41.6	25.7
Sala / sofa set	72.9	70.3
Dining set	62.4	67.6
Car / High AUV (action utility vehicle)	28.5	14.9
Jeepney / Tricycle / Other AUV (action utility vehicle)	45.7	58.6
Sewing machine	33.0	26.6
Washing machine	72.4	82.9
Own faucet using community's water system	75.1	84.7
Water-sealed sewer septic tank	55.2	91.9
Credit card	5.0	2.3
Land (agricultural)	33.5	32.0
Land (residential)	96.8	95.0
Land (commercial)	10.3	2.7

Source: Household surveys 2018-2019

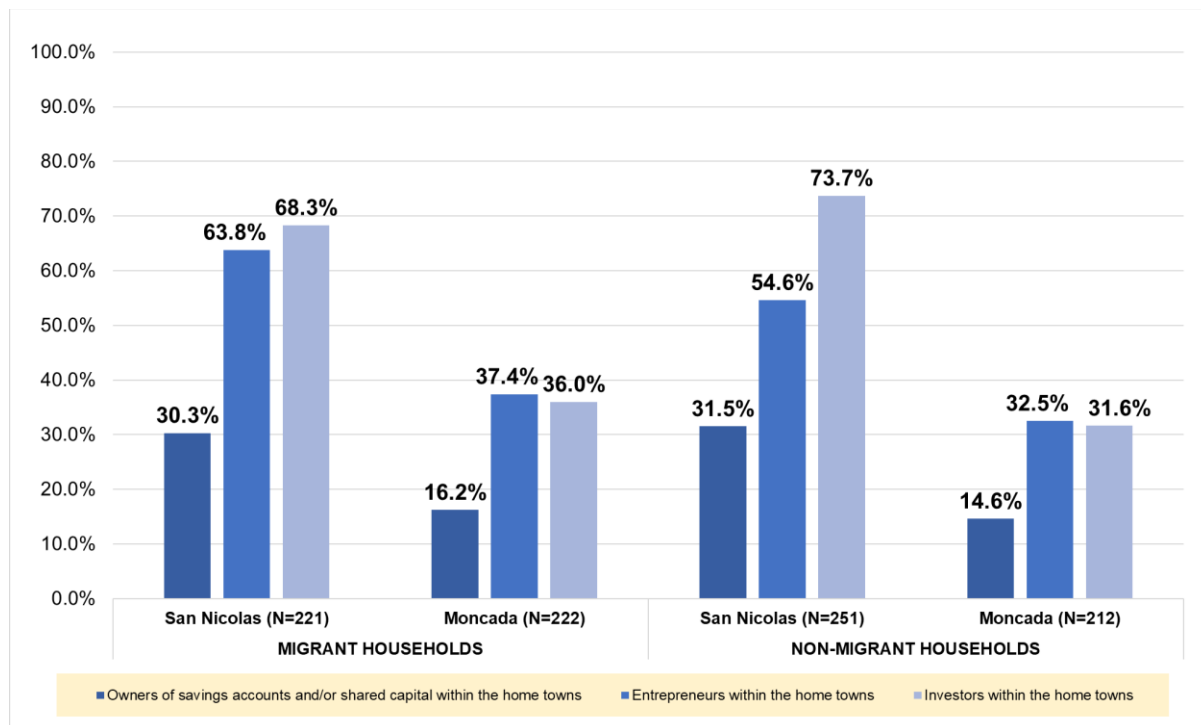
4.3. Local economic competitiveness and making home town investments

4.3.1. Saving, investing and doing business in rural home towns

Figure 4.1 shows geographic nuances surrounding home town entrepreneurship, investment and saving. It should be noted that San Nicolas balances urbanisation with agriculture while Moncada is a predominantly agricultural town. San Nicolas was found to be more investment-friendly and entrepreneurial than Moncada as the former had more home town entrepreneurs (63.8%), investors (68.3%) and savings accounts owners (30.3%) than the latter. There are statistically significant differences (at the .05 percent level) for business ownership and investment (both at $p \leq .01$), indicating obvious disparities in local investment conditions. Interestingly in San Nicolas, non-migrant households invested more than migrant households. In

Moncada, remittances were an obvious factor why migrant households saved, invested and opened business more than non-migrant households.

Figure 4.1: Migrant household savers, entrepreneurs and investors in San Nicolas and Moncada: Those who said 'yes' (%)



For Migrant HHs: Savings account ownership, Entrepreneurship* and Investment* — $p \leq .01$

* p value significant at .05 level

Source: Household surveys 2019

The number of home town entrepreneurs and investors among migrant household respondents in San Nicolas attests to how visible economic development in the municipality had encouraged remittance owners to do business and to invest. Moncada, for its part, had more migrant households who run enterprises (slightly higher than investors). However, the number of home town investors and entrepreneurs in Moncada may reveal the challenges of doing business in Moncada (particularly in non-farming ventures). These disparities in the entrepreneurial and investment conditions of both municipalities can explain the statistical differences in respondents' answers.

Financial inclusion rates, however, are low in both municipalities. The number of savings account owners in San Nicolas (refer to Figure 4.1) prevails even if San Nicolas has 20 deposit-taking financial institutions (especially universal and

commercial banks). Meanwhile, even if cooperativism permeates as a local culture in Moncada, financial inclusion is notably lower among resident households. This municipality has four banks and is reputed to be the “cooperative capital” of the province of Tarlac. San Nicolas, for its part, has 11 banks (mostly commercial and universal banks that have remittance correspondence tie-ups with banks in the host countries of migrants). The results for savings account ownership may mean that migrant households want to claim their remittances right away, and they would rather hold on to their money personally than store these in financial institutions. This observation applies to both municipalities given that there are no statistical differences as per the Chi-square results.

4.3.2. Home town financial inclusion and intermediation

In terms of savings habits, Table 4.7 shows resident households in San Nicolas saved more than those in Moncada. Among migrant households, those from San Nicolas (74.2%) were able to save more than their counterparts in Moncada (55%). The average monthly savings of households from both municipalities was miniscule. Migrant households from both municipalities save at least US\$70 monthly. San Nicoleño migrant households (US\$79.36, or about PhP 3,888.53) saved more monthly than those in Moncada (US\$70.44, or about PhP 3,451.69).

In both municipalities, males who answered the survey on behalf of their migrant households had more savings than their female counterparts, indicating that female overseas Filipinos like domestic workers and caregivers receive lower salaries. Therefore, the lower savings amounts of female survey respondents tend to reflect the occupations of their loved ones abroad (on this score, some 34.4 percent of migrant households in San Nicolas and 40.9 percent in Moncada have domestic workers). Moncadenian male migrant household respondents (US\$108.80, or about PhP 5,331.03) also had higher savings amounts compared to their counterparts from San Nicolas (US\$94.20, or about PhP 4,615.57). In contrast, the San Nicoleño migrant households of female respondents (US\$73.15, or about PhP 3,584.36) saved more than their counterparts in Moncada (US\$57.95, or about PhP 2,839.33). Not surprisingly, migrant households saved more amounts than non-migrant households in both municipalities.

Table 4.7: Savings behaviours of rural households from San Nicolas and Moncada

Savers	San Nicolas		Moncada	
	MHH (N=221)	NHH (N=251)	MHH (N=222)	NHH (N=212)
<i>Those who are able to save (%)</i>	74.2	62.2	55.0	53.8
<i>Owners of savings accounts and/or shared capital in the home town (%)</i>	30.3	31.5	16.2	14.6
<i>Average monthly savings, in PhP and US\$ (M)</i>				
<i>All HH respondents</i>	P3,888.53 (US\$79.36)	P2,653.96 (US\$54.16)	P3,451.69 (US\$70.44)	P2,130.73 (US\$43.48)
– No. of observations	139	142	118	109
<i>Male HH respondents</i>	P4,615.57 (US\$94.20)	P4,365.63 (US\$89.09)	P5,331.03 (US\$108.80)	P3,624.24 (US\$73.96)
– No. of observations	41	32	29	33
<i>Female HH respondents</i>	P3,584.36 (US\$73.15)	P2,155.95 (US\$44.00)	P2,839.33 (US\$57.95)	P1,482.24 (US\$30.25)
– No. of observations	98	110	118	76

Exchange rate: US\$1 = PhP49

Legend: MHH – migrant households; NHH – non-migrant households

Source: Author's surveys 2018-2019

Financial intermediaries. Regardless of the trends on migrant financial inclusion in both municipalities, the ownership of formal savings accounts are low, especially in San Nicolas, where 27 financial institutions — banks, cooperatives, microfinance institutions, and pawnshops — operated there as of 2017. (A new branch of a universal bank even opened in San Nicolas in 2018.) Having an abundant number of deposit-taking financial institutions (N=20) within town premises provides residents of San Nicolas with relatively easy access to financial services.

Meanwhile, some 23 financial institutions operated in Moncada as of 2017, 16 of which take deposits. It also had the presence of a leading Philippine commercial bank until the said bank's branch merged with the branch in neighbouring Paniqui municipality (south of Moncada) in January 2019. Since residents may want to place deposits more in universal or commercial banks (especially prior to January 2019), the number of these banks locally may not be enough to attract more depositors.

Some externally-located financial institutions in San Nicolas had thought of opening their branches there. Reasons for such a decision, according to various stakeholder interviewees, include: a) The business activity there; b) The strategic geographic

location of San Nicolas, as being at the centre of two cities and some municipalities; and c) The presence of visible numbers of San Nicoleño clients who travel all the way to a farther-located branch previously. Counterpart externally-located financial institutions in Moncada said they operated in Moncada because of: a) The limited competition for similar financial institutions present locally; b) Observed positive attitudes of residents (e.g. farmers) plus a robust agricultural economy; and c) Moncada's proximity to nearby municipalities with bigger populations.

San Nicolas and Moncada as markets for microfinance institutions. Both towns hosted branches of some of the country's renowned microfinance institutions. The provincial government of Tarlac, meanwhile, runs financial intermediation programs across the province (including Moncada). These include a village microfinance program, with provincial money being lent out by village councils to benefit enterprising villagers. The village microfinance program has benefited some villages of Moncada. The Ilocos Norte provincial government does not have counterpart financial inclusion programs similar to Tarlac's.

Home town cooperativism. San Nicolas has five homegrown financial cooperatives compared to the nine in Moncada as of 2017. Moncada, however, is the more vibrant town for cooperativism because two of the largest cooperatives⁸ in Tarlac province are located there. Agricultural cooperatives make up seven of the nine homegrown cooperatives of Moncada, which has been promoting cooperativism since the 1990s. The municipality is even tagged as the "cooperative capital of Tarlac" by some stakeholder interviewees. For their part, the five home-grown cooperatives in San Nicolas are agricultural cooperatives. The largest-growing agricultural cooperatives in both towns offer reputedly lower interest rates in their agricultural loan products than what banks and microfinance institutions offer.

As for external cooperatives (i.e. with headquarters outside of San Nicolas and Moncada), three of these cooperatives operate in San Nicolas. The Ilocano municipality also houses a branch of a cooperative rural bank (i.e. a rural or

⁸ One of the two big cooperatives of Moncada is the second largest agricultural cooperative in the Philippines in terms of resources.

community bank owned by a cooperative). Moncada also houses rural banks that offer products for small entrepreneurs and for farmers.

Initial behaviours on approaching financial institutions. Both municipalities, thus saying, have operational financial institutions (and even financial inclusion programs, in the case of Tarlac province) within their communities. These financial institutions give local residents as many options to avail financial products and services, as well as convenience given their presence within these municipalities.

Residents' behaviours in dealing with these institutions may differ. Some stakeholder interviewees from both municipalities think there is a popular perception that Filipinos prefer universal banks to place savings, and choose to borrow money from microfinance institutions and cooperatives. Rural banks may not be a popular financial institution for these San Nicoleño and Moncadenian migrant households, with these banks yet to fully reach depositors who own foreign remittances. That is even if these rural banks offer higher interest rates for deposits, which are also covered by the national government's deposit insurance (up to PhP500,000 or just above US\$10,000).

4.3.3. Home town entrepreneurship and investing

Respondents who invested were asked to enumerate their types of investments in the rural home towns, with the top three answers shown in Table 4.8. These were services-oriented businesses, farmland and poultry farms in San Nicolas. Farmland and retail-oriented business were the top investments made by surveyed Moncadenian migrant households. Finally, a significant majority of migrant home town entrepreneurs from both municipalities own one enterprise. However, San Nicoleño migrant households were most likely to own two enterprises and outnumbered their counterparts in Moncada.

Table 4.8: Behaviours of rural household entrepreneurs and investors from San Nicolas and Moncada

Variables	San Nicolas	Moncada
Top investments of rural households in the home town	MHHs (Freq. = 146) † Business-Services (56, 38.3%) Farmland (39, 26.7%) Poultry farm (31, 21.2%)	MHHs (Freq. = 67) † Farmland (27, 40.3%) Business-Retail (25, 37.3%) Business-Services (3, 4.5%)
	NHHs (Freq. = 131) Business-Services (77, 58.8%) Farmland (47, 35.9%) Savings / investment in a cooperative (21, 16.0%)	NHHs (Freq. = 7) Farmland (3, 42.9%) Business-Retail (2, 28.6%)
Number of home town enterprises owned by rural households	MHHs (Freq. = 141) ^ One enterprise – 111 (78.7%) Two enterprises – 24 (21.6%)	MHHs (Freq. = 83) ^ One enterprise – 71 (85.5%) Two enterprises – 11 (13.2%)
	NHHs (Freq. = 137) One enterprise – 123 (49.0%) Two enterprises – 14 (5.6%)	NHHs (Freq. = 68) One enterprise – 63 (92.6%) Two enterprises – 5 (7.4%)

Migrant HHs: ^ χ^2 result — $p > .01$; † — $p < .01$

Legend: MHH – migrant households; NHH – non-migrant households

Source: Household surveys 2018-2019

San Nicolas was found to have more migrant household entrepreneurs and investors than Moncada. Registered firms in San Nicolas are some 2.64 times more than Moncada's registered businesses. The financial capital of newly-registered firms in San Nicolas is some 10 times larger than Moncada's. Finally, the gross sales of businesses in San Nicolas is 17 times more than those in Moncada.

The development that San Nicolas is enjoying is due to the presence of a leading shopping mall, Robinsons Place Ilocos Norte, within the municipality's premises. Robinsons, which opened in 2009, was the impetus to open other businesses in San Nicolas. Within the mall's premises (in *Barangay* San Francisco), two branches of internationally-run business process outsourcing (BPO) companies operate there. These companies have triggered employment for the entire province of Ilocos Norte. For its part, Moncada remains a largely agricultural economy whose available spaces for commercial ventures — the public market, at the centre of town — is almost filled up. The largest enterprise operating in Moncada is a branch of the country's leading fast food chain, Jollibee (which opened only in November 2019).

Local policies helped to push for more productive workers in San Nicolas, explaining why employed workers in San Nicolas' registered firms enjoyed higher labour productivity (PhP791,318 per worker) than their counterpart workers in Moncada (PhP241,701 per worker). San Nicolas capitalised on the wave of business generation through pro-active employment facilitation. The municipality enforces an ordinance that required establishments/businesses to hire 60 percent of workers from the municipality and the remaining 40 percent from elsewhere. Given also the presence of some large-scale enterprises in the municipality, the local government even coordinated with the human resources personnel of these firms to place San Nicoleño workers. Not surprisingly, lower labour productivity levels in Moncada prevail since most workers are farmers and earn seasonal incomes.

Business regulations and reforms. Both municipalities actually enforce regulations that have lowered the cost of doing business locally. In the Philippines, rationalising the number of requirements and steps for entrepreneurs and investors lowers the cost of doing business. However, the Philippines is observed to still have numerous steps and longer days to process business and construction permits (World Bank 2019).

San Nicolas and Moncada run computerised business permits and licensing systems (BPLS), which the national-level Department of the Interior and Local Government (DILG) mandated unto all Philippine local government units (LGUs). Secondary data indicated that San Nicolas has fewer steps for processing business permits, while Moncada has fewer steps for processing building permits and occupancy permits.

What have been the outcomes of these business regulations over the years? Table 4.9 shows the high numbers of registered firms, business tax collections and assessed regulatory fees in San Nicolas. Moncada, for its part, had low numbers of registered businesses and business tax collections even if the town is classified⁹ as first income-class. However, Moncada's collections from assessed regulatory fees (including business permits) rose gradually. The numbers for Moncada may indicate that either registered firms are underpaying or are not paying business taxes; that the

⁹ The Philippines classifies localities by income level according to land area, population size *and* incomes earned by local government units. Only the House of Representatives (the lower chamber of the Philippine Congress) issues these income classifications of provinces, cities and municipalities.

enforcement of local business tax regulations may need more attention; or that fees for permits and licenses may be high in the said municipality, as some stakeholder interviewees observed.

The figures for San Nicolas reflect the gains of over-ten years of business climate reforms, as well as reforms in overall local governance. The sitting mayor of San Nicolas has been lauded for institutionalising local governance reforms since his first election in 2004. Some stakeholder-interviewees remarked that this reputedly energetic mayor was said to have: a) Instituted people-empowered local governance; b) Rationalised the municipal government's fiscal resources that led to abundant savings that can fund local projects; c) Made the municipality business-friendly through local policies and streamlined procedures to acquire permits; and d) Instituted project innovations in various areas such as agricultural development, tourism and heritage conservation, and even community-based drug rehabilitation.

Table 4.9: Indications of local entrepreneurial activity in San Nicolas and Moncada

Year	Registered businesses in the home town ¹	Total local revenues (in million PhP) ²	Total business taxes (in million PhP) ²	Total regulatory fees – permits and licenses (in million PhP) ^{2a}	Bank deposits in the municipality (in million PhP) ³
Moncada (first income-class)					
2011	377	21.29	1.68	2.81	NDA ^a
2012	382	27.85	1.69	2.87	NDA ^b
2013	382	20.22	1.57	3.01	NDA ^b
2014	417	24.78	1.68	3.30	NDA ^b
2015	402	27.15	1.52	3.46	287
2016	450	27.44	1.52	4.66	432
2017	511	33.09	1.74	5.30	483
San Nicolas (second income-class)					
2011	1,012	45.23	21.64	6.35	NDA ^a
2012	1,415	49.13	25.41	6.12	828
2013	1,345	77.73	27.20	6.69	977
2014	1,351	58.46	28.21	6.82	1,443
2015	1,044	63.81	30.38	6.80	1,620
2016	1,275	70.79	32.17	7.88	1,955
2017	1,352	75.61	32.79	8.42	2,429

US\$1 = PhP49

Sources of compiled, unpublished documentary data:

- 1 Cities and Municipalities Competitiveness Index (CMCI), Department of Trade and Industry
- 2 Bureau of Local Government Finance (BLGF)
- 2a Bureau of Local Government Finance (BLGF); includes business permits
- 3 Philippine Deposit Insurance Corporation (PDIC)

Notes: a – No data available from the website of the PDIC; b – Data for Moncada are lumped together with other municipalities during those years, according to the PDIC

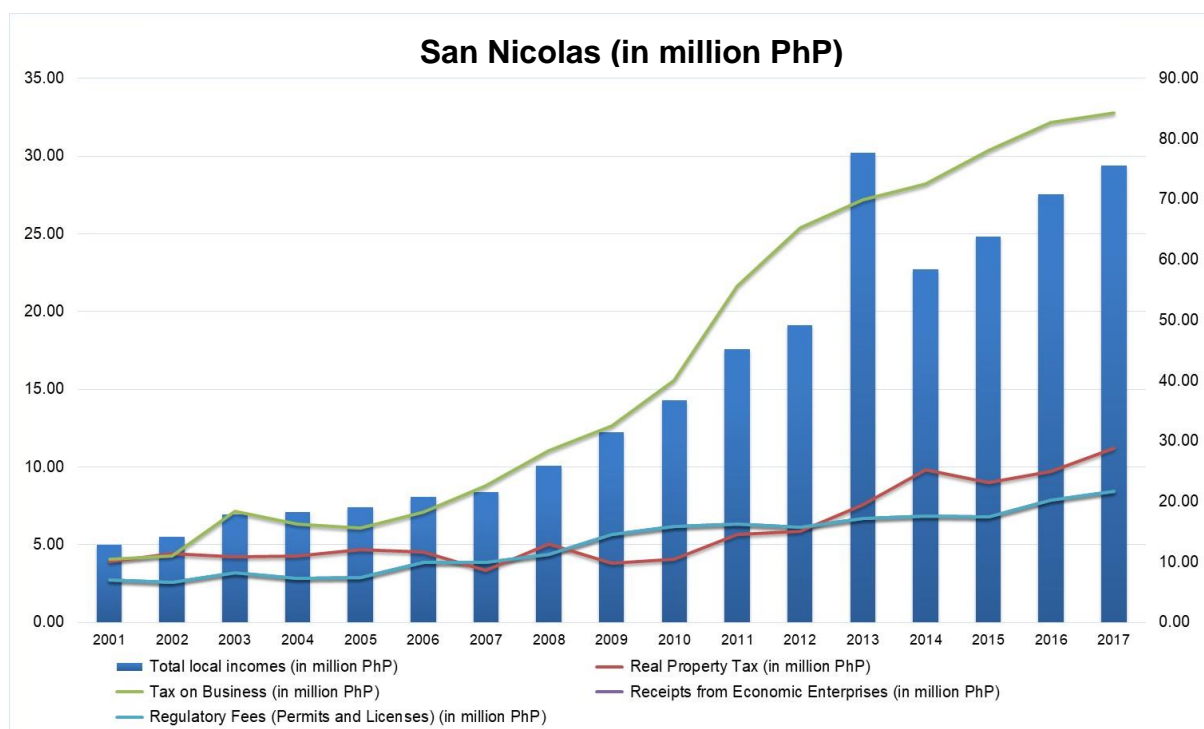
The situation does not mean that Moncada's local governance is bad. External assessors have remarked about positive local governance efforts in Moncada. The current mayor is said to be meticulous with public funds, values environmental protection, and supports farmers. It was commented by some stakeholder interviewees that the mayor has streamlined the municipal government's operations since 2016.

Local revenue generation as indication of local business activity. LGUs in the Philippines receive their biggest funding source, called the internal revenue allotment (IRA), as proportionate shares from national taxes (Guevarra 2000). LGUs also earn from other local income sources¹⁰ — tax and non-tax — such as LGU-run economic enterprises (e.g. public markets, slaughterhouses, public cemeteries), service fees, regulatory fees such as those for permits and licenses, among others. Local taxes generated over the years can provide indications of how active local entrepreneurship is in these rural home towns, as well as how business climate reforms have worked to yield economic benefits locally. Different observations can be seen from San Nicolas and Moncada, as Figures 4.2 and 4.3 illustrate.

For the municipal government of San Nicolas, the enforcement of local tax regulations is reaping its rewards. Figure 4.2 shows that business taxes (over a 17-year period) collected by the municipal government are annually rising. Business taxes are the number one local revenue source for San Nicolas, followed by real property taxes. Rising business taxes indicate active entrepreneurship in San Nicolas, matching the number of businesses that were permitted to operate.

¹⁰ An LGU can have up to 60 types of fees and surcharges for its various economic and social services (Bureau of Local Government Finance 2015). However, many LGUs in the Philippines are too dependent on the IRA. The challenge for local governments is to get as many local revenues (Guevarra 2000).

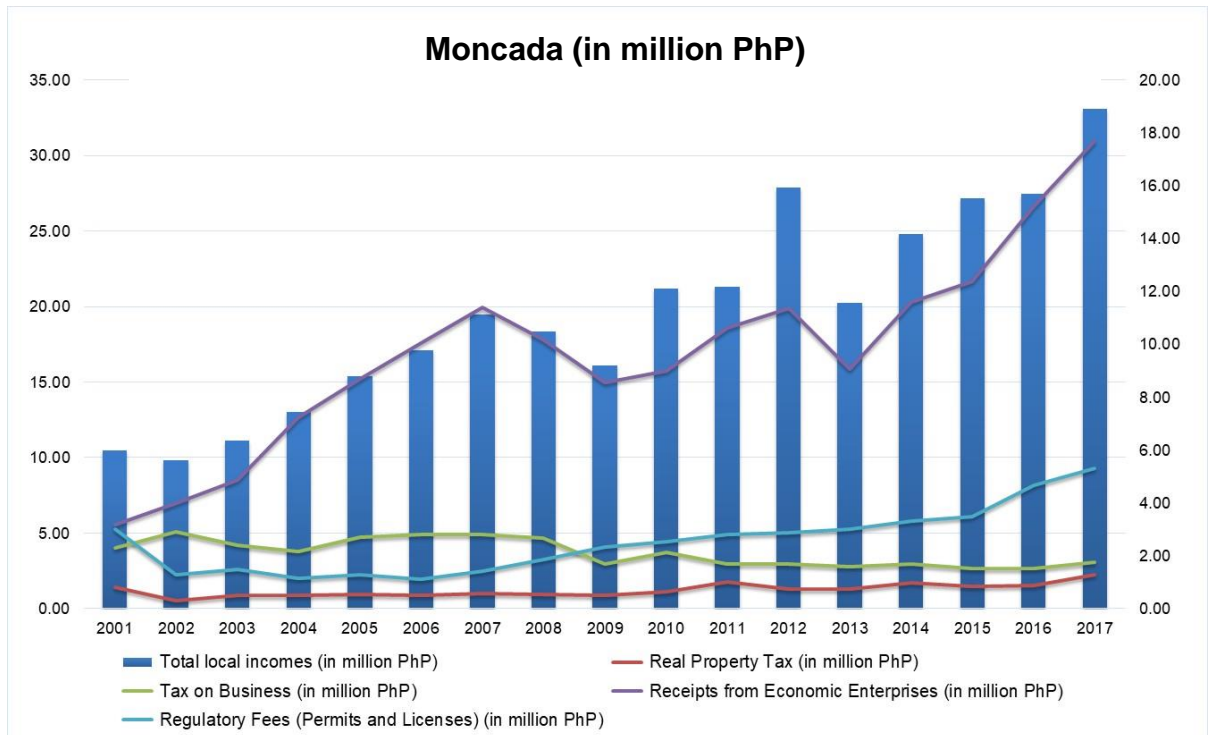
Figure 4.2. Local revenue generation in San Nicolas (total and by the four leading local revenue sources)



Sources: Compiled, unpublished data from the Bureau of Local Government Finance, 2001-2017

As for Moncada’s municipal government, Figure 4.3 shows that the number one source of local revenues is receipts from economic enterprises. This may indicate that the public market — the geographic centre of commercial activity in Moncada — is the major local revenue generator. However, the revenues generated from permits and licenses (regulatory fees) are higher than those revenues from business and real property taxes (*refer to Figure 4.3*). The trends indicate that entrepreneurship in Moncada seems largely concentrated in the public market as other locations in the municipality may not be suitable areas for non-farming business ventures. If commercial spaces are not available in the public market, prospective entrepreneurs may encounter difficulties operating in Moncada.

Figure 4.3. Local revenue generation in Moncada (total and by the four leading local revenue sources)



Sources: Compiled, unpublished data from the Bureau of Local Government Finance, 2001-2017

Infrastructure development. Moncada is fortunate to have paved almost its entire road network while San Nicolas still has some 11 kms. of unpaved roads, especially in mountainous areas. What helped Moncada is a multi-million grant from the Philippine government (using a loan from the World Bank) that was used to pave a 14-km. road spanning four major agricultural *barangays*. That road now easily connects farmers to target external markets and to the other villages of Moncada. However, resolving flooding issues in Moncada remains a nagging concern as some stakeholder-interviewees have suggested a drainage system is needed that spans the flood-prone, low-lying villages.

Another factor affecting entrepreneurial activities locally is access to electricity and water utilities. It was found that almost all San Nicoleño households enjoy 24/7 access to electricity and water; however only three-fourths of Moncadenian households enjoy 24/7 electricity services and just above half of households (53%) receive water services. Even with periodic interruptions of electricity services (at least two interruptions a month) in both municipalities, smooth electricity access benefits enterprises in San Nicolas (especially those in Robinsons Place).

Propagating more economic activities in both municipalities (particularly non-farming enterprises) depends on available space for commercial and industrial activities. Latest land use plans of the municipal governments show that San Nicolas has some available commercial and industrial lands: 152 ha. and 80 ha. respectively. However, for the larger town of Moncada, commercial spaces (8.3 ha.) are congested (especially at the public market) and industrial spaces (205 ha.) may be underutilised. Informants remarked that a key to expanding land area for commercial and industrial purposes is dependent on the willingness of some residents to sell their lots to investors and entrepreneurs.

San Nicolas has yet to maximise its available industrial land. This is even as two manufacturing companies currently operate in San Nicolas. The Ilocano municipality also reaps the economic benefits of MacArthur Highway where some companies have opened their branches in San Nicolas. For its part, Moncada hopes that large agriculture-oriented industries (not just single-proprietor agro-industrial firms) come to the municipality. Agro-industrial plants operate in the neighbouring town of Paniqui, along the said municipality's stretch of MacArthur Highway.

Agricultural development. There are nuances on agricultural development in both San Nicolas and Moncada. Rice, corn, and the high-value crops (HVCs) garlic, onion and tobacco are the major crops of San Nicolas. Moncada similarly has rice, corn, and onion as major crops. However, Moncada is also known for sweet potato (*kamote* in Filipino). As well, Moncada is the more agriculturally-productive municipality given proven track records in corn production at a national level, and even support from the Department of Agriculture to particularly bolster sweet potato and onion production.

Moncada has around 2,000 ha. of land for sweet potato (among the largest in the country), mostly situated in Ablang-Sapang village which is filled with ash coming from the 1991 Mt. Pinatubo eruption. Ash and lahar made the soil there sandy, making that fit for sweet potato. The paved 14.7 km. road leading to Ablang-Sapang also helped agricultural productivity in Moncada. What Moncada does not have is a large agro-industrial industrial business, which San Nicolas has (see <http://official.venvi.com/venvi-agro>).

San Nicolas's agriculture office is noted for its support to farmers' organisations. This office even co-manages the finances of over-35 farmers' groups so that financial support from the municipal government does not go to waste. As well, local government to the Municipal Agriculture and Fisheries Council (MAFC) boosts San Nicoleño farmers' agricultural productivity.

San Nicolas has no body of water, thus making farmers wait for the rainy season (June to December). To address the situation, the municipal government bankrolled the construction of small water impounding (SWIP) projects that enabled farmers to catch rain and irrigate their fields. Some 14 SWIPs exist in San Nicolas, with more on the pipeline. SWIP construction showcased how the local government responded to topographical limitations in San Nicolas.

Moncada largely banks on its farming sector for local growth. Slowly, the town is being renowned for corn production, with Moncada recognised nationwide as a major corn producer. Moncada is also fortunate to be a major producer of two HVCs: onion and sweet potato, both particularly grown in the largest village, Ablang-Sapang. The robust farming sector is a major reason why some financial institutions operate in Moncada.

Land distribution to beneficiaries of the country's agrarian reform program has been completed in both municipalities. This is not to mention that the Department of Agrarian Reform continues to support local organisations of agrarian reform beneficiaries (ARBs) — to include farmers and agricultural cooperatives — through organisational development and financial management programs. Land ownership helped address property rights concerns, which matter for the business climate.

4.4. Services for overseas Filipino town mates

The Philippine migration management system has extended its reach to include LGUs as a stakeholder group in helping overseas Filipinos and their families (Lao 2015). As well, providing socio-economic support to their overseas-based townmates

matters for LGUs and local officials, especially if they wish to tap townmates abroad for local development (Opiniano & Ang 2020).

That being said, migration agencies such as the Overseas Workers Welfare Administration (OWWA), the Philippine Overseas Employment Administration (POEA) and the Commission on Filipinos Overseas (CFO) have partnered with LGUs. Services from these agencies (e.g. economic assistance, psycho-social services, etc.) get rolled out in cooperation with LGUs. At the same time, a trend over the last decade in the Philippines is the setting up of LGU migrant desks (Lao 2015).

The regional office of OWWA had prodded LGUs to form their migrant / overseas Filipino worker (OFW) desks so that LGUs become the “last mile” in assisting migrant workers and their families. These migrant desks can either be manned by the public employment service office (PESO) manager or the city/municipal/provincial social welfare and development officer (SWDO).

Ilocos Norte has a provincial network of migrant desk officers (MDOs) in most cities and municipalities, including San Nicolas. These MDOs provide the frontline services, targeting clients such as returning migrant workers who endured distressing situations in host countries. There are a few occasions of such clients getting assisted by the San Nicoleño migrant desk. Such cases are then referred to the provincial and regional personnel of OWWA for economic and psycho-social support.

A similar scenario happens in Tarlac province and in Moncada. A migrant desk responds to seldomly-occurring cases of Moncadenian distressed migrant workers (e.g. those repatriated), then is referred to OWWA’s regional personnel for assistance. The region where Tarlac belongs, Central Luzon, also has a network of MDOs that coordinates with OWWA.

OWWA also prods the formation of what are called OFW (or Migrant) Family Circles (OFCs) which are community-based groups of families with current or former overseas workers as members. Both Ilocos Norte and Tarlac provinces have active province-wide federations of family circle groups, which OWWA then partners with for a more coordinated way of assisting migrant workers. While San Nicolas has two migrant OFCs, Moncada has none. These groups do self-help activities for their members, especially activities such as livelihood projects, community building

activities, and some occasions of helping out distressed overseas town mates. Some groups in San Nicolas admitted their struggles in handling their members, such as assuring their cooperation in joint livelihood activities.

Both municipalities, however, have yet to operate a deliberate program that integrates overseas migration and overseas town mates as part of their localities' development agenda. Such a localised "migration-and-development" approach is present in other Philippine rural communities (Ducanes 2012). As for provincial governments, some local departments of Ilocos Norte and Tarlac run programs for their overseas-based province mates and their families. It should be noted that San Nicolas has 7,938 overseas Filipinos, or a fifth of the municipal population; Moncada has 4,653 overseas-based townmates or eight percent of the population.

4.5. Migrant investor-home town investment climate interfaces: Initial glimpses of their interactions through mixed methods

Up to this point, this Chapter has presented what migrant households from San Nicolas and Moncada did with their remittances given the economic and investment conditions of their rural home towns. The inferences that follow reveal the *outcomes* of the interactions between remittance-owning households and their rural home towns.

4.5.1. Home town financial inclusion

Home town financial inclusion by migrant households is low in both municipalities. The low levels of financial inclusion in San Nicolas prevailed even with the abundance of deposit-taking financial institutions there (especially commercial banks), and the bustling and sustained economic activity in their small rural home town. Not even a decades-old culture of cooperativism in Moncada, as well as the frequent accessing of needed credit by farmers, pushed financial inclusion by Moncadenians.

The proximity of local residents to these financial institutions ironically fails to get more San Nicoleño remittance owners as depositors. This observation on San Nicolas prevails because the municipality has more active financial intermediation activities. Banks were even able to build up deposits which can then be a source of credit for San Nicoleño households.

For their part, overseas Moncadenians and their households may prefer financial services that allow them to swiftly and safely get remittances locally. At the same time, there are more financial institutions (especially banks and their ATM terminals) in the neighbouring town of Paniqui, making Moncadenians travel south for financial services. Moncada (population: 57,787) may be a smaller market for deposit-taking banks but a sizeable market for cooperatives and microfinance institutions.

These observations reveal that financial inclusion by migrant households differs in the two municipalities because of some geographic realities: the topography of a place, local cultures surrounding money, and the influence of local economic activities on the money habits of residents. These contexts may have developed behaviours of migrant households in accessing proximate financial services vis-à-vis their remittance-related transactions.

4.5.2. Home town entrepreneurship and investment

Home town entrepreneurship and investing also differ in San Nicolas and Moncada. The former is strong in non-farming enterprises while the latter prides itself on agricultural activities. As mentioned earlier, San Nicolas has a robust non-farming sector given the presence of a shopping mall (Robinsons Ilocos Norte) that helped generate more enterprises in the locality. Yet the municipality still has a farming sector, with the municipal government providing financial and agricultural extension support. Moncada on the other hand is strong in farming, especially for crops such as corn, rice, sweet potato and onion. However, owing to the limited available commercial spaces in Moncada and flooding concerns (*to be expounded in Chapter 6*), non-farming entrepreneurship is largely concentrated in its public market and the nearby vicinity. These realities may help explain the results in Table 4.8.

Meanwhile, the approaches of municipal governments in ensuring conducive local business and investment climates has yielded varied outcomes. The two municipalities, nevertheless, are similar in one aspect: their local governments have yet to pro-actively harness the development potential of overseas townmates and their earnings.

Entrepreneurship and investment in San Nicolas benefited from years of local business climate reforms, leading to a business-friendly investment climate experienced by local residents and overseas migrants. This situation has also widened the latitude of prospective overseas San Nicoleño investors to encourage them to use their remittances as savings, investments and entrepreneurial capital back home. The 63.8 percent of remittance household-respondents who said they currently run enterprises in San Nicolas reveals they had taken advantage of the economic opportunities locally. In terms of *government efficiency* of the locality's investment climate, business taxes rise annually in San Nicolas — reflecting its robust business activities. Given that the state of *infrastructure* in San Nicolas is observed to be stable (in terms of road networks, electricity and water services), residents do find this aspect helpful for the municipality's image as investment-friendly.

Topographical constraints that have constricted entrepreneurial desires in the municipality. Moncada is yet to realise the fullest potentials of local entrepreneurship (in general) and remittances' entrepreneurial and investment potentials (in particular). For the meantime, agriculture continues to steer entrepreneurial and livelihood activities in Moncada. Agriculture may even be a more preferred investment direction for Moncadenian migrant households. Above a third of Moncadenian households, however, had opened businesses and had made investments. Although the local government has laid out facilitative services for would-be investors and entrepreneurs, non-farming business creation is slow. The topography of Moncada, as well as local business and investment climate regulations there, may be providing constraints for prospective entrepreneurs and investors.

The research found a largely-positive recognition of sustained efforts to improve (further) the local investment climates of San Nicolas and Moncada. For a small-sized Philippine municipality (in terms of land area and population), San Nicolas took advantage of its strategic geographic location to become a local economic force in

Ilocos Norte. Local governance reforms have been the town's advantage for such positive local competitiveness condition, attracting remittance-possessing town mates abroad. Moncada executes a different approach in home town entrepreneurship and investment, even if topographical constraints hound this municipality. Improving business climate policies for non-farming ventures may complement local economic gains from agriculture in Moncada.

Both municipalities, however, tend to have missed opportunities to harness the development potential of overseas migrants and their remittances pro-actively. Overseas San Nicoleños and Moncadenians, together with their families, all quietly contributed to home town economic progress through consumption, investments and the enterprises that are all a result of their remittances. This trend is what the local government is overlooking. Having a migrants' desk that responds to situations of distress affecting overseas town mates may not be enough to activate the home town development potential of overseas migration.

4.6. Concluding remarks

This Chapter had presented the interactions between migrant households and the local investment climates of San Nicolas and Moncada. The interactions presented here reveal the *economic outcomes* of how overseas San Nicoleños and Moncadenians, as well as their households back home, used overseas remittances in their rural birthplaces. Quantitative results and qualitative findings here have illustrated the iterative interfaces between prevailing development processes and conditions and overseas migration and remittances (De Haas 2006).

San Nicolas and Moncada present differing conditions on home town financial inclusion, entrepreneurship and investment. San Nicolas enjoys a business-friendly investment climate as well as abundant financial intermediation services (especially banking). Its local government also maintains this investment stature. At least six in ten migrant households surveyed run businesses and make investments in San Nicolas. However, only a few rural residents (three of ten migrant and non-migrant households) have savings accounts within this urbanising municipality.

Moncada is an agricultural powerhouse. There are only a few registered non-farming ventures here, however, owing to topographical constraints such as limited commercial spaces and flooding. A local culture of cooperativism has been Moncada's trademark for three decades, though only about 14-16 percent of households owned savings accounts in financial institutions operating in Moncada.

Amid their efficient local government services, the two municipalities have yet to harness the local development potential in respect to migration and remittances. Local governments' pro-active effort for overseas migrants may encourage town mates abroad to invest back home (Nijenhuis 2010), this being a major motivation of localised migration-and-development plans (Ducanes 2012).

What could account for these economic outcomes of overseas migrant-rural home town interactions in San Nicolas and Moncada? The succeeding chapters will outline the *processes* contextualising these structure-agency interactions on rural home town investing. These processes will be analysed through a preliminary theoretical framework, the *Behavioural Economics of Remittances* [refer to Chapter 2]. As mentioned previously, the Behavioural Economics of Remittances possibly reveals rationally bound structure-and-agency interactions and behaviours between economic agents (in this case, overseas migrants and their households) and their familial, institutional and community environments locally. This exploratory theoretical approach may also provide geographic contexts that can explain how overseas remittances found their way into the origin communities of overseas San Nicoleños and Moncadenians.

5.1. Introduction

To answer the specific research question “How do family finance dynamics within migrant households influence the use of remittances?”, this Chapter will illustrate structure-agency dynamics on family finance by breadwinners abroad and their loved ones at home. This Chapter also covers the *sanguinity zone* of the Behavioural Economics of Remittances framework (*refer to Chapter 2*). Family members, including the overseas migrant, are the individual agents and prevailing family norms (financial and non-financial) are the social structures in which family members engage.

The presentation of quantitative results and qualitative findings in this Chapter will be guided by the Family Financial Socialisation model (Gudmunson & Danes 2011). This Chapter first tackles the question how family members talk about and decide on money and finance. Household heads’ levels of *financial literacy*, one of three elements of the concept *financial capabilities* (Sherraden & Ansong 2014) are analysed next, and results will then be integrated to make sense of the *sanguinity zone*. Family finance dynamics in both municipalities are compared using household survey data. Meanwhile, the deeper interactions and processes in discussing, deciding and making family finance actions are presented using answers from object-centred interviews (OCIs), provided by some household respondents from the survey and by some current overseas migrants.

5.2. Family financial socialisation

5.2.1. Money talks

The surveys in both home towns asked if household members socialise about money and about handling money (the latter referring to money management). Table 5.1 shows that a third or more of households “very frequently” talk about money in both San Nicolas and Moncada. When asked, however, about the handling of money, 44.8 percent in San Nicolas compared to 32.5 percent in Moncada did so. In the latter, there were more likely to talk about handling money on occasion compared to 37.8 percent of households in the former. There were also statistically significant differences in the answers of municipal respondent-groups about money and handling money (both at $p \leq .01$). This means that remittance households from the two municipalities may have geographically-distinct dynamics in discussing their money matters. In contrast, majority of non-migrant household respondents from both towns talked about money and about handling money “very frequently”.

Table 5.1: Talking about money and handling money in the household, by municipality (%)

Frequency of talks	Migrant households (%)				Non-migrant households (%)			
	About money † *		About handling money † *		About money		About handling money	
	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=251)	Moncada (N=212)	San Nicolas (N=251)	Moncada (N=212)
Very frequently	39.4	32.9	44.8	32.5	49.8	46.1	45.8	48.1
Occasionally	23.5	37.8	15.4	37.8	22.3	33.5	17.1	33.0
Rarely	26.3	20.3	23.0	20.7	21.9	15.1	24.3	16.0
Never	10.9	7.2	16.7	7.2	6.0	3.3	12.7	2.8

*Migrant HHs: † χ^2 result — $p < .01$; * p significant at 5% level*

Source: Household surveys 2018-2019. Totals may not add up due to rounding off

5.2.2. A phenomenology on family financial socialisation

There were various modes of family financial socialisation in remittance-receiving households. These modes operate in the universe of overall family rearing, in which

families face challenges given the overseas migration of one of their members. What follows below is a deeper analysis of family financial socialisation dynamics by some migrant household respondents who had placed savings and invested in San Nicolas and Moncada.

The analysis of these migrant households' experiences on family financial socialisation used the life course perspective (Gudmunson et al 2016). The life course perspective is important because overseas migration is an important, life-changing phase, in which improvements in the general economic status of migrant households take time to realise. Gudmunson et al. (2016) claim that changes can be seen in people's financial behaviours over the life course.

Sufficient answers from 69 object-centred interviewees provided insights on these family financial socialisation dynamics, given their answers to both the doodle sheet "*Me and My Family, on Money*" and the elicitation questions. Some 32 interviewees came from San Nicolas (including seven overseas migrants) and 37 from Moncada (two of whom were overseas migrants). For both municipalities, the top decision-makers in the family of origin were *mothers, both parents, and fathers*. In the married family, the leading decision-makers are *wives, both spouses, and mothers* of either the husband or the wife.

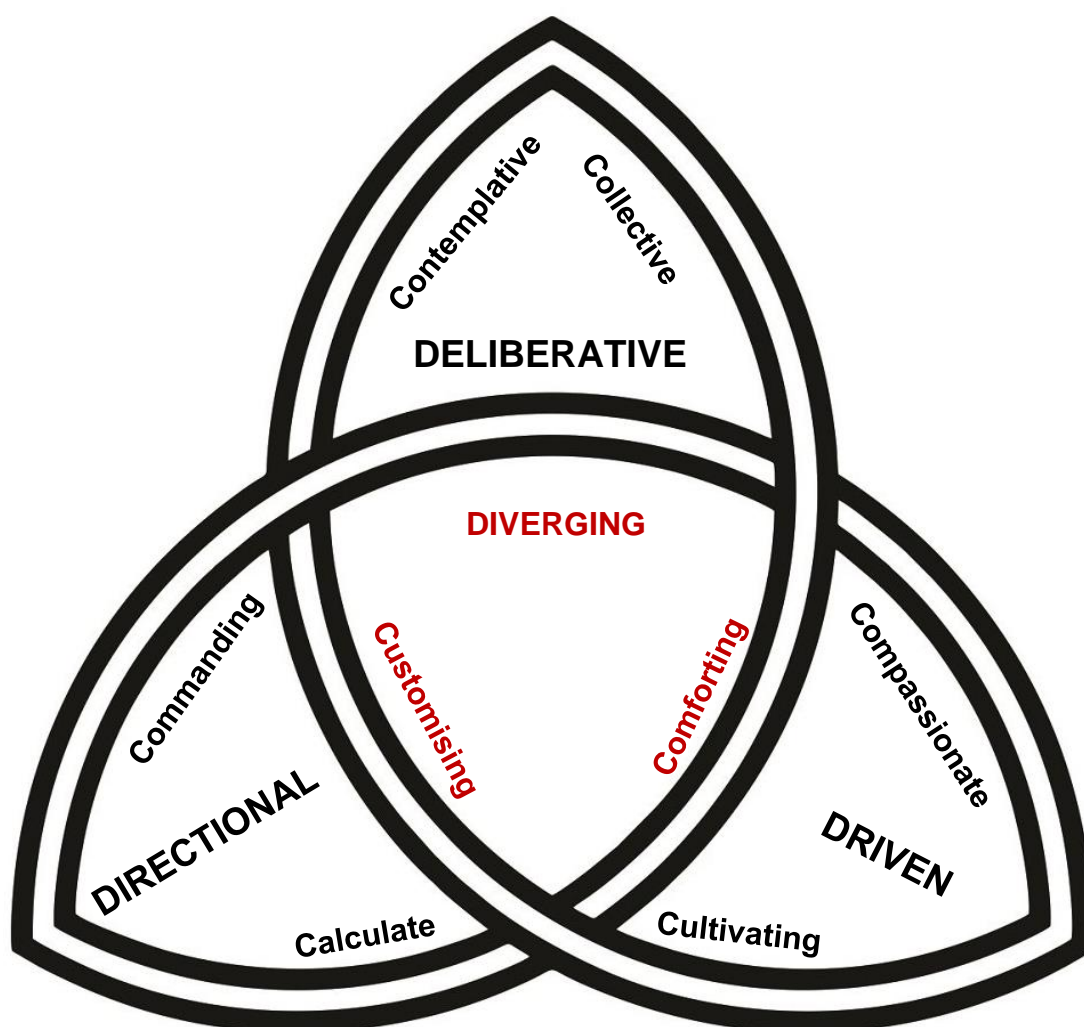
Major phenomenological themes coming from their answers can be visualised like a knot, that being an appropriate symbol of the family. Being relationally interwoven or even interlocked describes how a family socialises with its members. It is also not easy to break away from a knot; when a family faces a problem, members usually go through that intertwined set of relationships. Going through that web of family relations considers how that (financial) problem impacts on everyone, so solving problems passes through the family.

This analogy describes how migrant household members from San Nicolas and Moncada socialise regarding finance (including making productive uses of their remittances). Given the answers to the OCIs, a phenomenological outcomes space (Larsson & Holstrom 2009) called the ***Knot of Behaviours on Family Financial Socialisation by Remittance-Earning Households*** was conceptualised. Figure 5.1 is a metaphorical visual display (Verdinelli & Scagnoli 2013) of the *Knot of*

Behaviours, illustrating how migrant family members interact, decide and act about using their incomes.

The three major financial socialisation behaviours identified from the OCIs were *Directional*, *Deliberative*, and *Driven behaviours*. The fourth set of behaviours, *Diverging behaviours*, acts as an intervening strategy to the three major behaviours mentioned earlier. The answers from OCI respondents that led to the *Knot of Behaviours* came from seven specific financial actions: spending, economising, borrowing, financial mentoring, saving, investing and entrepreneurship.

Figure 5.1: The Knot of Behaviours on Family Financial Socialisation by Remittance-Earning Households (a metaphorical visual display)



Source: Object-centred interviews 2019

1. **Directional behaviours** (*time trajectories: short-to-long-term*) are geared towards providing instructions and guidance. Directional behaviours see decision-makers and/or overseas breadwinners telling other family members to adopt and follow certain financial actions. These behaviours occur in the contexts of: life-changing events (including overseas migration); the role of the financial decision maker; and knowledge about the purported economic gains of certain financial actions. Two major sets of directional behaviours were seen from interviewed household respondents: *Commanding* and *Calculated*.

Commanding behaviours are the most common behaviours exhibited by respondents. The main decision maker here purposely relays directives on how to use and manage incomes. Some interviewees manifest commanding behaviours in the following situations: a) Family members take cognisance of the main decision-maker (her or his personality, disposition and level of authority); b) Financial decision-makers make commands since they are more knowledgeable on finance; c) Some family members steer others to adopt positive financial actions; d) Decision-makers find it incumbent among themselves to handle some financial actions by family members; and e) Some family interactions lead to the necessary and intended uses of incomes for certain financial purposes. For example, a 53-year-old San Nicoleño entrepreneur, whose wife and brother live in the US, exhibited commanding behaviours and shared honestly how loved ones view him:

Explanations to doodle sheet answers: [Family of pro-creation] — I am the one who rightfully decides. [Respondent to children] — I think my children don't like me too much. I still am the one talking about money, and my children do not ask many questions. [household interviewee SN39 2019]

Calculated behaviours, for their part, see families follow an objective that is based on the decision-makers' estimations of financial gains if their incomes were used productively. These calculated behaviours came about in investing and entrepreneurship actions. Migrant households doing calculated behaviours not only take advantage of prospective assets they have (e.g. house and lot), but also see growth in their continued accumulation, acquisition and redemption of proceeds from these assets. Migrant

households doing calculated behaviours also aspire to reap the rewards of employing financial actions by trying these out (e.g. investing). An example is a male overseas worker from Moncada (an investor to a home town-based financial institution) who said:

We as a couple have an Excel 'financial statement.' I learned doing that from my wife since she's an accountant (laughs)... We list... savings... budget... We have a list of our budget...items. Investment... business... Like that. [migrant interviewee M12 2019]

2. **Deliberative behaviours** on financial socialisation (*time trajectories: short-to-long-term*) are the second major theme found. Family members here gauge the pros and cons of adopting certain financial actions cooperatively. These behaviours see at least two decision makers, including the overseas breadwinner, discover the nature of certain financial actions; examine how beneficial or not a financial action is; and make joint financial decisions by employing consultative methods. Family contexts surrounding these behaviours show an environment of collective decision-making and trust, and getting pieces of advice and/or permissions from breadwinners or primary decision-makers.

Migrant families showing these deliberative financial socialisation behaviours exhibited *contemplative* and *collective* behaviours. **Contemplative behaviours** see migrant family members assess the merits and demerits of adopting certain financial actions. Examples of contemplative behaviours by some migrant households include examining the benefits of saving or investing in property, or exploring certain financial actions (e.g. financial advising, saving) and applying these to other members.

Meanwhile, **collective behaviours** see family members collaborate in arriving at financial decisions. For example, the mother from the nuclear family *and* her overseas-based daughter decide and act jointly because the daughter's children are in the mother's custody and care. Other migrant families employ democratic, consultative and dialogic methods to arrive at financial decisions. Afterwards, either a parent/spouse or a child — out of trust — gets designated

to execute financial actions that were agreed upon, like the example below from a US-based migrant's wife, an entrepreneur in Moncada:

It's simple: I will tell my (husband) your child needs this and that, on this day. Then he says, 'Okay, tomorrow.' My husband trusts me in everything I say because my habit is this: If you want a receipt from me when I say we spent this much, I will show you—even he does not ask for it. This is what I paid, even electricity this is the expense so that you may know; I will even take a picture of the receipt. He said, 'Why do you have to send that picture? That will just slow down my mobile phone's memory.' I replied, 'Then erase that picture.' ... We are like friends, with good vibes at each other. [household interviewee M5 2019]

3. **Driven behaviours** (time trajectories: medium-to-long term) see family members motivated to initiate certain financial actions themselves. The encouragement, self-initiation and responsiveness all come from their being inspired, being gratified, carrying a sense of responsibility, and being compassionate.

Under these driven behaviours, migrant families displayed *cultivating* and *compassionate* behaviours. **Cultivating behaviours** see some remittance families inspired, enthusiastic and self-initiating to employ identified financial actions — mostly directed at saving, investing and entrepreneurship. For example, a female domestic worker in Hong Kong awaits returning to San Nicolas for good to engage in business:

In two years, I plan to return home for good. That is why I want to open a small eatery (karinderya in Filipino), something like that. I really like to cook. Or probably... but the eatery is truly my plan. [migrant interviewee SN16 2019]

Meanwhile, **compassionate behaviours** see married and unmarried family members (especially those abroad) take upon themselves to financially help

immediate and extended family members. Sponsoring a nephew's or niece's schooling is an example here. Under compassionate financial socialisation behaviours, some migrant family members make sacrifices, or even decide on behalf of other family members, so that migrants do not have to worry about family problems at home. For example, the sister of a San Nicoleño mother (a domestic worker in Singapore) gets motivated to send the latter's child to medical treatment:

My sister saw my frail child and she said 'I will return so that we can treat your child.' My sister wants my family to run a business, but she said 'not at the moment because I [have to send money] and finish treating my child. [household interviewee SN27 2019]

Object-centred interviewees do not execute these directional, deliberative and driven behaviours automatically. That is because family members (including the migrant) adapt to specific situations when socialising —even modifying particular types of financial actions directed at specific family members. These *intervening* financial socialisation behaviours can be described as **diverging behaviours**. Family members exhibiting these behaviours make situational financial decisions geared to appease or mitigate how family issues affect the handling of family finances.

Diverging financial socialisation behaviours by interviewees (*refer to Figure 5.1*) can be *customising* and *comforting*. **Customising behaviours** see families tailor their financial actions because of certain family relationship dynamics. For example, some families modify their financial actions — to suit current states of family relationships — or to avoid talking about money. Another example is when family members discreetly make financial actions regardless of what other family members think.

Below is the case of a widow who tends to her daughter's children in Moncada. The daughter works in the United Arab Emirates and wants to send her children to school, but they are not interested to study. Now the migrant worker has been sending more money to her mother for the purpose of building a house in Moncada. Family-level disruptions lurked behind this financial decision:

Her children are hard-headed, and her third child is a truant ('nagbubulakbol' in Filipino). Two have married already, both young. I guess she kind of not giving children proper motherly advise. Probably she may have neglected the needs of her children, which may be why her children ended up that way. The education of her children was the first goal. But since two of them had married, my daughter abroad now wants to build our own family house 'so that they have a place to live in case their husbands have no plans of building their own houses'. [household interviewee M17 2019]

Interview answers also revealed how migrant families, particularly those in problematic family situations (e.g. separated spouses, discordant parent-child relationships), display **comforting behaviours** on financial socialisation. Some interviewees said family members undertake financial actions that redeem their self-worth or relationship; compensate for the physical absence of a loved one, or make up for past faults; or make overseas migration a major measure to ease financial risks and family-rearing concerns.

An example here is a household from Moncada with a daughter just arriving in Canada after years of domestic work in Hong Kong. The mother and her daughter had discovered that the family patriarch went to Hong Kong as a family driver, then he had an extramarital affair. The daughter got upset at her father and has now found solace on her child, while trying to get the family's bearings back. The mother quoted her daughter as saying:

I will just focus on my child. [household interviewee M38 2019]

'Swift' behavioural adjustments? The *Knot of Behaviours on Family Financial Socialisation* gave flesh to survey results on efforts by migrant households to talk about money and about handling money (refer to Table 5.1). At the same time, stories from the daily financial lives of remittance-earning households revealed *swift adjustments on the behavioural dispositions of family members* when socialising on finance. Remittance-earning family members. These are easily modified and often family members switch socialisation behaviours depending on the specific financial action and the family member one socialises with.

Box 5.1 provides an example: a male skilled worker in Singapore from Moncada is living there with an accountant-wife and a newborn. In terms of spending, the couple exhibited a *deliberative behaviour* that is *collective* since they both make financial decisions. This interviewee also remembered the financial mentoring of his parents — e.g. to spend money judiciously — through *directional behaviours* with his wife. Finally, since the couple had agreed to find an investment opportunity in Moncada, knowledge of a home-grown agricultural cooperative’s investment product for overseas Filipinos made them *driven* to place a PhP20,000 (US\$408.16) investment there. His case provides an example of how financial socialisation behaviours switch within a serene family environment.

Box 5.1: Switching family financial socialisation behaviours per financial action, under a calm family relationship (from Moncada)

<p><i>Migrant interviewee M12 is a male overseas worker in Singapore, there together with his migrant worker wife and their months-old daughter. This Moncadenian household owns health insurance, agricultural land, shared capital and investment (to a financial product) at a financial institution in his rural home town</i></p>	
Financial action	Verbalisation/s and family financial socialisation behaviours identified
Spending	<p>[Respondent and wife on household finance dynamics] “So we as a couple... sometimes, when it comes to money, we quarrel over it just because of our expenses. We discuss our use of money... Sometimes the money, even if (an expense is) not in our budget, we spend on travelling, unexpected expenses, or emergencies in the Philippines... I am the money manager... (But) when we spend, me and my wife should both know. I also explain to her how we make decisions. That (spending) is our collective decision.” [Deliberative behaviour: Collective]</p>
Financial mentoring	<p>[On the importance of your parents’ financial sermons] “Oh yes. Those sermons from my parents played a big role, especially now that I have my own family. Handling money is no joke, especially if you run your own family; while your family grows and matures, your expenses balloon too so you have to tighten your belts if needed. Do not spend on things not needed, and... you list your expenses. You know where does your money go.” [Directional behaviour: Commanding]</p>
Investing and Entrepreneurship	<p>[On investing in the home town] “My wife and I were looking on Facebook where can we invest our money. And then I saw a notice from the (Name of the) cooperative, looking for an investor. So I inquired with them how to invest. It was timing that the (chapter) president (of the cooperative), Maricris, is here in Singapore. She made the post (on Facebook), so I messaged her directly. We met, and I explained to her how can I become a member of the cooperative.” [Driven behaviour: Cultivating]</p>

Source: *Object-centred interviews 2019*

Box 5.2, for its part, shows the behaviours of a Hong Kong-based domestic worker from San Nicolas, who is separated. Since her mother tends to the daughter's children back home, the interviewee *directs* the mother to use remittances for the needs of her two children. During mother-and-children talks through social media platforms and/or mobile phone voice calls, children said they will study hard and win awards in school so that their mother gives them rewards (*driven behaviours*). Finally, this migrant interviewee had asked her mother to resume renovating their family home (*directional behaviour*) since she already has insurance and farm land. This domestic worker's case shows how financial socialisation behaviours switch when family relationships face disruptions and affect efforts to ensure family unity.

Box 5.2: Switching family financial socialisation behaviours per financial action, by a family with separated spouses (from San Nicolas)

<i>Migrant interviewee SN17 is a domestic worker in Hong Kong and a mother of two.</i>	
Financial action	Verbalisation/s and family financial socialisation behaviours identified
Spending	<p>[Sending family incomes] "I send money to my mother because she is tending to my children. I send around P5,000 or P10,000 something, monthly... I just send the money, and they will just take care of it" [<i>sila na ang bahala</i>, in Filipino].</p> <p>[Role in mother's decisions on using the money remitted] "I said, the money is for my children. She will then allocate what is my child's needs in school, they will take care of budgeting, like what are needed in our house."</p> <p>[Q: Do you dictate to your mother on where to use the money?] "No, I am not like that. I don't know, but I just let my mother decide." [all showing Directional behaviour: Commanding]</p>
Discussing money	<p>"About my children, we always talk with each other. We talk about normal topics between children and their mothers: they ask you to buy this and that over there (Hong Kong). I will say 'yes.' If they have awards in school, they ask me for money and mention the amount." [Driven behaviour: Cultivating]</p>
Saving and investing	<p>"Ah, on my savings, my life insurance had already matured... Then I was also able to buy a lot, and then I asked that we resume the renovation of our family house. Only the finishing is what remains... I also own farm land." [Directional behaviour: Calculated]</p>

Source: Object-centred interviews 2019

These switches in financial socialisation behaviours between and among family members help contextualise why these households handle money matters differently. This context now leads us to decision-making behaviours in remittance households.

5.3. Financial decision-making

5.3.1. Behaviours on financial decision making

The family is the site for providing influential financial behaviours to people, as well as the baseline decision-making unit of multi-fold economic activities. However, there is a paucity of studies on family financial decision-making processes (Kim et al. 2017). This research makes a small contribution to the study of overall family financial decision-making, at least in the context of remittances.

Table 5.2 shows differences in household decision-making processes in these communities; gender-related decision making is one example (Kim et al. 2017). In this study, six in ten migrant and non-migrant household respondents from both municipalities indicated that wives (including those based abroad) primarily decided on finances. For remittance-receiving households, wives are the primary decision makers (San Nicolas: 60.6%; Moncada: 64%). However, it was found that wives were also the primary decision-makers among non-migrant households. This gender-related observation confirms previous findings on the role of wives in Filipino family finance: that women make daily financial decisions (Eder 2006); that wives are entrusted with the household's earnings (Ashraf 2009); and that the wife solely manages incomes for some households (Diaz & Ledesma 2011). Husbands are generally not the primary financial decision-maker in all respondent-groups. Table 5.2 also shows other immediate and extended family members making some decisions about finances, revealing Filipinos' extended family system.

Table 5.2: Primary decision makers of household finances among migrant household respondents from San Nicolas and Moncada (%)

Household member	Migrant HHs		Non-migrant HHs	
	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=251)	Moncada (N=212)
Wife	60.6	64.0	69.3	65.1
Husband	22.3	18.5	22.3	23.1
The family makes a collective decision	0.5	6.3	1.2	5.2
Both husband and wife	3.2	0.5	3.2	3.2
Others (e.g. parents, siblings, grandparents, cousins)	9.5	8.7	7.2	8.3

Source: Household surveys 2018-2019. Totals may not add up due to rounding off

The survey also asked migrant households, using a Likert scale (1 – strongly agree, 7 – strongly disagree) about personal and family financial decision-making behaviours vis-à-vis home town saving, investing and doing entrepreneurship. Table 5.3 shows the following trends:

Table 5.3: Financial decision making by migrant household respondents from San Nicolas and Moncada

Test statements on financial decision-making (1 – strongly agree, 7 strongly disagree)	San Nicolas (N=221)		Moncada (N=222)	
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>
Behaviours on decision making				
I make my decisions fast, intuitively, and unconsciously [^] *	4.67	1.707	4.82	1.637
I make my decisions carefully, analytically, and consciously	1.75	0.924	2.04	1.197
My entire family makes decisions fast, intuitively, and unconsciously. † *	5.45	1.490	4.98	1.544
My entire family makes decisions carefully, analytically and consciously.	1.74	1.125	2.19	1.022
Family's welfare and decision making				
The economic welfare of my immediate family in my home town is important	1.36	0.735	1.48	0.643
The welfare of my family is not a factor when I/my family make/s decisions on investing/doing business in my home town. † *	5.45	1.594	5.36	1.303
The welfare of my family is a factor when I / my family make/s decisions on investing / doing business in my home town.	2.03	1.489	1.90	0.912
Decision-making on specific financial actions				
I decide with emotion when it comes to using our family's income for <i>savings placed</i> in my home town.	3.38	1.734	3.84	1.823
I decide with emotion when it comes to using our family's income for <i>setting up a business / running a business</i> in my home town. † *	3.39	1.832	3.94	1.818
I decide with emotion when it comes to <i>borrowing money</i> in my home town. † *	4.41	1.901	4.03	1.797
I decide with emotion when it comes to using our family's income for <i>making investments</i> in my home town (e.g. buying property, investing in a bank / cooperative / microfinance institution). †	3.40	1.887	3.79	1.846
I am not an emotional decision-maker when it comes to using our family's income for <i>daily expenses</i> in my home town. † *	3.80	1.846	4.27	1.777

Legend: *M* – mean; *SD* – standard deviation

[^] $p \geq .01$; † $p \leq .01$

* *p* value significant at 5% level

Source: Household surveys 2018-2019

- **Fast, intuitive and unconscious decision making.** All migrant household respondents posted moderate levels of agreement in deciding financial

matters quickly and unconsciously. The levels of disagreement were higher among individual Moncadenian respondents ($M = 4.82$; $SD = 1.637$) than their San Nicoleño counterparts ($M = 4.67$; $SD = 1.707$). There are no statistically significant differences in the answers of household respondents to the said test statement ($p \geq .01$).

As to migrant households making quick decisions, those from San Nicolas had higher levels of disagreement ($M = 5.45$; $SD = 1.490$) than their counterparts from Moncada. There are statistically significant differences in household-respondents' answers to this test statement ($p \leq .01$). Those in San Nicolas may be denying their intuitive decision-making, while those in Moncada may be uncertain to either decide quickly or carefully.

- **Careful, analytical and conscious decision making.** There is higher agreement among respondents from San Nicoleño migrant households (over their Moncadenian counterparts) in terms of making decisions meticulously. Remittance owners from San Nicolas agreed more that they ($M = 1.75$; $SD = 0.924$) and their households ($M = 1.74$; $SD = 1.125$) make decisions conscientiously compared to migrant households from Moncada.
- **Importance of family welfare in decision making.** Mixed results were seen on this set of test questions. San Nicoleño migrant households ($M = 1.36$; $SD = 0.735$) agreed more than their Moncadenian counterparts ($M = 1.44$; $SD = 0.643$) on the importance of their households' economic welfare in making decisions.

Respondents were also asked: "Is the welfare of the family not a factor in making home town investment and business decisions?" Both municipal respondent-groups disagreed to this statement, with respondents from Moncada ($M = 5.45$; $SD = 1.594$) slightly higher in disagreement than their counterparts from San Nicolas. There are statistically significant differences in their answers to the above question ($p = \leq .01$). This means the dynamics of these remittances families to make investment and business decisions back

home may be contextualised to what Moncada and San Nicolas have to offer — making them think of family welfare differently,

- ***Deciding with emotion on financial actions/behaviours.*** These question items asked respondents if emotions come into play when making financial decisions and actions. On this score, when asked about home town saving, running businesses and making investments in the home town, San Nicoleño migrant households agreed with the role of emotions on these matters more than their counterparts from Moncada. Respondents from San Nicolas had higher mean scores for using emotions in deciding to save ($M = 3.38$; $SD = 1.734$), to run businesses ($M = 3.39$; $SD = 1.832$), and to make investments ($M = 3.40$; $SD = 1.887$). In terms of borrowing money and of daily spending, both respondent-groups were in moderate agreement with the use of emotions for these specific financial purposes (*refer to Table 5.3*).

There are statistical differences in municipal respondent-groups' answers to the questions on emotional decision making for opening/running a business, for borrowing money, and for daily spending — all with p values less than .01. Opening enterprises back home may have to account for how remittance owners emotionally handle the ease or difficulty of doing business locally. As for making decisions for daily spending and borrowing (the latter linked to the former), San Nicolas may have a higher cost of living than Moncada — with these realities contextualising their spending and borrowing decisions.

All these results indicate how the differing entrepreneurial and investment climates of San Nicolas and Moncada matter in remittance households' decision making. The context here is one rural home town seems more conducive over the other for entrepreneurs and investors (*refer to Chapter 4*).

By gender, Table 5.4 shows that male and female respondents also differed in their financial decision making. Chi-square tests revealed that seven variables showing statistically significant differences were for females — all of which were significant at the .05 level. This means that female respondents in both municipalities truly differed in their financial decision-making and how their emotions affect their decisions.

Table 5.4: Financial decision making by male and female respondents in San Nicolas and Moncada

Test statements on financial decision-making (1 – strongly agree, 7 – strongly disagree)	Males <i>M & (SD)</i>		Females <i>M & (SD)</i>	
	San Nicolas (N=68)	Moncada (N=59)	San Nicolas (N=153)	Moncada (N=163)
Behaviors on decision making				
I make my decisions fast, intuitively, and unconsciously. *	4.60 (1.763)	4.56 (1.764)	4.70 (1.686)	4.92 (1.583)
I make my decisions carefully, analytically, and consciously.	1.57 (0.951)	1.97 (1.114)	1.82 (0.904)	2.07 (1.228)
My entire family makes decisions fast, intuitively, and unconsciously. *	5.46 (1.540)	4.98 (1.480)	5.44 (1.473)	4.98 (1.571)
My entire family makes decisions carefully, analytically and consciously.	1.76 (1.173)	2.19 (0.991)	1.73 (1.106)	2.20 (1.036)
Family's welfare and decision making				
The economic welfare of my immediate family in my home town is important	1.34 (0.745)	1.56 (0.676)	1.37 (0.732)	1.45 (0.631)
The welfare of my family is not a factor when I or my family make/s decisions on investing / doing business in my home town. *	5.29 (1.693)	5.49 (1.194)	5.52 (1.548)	5.31 (1.340)
The welfare of my family is a factor when I or my family make/s decisions on investing/doing business in my home town.	2.22 (1.647)	1.86 (0.753)	1.94 (1.411)	1.91 (0.965)
Decision making on specific financial actions				
I decide with emotion when it comes to using our family's income for savings placed in my home town.	3.51 (1.849)	4.05 (1.907)	3.31 (1.684)	3.31 (1.684)
I decide with emotion when it comes to using our family's income for setting up a business / running a business in my home town. *	3.40 (1.813)	3.97 (1.893)	3.39 (1.846)	3.93 (1.795)
I decide with emotion when it comes to borrowing money in my home town. *	4.57 (1.895)	4.54 (1.794)	4.33 (1.906)	4.17 (1.766)
I decide with emotion when it comes to using our family's income for making investments in my home town (e.g. buying property, making an investment in a bank / cooperative / microfinance institution). *	3.46 (1.896)	3.71 (1.921)	3.38 (1.888)	3.82 (1.823)
I am not an emotional decision maker when it comes to using our family's income for daily expenses in my home town. *	3.81 (1.918)	4.54 (1.794)	3.79 (1.820)	4.17 (1.766)

* *p* value for female respondents is $\leq .01$, and significant at .05 level

Source: Household surveys 2018-2019

- **Fast, intuitive and unconscious decision making.** Respondents themselves regardless of gender were in moderate agreement on making decisions quickly. These moderate levels of agreement by gender correspond to household answers to the same test statement, shown in Table 5.4.

However, the answers of female respondents from both municipalities reveal statistically significant differences ($p \leq .05$).

When asked however if respondents' families make intuitive decisions, San Nicoleño migrant household respondents from both genders (*male*: $M = 5.46$; *female*: $M = 5.44$) disagreed more than their counterparts from Moncada. Covering all households (*refer to Table 5.3*), respondents from San Nicolas disagreed more than those from Moncada on their families making quick decisions. The answers of female respondents from both municipalities showed statistically significant differences ($p \leq .01$), as there were no statistically significant differences for male respondents from San Nicolas and Moncada.

Given the statistical differences found, it is possible that quick decision-making for female respondents and their families in San Nicolas may be tied to meeting daily needs, to consumerist tendencies, and to the comfort of securing permanent settlement statuses overseas that assure continued remittance incomes. For Moncada, quick decision-making by females may be tied to balancing daily needs while assuring children's schooling and possibly family-rearing challenges by physically-separated parents.

- **Careful, analytical and conscious decision making.** In both municipalities, male respondents agreed more than females that they make careful decisions *individually*. Males from San Nicolas ($M = 1.57$; $SD = 0.951$) carried the highest level of agreement. When respondents, however, were asked if their *households* decide carefully, female respondents from San Nicolas ($M = 1.73$; $SD = 1.106$) carried the highest level of agreement.

Respondents from San Nicolas also had higher levels of agreement over the test statement than Moncadenian respondents. In a sense, these views from San Nicoleño remittance households are consistent with the earlier test statement disagreeing that their families decide swiftly. As respondents claimed, those from San Nicolas — the community with a shopping mall within its premises — seem to be careful decision-makers, as well as not deciding matters hastily.

- **Importance of family welfare in decision making.** Mixed results were seen according to gender and by home town. Male San Nicoleño respondents were mainly in agreement over the importance of the family's economic welfare ($M = 1.34$; $SD = 0.745$). Male respondents from Moncada were more likely to agree that the family's welfare is important when deciding to invest or do business in the home town ($M = 1.86$; $SD = 0.753$).

When asked however if family welfare did not matter as a factor in home town investing decisions, female respondents from San Nicolas ($M = 5.52$; $SD = 1.548$) were mostly in disagreement while males from Moncada ($M = 5.49$; $SD = 1.194$) disagreed more than their female town mates. Answers from females from both municipalities had statistically significant differences ($p \leq .01$), indicating that there may be cultural nuances in how women decision-makers from remittance households regard the welfare of their families.

- **Deciding with emotion on financial actions / behaviours.** The impression from survey results here is those female respondents, more than males, are more emotional in valuing home town saving and entrepreneurship. In terms of home town investing, the behaviours of women and men differed.

Female respondents from both municipalities agreed more than their male counterparts that emotions are used when making home town savings decisions. These San Nicoleño and Moncadenian female migrant household respondents had similar mean scores ($M = 3.31$; $SD = 1.684$). This result implies that females value the need to save amounts from their remittance incomes.

When it comes to making emotional decisions to decide on home town entrepreneurship, male and female respondents from each municipality had nearly-identical levels of agreement on the said test statement. The higher levels of an agreement by San Nicoleño male and female respondents reflects how they feel the business-friendliness of their home town. Respondents from Moncada were nearly neutral with this test statement, with Moncada's poorer entrepreneurial conditions at the back of their minds.

In using emotions to decide on home town investing, differences were noticed. For San Nicolas, female respondents ($M = 3.38$; $SD = 1.888$) agreed with the test statement more than their male counterparts, while in Moncada, male migrant household respondents ($M = 3.71$; $SD = 1.921$) agreed more than females.

There are statistically significant differences in female respondents' answers to the questions on emotional decision making for opening/running a business, for daily spending, for investments (all at $p \leq .01$), and for borrowing money ($p \leq .05$). Opening enterprises and investing back home may have to account for how female decision-makers in migrant households manage the difficulty of doing business in San Nicolas and Moncada. As for deciding for daily expenses and for borrowing money, the different costs of living in San Nicolas (urbanised) and Moncada (agricultural) may contextualise the spending and borrowing decisions by females in these remittance households.

Responses to the three specific financial actions vis-à-vis the use of emotions do not predict automatic behaviours according to gender. However, the statistically different results for female respondents demonstrate the important roles of female decision-makers (especially wives). Whether these female decision-makers work or live abroad or remain in their home towns, these women tend to carry the burden of managing their remittance households' finances (Eder 2006; Diaz & Ledesma 2011).

5.3.2. Remittance usage: The role of 'emotional earmarking'

Overseas-based family members send money to sustain intimate relations with loved ones (Castañeda & Buck 2011; Castellanos 2009). Studies have found that from remitting to eventually using these monies, remittances and emotions easily and intimately relate to each other (McKay 2007; Castellanos 2009; Katigbak 2015; McKenzie & Menjivar 2015; Singh 2018). A concept called *emotional remittances* unifies the monetary and emotional values remittances bring forth, showing material and social forms of "mutual embeddedness" that are shared trans-locally (Katigbak 2015).

Integrating the *Knot of Behaviours* and the earlier survey results on emotions and financial decision making, two mixed-methods inferences can be made. Firstly, remittances-induced family financial socialisation places itself into the transnational family rearing situations of migrant households. This situation then leads these families to do the following: vary the times they talk about family finance; display rationally-bound behavioural dispositions on financial decision-making; and account for the feedback, emotions and eventual economic benefits to family members.

Secondly, taking these financial socialisation dynamics into account, the emotion-laden decision making and actuations by remittance earners can be described into a concept: **emotional earmarking**. This concept refers to the conjoint designation of economic resources and emotions for certain financial purposes. For overseas migrants, incomes and the corresponding emotions “remitted” show their love to other family members (this being one of the reasons for them to migrate overseas).

Emotional earmarking is also the product of how family members interact about their finances. These transnational migrant families allocate excess incomes for certain financial purposes, particular economic goals, and specific family members who will use and/or receive these funds. Financial actions by Moncadenian migrant respondent M12 (*refer to Box 5.1*) and San Nicoleño migrant respondent SN17 (*refer to Box 5.2*) are examples of displaying emotional earmarking.

Emotional earmarking can be shown given a moment or a situation, or can be carefully thought out — similar to System 1 and System 2 thinking, respectively, of the human mind (Kahneman 2012). Not surprisingly, as seen in the object-centred interviews, emotional earmarking flows fluidly: Emotions can easily change between and among family members vis-à-vis uses of incomes for certain purposes. Through the switching of financial behaviours, the *Knot of Behaviours on Family Financial Socialisation* revealed how emotional earmarking can change rapidly.

Emotional earmarking thus shows how money is a social process that attaches itself to a variety of social relations, like in families. In the words of sociologist Viviana Zelizer (1997: p. 25): “People adopt especially elaborate controls over money and establish differential earmarks when and where they are engaged in delicate or difficult social interactions.” From a family financial socialisation perspective

(Gudmunson & Danes 2011), emotional earmarking modifies the emotional dispositions of remittance-owning family members to each other.

The answers from the object-centred interviews showed that emotional earmarking marks the interactions between migrant breadwinners and household members on family finance. Depending on the familial, economic and social situations of remittance households in San Nicolas or Moncada, emotional earmarks provide family-level explanations surrounding their decisions to invest in their rural home towns.

5.4. Financial literacy

Previous sections of this Chapter provide an understanding of how migrant household members deal with each other in respect to family finance. These contexts may help in an understanding of their levels of financial literacy / knowledge. Financial literacy is among three elements of the *financial capabilities* concept (Sherraden & Ansong 2014), the other two being financial inclusion and financial functionings. Besides, the family is said to be an individual's first source of knowledge about finance (Gudmunson & Danes 2011).

5.4.1. Levels and sources of knowledge about money, and modes about knowing finance

Table 5.5 shows that above half of the respondents from San Nicolas (56.6%) admitted having “satisfactory” levels of knowledge and skills about money while half of Moncadenian household respondents (51.4%) claim to have “good knowledge and skills” about money. Perhaps for San Nicolas, migrant household respondents think the lure of cosmopolitan living within their community gave them a frank assessment of their money handling knowledge and skills. Residents of Moncada may have been accustomed to simpler rural living (influenced by farming as a way of life) — and think this situation warrants them “good” levels of knowledge and skills about money.

Table 5.5: Knowledge about handling money by migrant household respondents from San Nicolas and Moncada (%)

Answers	San Nicolas (N=222)	Moncada (N=221)
<i>Levels of knowledge and skills about handling money †</i>		
Satisfactory	56.6	51.4
Good	17.2	37.4
Unsatisfactory	23.1	6.3
Excellent	3.2	2.7
No knowledge and skills	-	1.4
<i>Forms of assistance needed on handling money (top answers)</i>		
No need for assistance	46.6	44.1
Training activities, seminars	46.4	18.9
<i>Leading sources of information about money and finance (top answers)</i>		
Own experiences	64.3	55.0
Parents (father or mother or both)	22.2	6.8
Spouses (husband, wife)	5.0	10.0
Children	0.8	13.1

† χ^2 result — $p < .01$

Legend: MHHs – migrant households; NHH – non-migrant households

Source: Household surveys 2018-2019

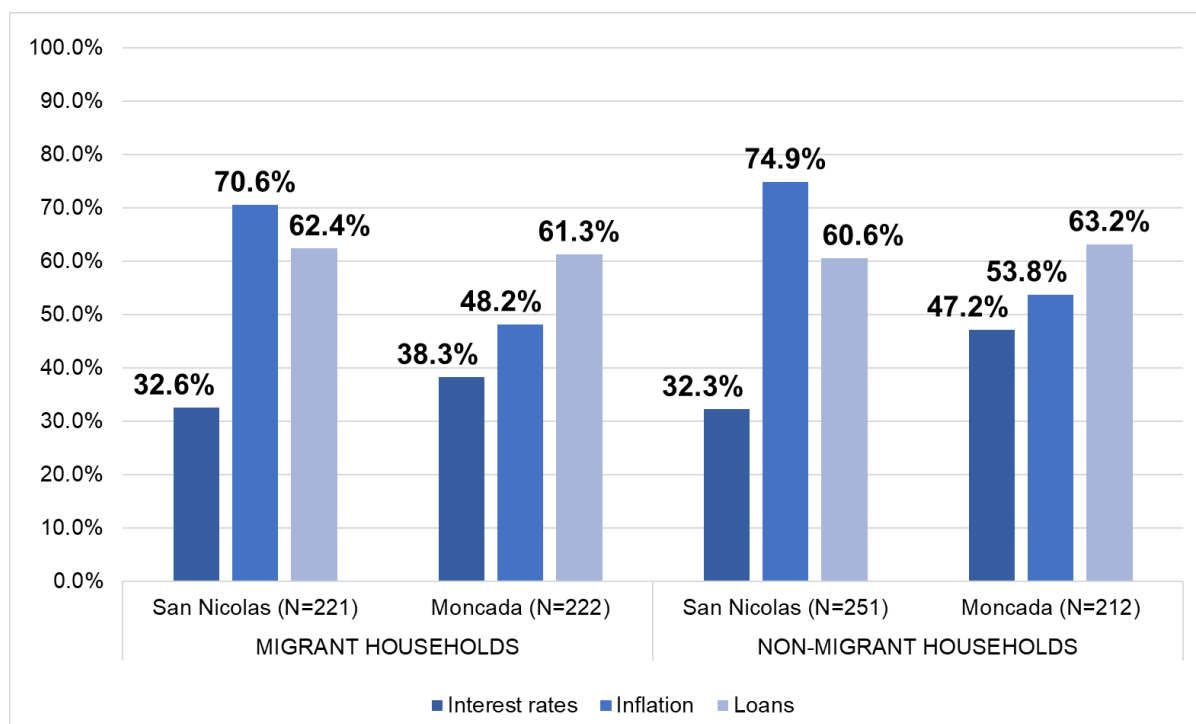
Table 5.5 also shows that the majority of respondent-household groups from both municipalities do not need any help or assistance with money and finance. Almost half of the respondents claimed to not need for any help with money reached in San Nicolas (46.6%) and Moncada (44.1%). When asked about sources of information about money, 64 percent of respondents from San Nicolas and 55 percent from Moncada said it is themselves.

5.4.2. Financial knowledge

After asking their levels of knowledge about money, migrant *and* non-migrant household respondents were then asked objective questions about three basic concepts of finance: interest rates, inflation and loans. These objective questions matter when testing respondents' knowledge about finance. Figure 5.2 shows that six out of ten migrant and non-migrant respondents answered the question on loans correctly, and at least a third of these two respondent-groups answered correctly on interest rates (the item that got the least number of respondents getting correct

answers). There were no statistically significant differences in municipal respondent-groups' answers to the test questions on interest rates and loans (both at $p \geq .05$). However, there were statistical differences by municipality for inflation ($p \leq .01$).

Figure 5.2: Respondents from San Nicolas and Moncada who got correct answers to questions on basic finance concepts (%)



*Migrant HHs: Interest rates, Loans: $p \geq .01$; Inflation *: $p \leq .01$*

** p value significant at .05 level*

Source: Household surveys 2019

Results of these objective test questions give indications on rural residents' knowledge about money (whether they earn overseas remittances or not). San Nicoleño residents were more knowledgeable on inflation (perhaps given frequent exposures to the prices of goods in the public market versus the shopping mall and other centres of commercial activity locally) and on loans. However, migrant household respondents from both towns had little knowledge of interest rates, which may pose difficulties for them when assessing favourable returns on business or investment ventures.

5.4.3. Actions about money

The financial literacy segment of the household surveys carried follow-up questions on practices on handling money, with most respondents claiming that they did not need assistance with money and that these moneyed households learned about finance on their own. Yet do respondents' claimed knowledge and skills about handling money lead to sound financial behaviours?

To answer this question, a series of financial behaviour questions were asked to respondents. Table 5.6 shows similar patterns between San Nicolas and Moncada when it comes to keeping records of their finances and having unspent money. Nearly 60 percent of respondents claim that they do not keep financial records, but they know "in general" how much money they receive and spend monthly. At least a fifth of migrant households (20.8 percent in San Nicolas, and 23.9 percent in Moncada) also claimed to keep financial records but not all revenues and expenditures were entered. There were also statistical differences in respondent-groups' answers on keeping records ($p \leq .01$), significant at the one percent level. This may mean that the behaviours of these remittance owners on recording their incomes and expenses varied geographically, possibly accounting for local norms (for example, the frugal way of life for residents of Ilocos Norte [Jocano 1982; Andres 2003]).

Respondents were also asked if they had unspent money from previous earnings and before the next income arrives. The mean scores indicated that respondents from San Nicolas do not have unspent money from previous earnings ($M=3.48$), and overseas remittances ($M=2.44$). Moncadenian respondents had moderate levels of agreements in terms of having unspent money ($M=4.48$) and from remittances, but they generally always have unspent remittance earnings ($M=5.36$). There were statistically significant differences ($p \leq .01$), at one percent significance, to the answers on having unspent overseas remittances by respondents from San Nicolas ($M=2.44$) and Moncada ($M=5.36$). These results indicate that San Nicoleño remittance households tend to have spent their previous remittance income flows, while their Moncadenian counterparts, meanwhile, may be more judicious users of remittance incomes and have some to spare.

Table 5.6: Keeping financial records and having unspent money, according to respondents from San Nicolas and Moncada (%)

Test items	San Nicolas (N=222)	Moncada (N=221)
<i>Keeping records of household income and expenditures † *</i>		
No, we don't keep records of everything, but we know in general how much money is received and spent in a month	58.8	59.0
Yes, we keep records of everything, but not all revenues and expenditures are entered	20.8	23.9
Yes, we keep records of everything, entering all revenues and all expenditures	14.5	13.1
No, we don't keep records of our family's resources, and we don't even have an idea of how much money is received and spent during a month	5.0	3.6
I find it difficult to answer this question	0.9	0.4
<i>Have unspent money? (1 – Never; 8 – Always)</i>		
Unspent money from previous earnings (M, SD)	3.48 (2.400)	4.48 (2.475)
Unspent overseas remittances from previous earnings (M, SD) † *	2.44 (2.012)	5.36 (3.057)

† $p \leq .01$

* p significant at .05 level

Source: Household surveys 2018-2019

Respondents were then asked what they did with any leftover money and leftover overseas remittances. Table 5.7 shows that most migrant household respondents from both towns: a) Keep their cash at home; and b) Usually spend on consumer goods. These results indicate that remittance households want to keep their resources close to them, though they may not have control over their expenditures. It was also apparent that just above a quarter of San Nicoleño migrant households will invest windfall incomes received in their businesses, while those in Moncada migrant will reserve these windfall incomes for emergencies and other unexpected events.

These survey results to behavioural questions on money reveal that respondents may not practice what they claim to know about sound financial management. These remittance owners may also have certain financial practices that may be logical for them but not for others.

Table 5.7: Attitudes of migrant households from San Nicolas and Moncada toward certain financial situations (%)

Attitudes during identified financial situations	%	
	San Nicolas	Moncada
<i>What do you usually do when your family has / have any money left before the next income arrives? (top 3 answers)</i>	N=221	N=172
We keep it in cash in our house in the home town	41.2	43.4
We spend it on consumer goods in the home town	29.0	26.3
We deposit it or do not withdraw it from the account	17.2	8.4
<i>What do you usually do when your family runs out of money before the next income, including overseas remittances, arrives? (top 3 answers)</i>	N=221	N=89
We spend it on consumer goods in the home town	37.1	14.9
We keep it in cash in our house in the home town	36.2	11.7
We deposit it or do not withdraw it from the account	16.3	5.4
<i>What do you when receiving a windfall amount on top of regular income? (top 3 answers)</i>	N=221	N=217
I'll reserve some money in case of any unexpected event, for special occasions, for the rainy day, etc.	16.7	27.9
I'll invest it in my own business operating in my home town	27.6	19.8
I'll invest it in the bank deposit at an interest rate, with the bank operating in my home town	21.7	22.1

Source: Household surveys 2018-2019

5.5. The sanguinity zone

The findings enable an analysis of the *sanguinity zone* under the Behavioural Economics of Remittances theoretical framework, that hypothesises that financial decisions and actions are grounded on family bonds.

5.5.1. Family financial socialisation

Remittance household-respondents claimed that overseas migration influenced family financial socialisation dynamics. The physical distance between breadwinners and family members left in the home towns make their families' handling of remittances an emotional affair. This is because the family's economic welfare is a baseline reference point (Opong 2012).

In terms of *talking about money and handling money*, migration dynamics affect daily family-rearing situations, including interactions about money and remittance use. This context is the reason why households talk about finance within their families less frequently or more so. Remittance families also account for the feedback, emotions and eventual economic benefit of family members during financial discussions.

The Family Financial Socialisation model (Gudmunson & Danes 2011) adds the element of emotions into remittances-induced family financial socialisation. Emotional earmarking designates both incomes and emotions to certain financial purposes so that sound and serene family relationships beside overseas migration are sustained.

5.5.2. Financial decision-making in remittance families

Breadwinners abroad, from financial decision-makers or other family members behave differently about handling money compared to what they claim to know. It is interesting that economic decision-makers in the household largely learned about money through their own experience. Most remittance household-respondents claimed to have either satisfactory (San Nicolas) or good (Moncada) levels of knowledge and skills about money. Family welfare considerations, meanwhile, also easily governed gendered financial decision-making by these remittance households. Some feelings of near-hesitation, however, by remittance households to save, invest and/or do business (as shown in the nearly- moderate levels of agreement to test items) may easily dissuade remittance owners from making productive financial decisions.

When displaying their behaviours on overall decision-making vis-à-vis the family's welfare, respondents unsurprisingly claimed to exercise prudence in making such decisions. The family's benefit is a baseline reference point that largely dictated family financial decision-making. Even these households' *behaviours on financial decision-making* may be rationally bound. This means decisions depend on family situations or relationships between and among migrant breadwinners and family members at home (e.g. between spouses, parent-children).

Females and males decide differently about money and deal with family members. Wives or mothers are the most trustworthy members to primarily handle and decide

the household's incomes and expenses. In the survey results, female respondents from both municipalities lean more towards saving, investing and doing business in their home towns than male respondents. These financial decisions run side-by-side with family-rearing duties by these mothers. It is thus important that family relationships remain calm so that decision-makers, especially females, make correct decisions.

5.5.3. Financial literacy

Respondents were quite confident in their levels of knowledge and skills on finance, but their knowledge ran contradictory with how they apply their financial knowledge. This observation was seen in similar studies in the Philippines (Ang & Opiniano 2016a; 2016b; 2016c). Unless remittance owners have more knowledge about handling money, they will rely on their own knowledge and they may decide on doing less-productive financial transactions using their remittances.

5.5.4. In summary: Mixed methods data and the sanguinity zone

The mixed-methods inferences above have operationalised the elements of the Family Financial Socialisation model (Gudmunson & Danes 2011) to the situations of remittance-receiving households in San Nicolas and Moncada. This analysis of these families' financial socialisation also describes how individual family members cope with prevailing structures — the quality of family relationships, gendered dynamics, and transnational family rearing beside overseas migration — in family-level interactions.

The FFS model depicts a directional flow of how demographic- and family-related variables play roles in individuals' and families' financial dispositions, behaviours and outcomes. However, the sanguinity zone of the Behavioural Economics of Remittances is a microcosm of the bounded rationality of family financial decisions, monetary transactions and family ties — all of which seamlessly influence each other. That bounded rationality is largely because emotions played crucial roles on overall migration-and-family dynamics in general, and on family finance in particular.

Emotional earmarking was found to be a relevant concept. “Quality family relationships” have been attributed to positive feelings characterising family ties such as warmth, trust, mutual reciprocity and longevity (Gudmunson & Danes 2011 p. 646). This Chapter presented examples of the quality of family relationships (coming from different stories by migrant families), capturing both positive and negative emotions and feelings.

In the case of remittance recipients, overseas migration dynamics challenge family unity and, eventually, their family financial decisions. Regardless of the quality of spousal or parent-child relationships, for example, remitters and financial decision-makers (whether based abroad or is at home) figure out ways to calibrate home town-directed financial transactions for the benefit of loved ones. Remitters abroad utilise their emotions to embrace whatever risks their financial decisions may pose to loved ones. What matters for them is that exponential incomes provide comfort to family members left behind (Aguilar 2009), hoping that family comfort encourages migrant families to save, invest and do business. Moreover, that if remittances are productively used, emotionally-earmarked transactions mostly become beneficial for families (and by extension, communities) embracing overseas migration.

5.6. Concluding remarks

This Chapter discussed family financial socialisation dynamics by remittance owners in San Nicolas and Moncada. It was found that family financial socialisations are intertwined in a web of family relationships. Migrant households were observed also to easily switch financial behaviours when dealing with specific family members for certain financial purposes (e.g. spending, saving, etc.). Meanwhile, the financial capabilities of migrant households differ by municipality (Birkenmaier & Huang 2014; Sherraden & Ansong 2016).

It was interesting that remittance households displayed similar behaviours on finance. At least half of respondents from both towns mostly learned about money from their own experiences. However, over half of respondents in each town do not keep financial records but they generally know how much money is earned and

spent. Not surprisingly, if household incomes run out, most respondents still spend on consumer goods (and perhaps some unnecessary expenses).

Different contexts surround how migrant households handle their remittance incomes. These include the quality of their family relationships, their financial behaviours, how migration affects these households, and how females and males handle these aspects of family life. These dimensions surround the *sanguinity zone* of the Behavioural Economics of Remittances framework. This sanguinity zone operates through *emotional earmarking* by members of migrant households, which views the natural and entangled relationship of emotions and remittances when family members transact financial matters. Emotional earmarking marks how migrants and their household members at home deal with money, all for the sake of ensuring the family's welfare.

A possible constraint, however, to the productive emotional earmarking of remittances is the *dual importance of ample financial knowledge and sound financial behaviours*. Family matters emotionally permeate financial socialisations, decisions and eventually financial actions (e.g. saving, investing, entrepreneurship). If remittance owners possess ample financial knowledge and practice correct financial behaviours, these qualities can help stimulate their productive emotional earmarking to benefit families and their rural home town.

6.1. Introduction

To answer the question “To what extent do entrepreneurs and financial institutions influence remittance owners to save, invest and run businesses in their rural home towns?”, this Chapter explores the risk profiles and the behaviours of migrant households when dealing with home town entrepreneurs and financial institutions. This analysis is premised on structure-agency interactions and on the behavioural responses of remittance owners to prevailing realities on entrepreneurship, and to the regulations of financial institutions.

It begins by comparing the risk profiles of rural residents, applying prospect theory (Kahneman & Tversky 1979; Kahneman 2011). What follows are comparative presentations of how remittance households engage in home town entrepreneurship, and how home town-based financial institutions and remittance households relate with each other. Finally, this chapter ends with a mixed methods analysis of how migrants estimate the benefits of home town entrepreneurship and financial inclusion and intermediation. It covers the *estimation zone* of the Behavioural Economics of Remittances (*refer to Chapter 2*).

Some contexts surround this chapter. Entrepreneurship and financial inclusion are financial actions that feed off each other. At the same time, the services of financial institutions play a key role in encouraging investments from remittances (Le 2011). Remittances may “stimulate financial development in the receiving economy, contributing indirectly to economic growth” (Brown et al. 2013: p. 636).

It is important to know that remittance owners’ economic decisions relate to their risk appetites, and what is on offer in the home town. This being said, three overarching factors govern the decisions made by migrant households on home town investing and financial inclusion. These are: a) The entrepreneurial or investment climate of a

locality (Ang & Opiniano 2020); b) The quality of financial products and services being offered; and c) The efforts to sustain overseas remittance earning while entrepreneurs and financial institutions pursue migrant households as a target market (Bagasao 2013).

In so doing, earning overseas remittances is one *major venture* of the migrant household since money from abroad are higher than local incomes. Le (2011: p. 2413) argues that should the household decide to utilise remittances through an “investment project,” the migrant will send more money to sustain such a venture and the recipient will “exert more managerial effort”. Migrant households thus do business and avail financial products, making these their *additional ventures*.

6.2. Risk profiles of rural residents

6.2.1. Perceiving and facing risks

Table 6.1 reveals at least 32 percent of migrant and non-migrant household respondents from both municipalities were cautious about taking risks, and at least 35 percent of these two respondent-groups said their families were also cautious. Respondents from San Nicolas were more cautious than their Moncadenian counterparts. With respect to individual respondents from these households, San Nicoleños (43.9%) were more cautious than Moncadenian counterparts, a response which was similar for household respondents.

Mean scores may be higher for San Nicolas’ migrant respondents over their counterparts from Moncada, though both municipalities fall within the range of being “cautious” in the five-point Likert scale. Moncadenian migrant households’ mean scores stand nearer to “really avoid risks” (1 in the Likert scale), implying they may be more risk averse than those from San Nicolas.

There were statistically significant differences seen how in the survey respondent and her/his migrant household in relation to how they perceive risk-taking — both at

$p \leq .01$. These differences imply that remittance households from both municipalities have different risk appetites that may be geographically contextualised.

Table 6.1: Perceived risk-taking by the individual and the family

How do you perceive risks? (%) [1 – Really avoid risks; 2 – Cautious; 3 – Between avoiding and taking risks; 4 – Willing to take risks; 5 – A real risk taker]	Migrant households † *		Non-migrant households	
	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=251)	Moncada (N=212)
The respondent				
Cautious	43.9	32.4	45.0	37.3
Willing to take risks after getting as many information	25.3	31.1	24.3	30.2
Really avoid risks	15.4	29.3	10.8	28.8
A real risk taker	13.1	1.8	14.7	1.4
Between avoiding risks and taking risks	2.3	5.4	5.2	2.4
<i>Mean and standard deviation</i>	<i>M=2.77</i> <i>SD=1.337</i>	<i>M=2.44</i> <i>SD=1.252</i>	<i>M=2.87</i> <i>SD=1.305</i>	<i>M=2.38</i> <i>SD=1.228</i>
The respondent's family				
Cautious	42.1	35.6	41.4	37.7
Willing to take risks after getting as many information	29.0	31.1	31.5	30.2
Really avoid risks	15.4	26.6	11.6	29.7
A real risk taker	10.9	1.8	9.6	0.5
Between avoiding risks and taking risks	2.7	5.0	6.0	1.9
<i>Mean and standard deviation</i>	<i>M=2.78</i> <i>SD=1.311</i>	<i>M=2.46</i> <i>SD=1.231</i>	<i>M=2.86</i> <i>SD=1.249</i>	<i>M=2.34</i> <i>SD=1.207</i>

Migrant HHs: † $p \leq .01$; * p value significant at .05 level

Source: Household surveys 2018-2019

Table 6.2 shows that when facing risk, majority of migrant and non-migrant households surveyed claimed to rely on confidence. As for migrant households, San Nicoleño respondents (71.5%) and the households of these respondents (72.9%) were more confident than those in Moncada (54.5 and 59 percent). The results may imply that remittance-owners from San Nicolas may be more tolerant to risks. More of Moncada's migrant households, than their counterparts from San Nicolas, claimed to use knowledge — bolstered perhaps by higher average remittance receipts (even if average household incomes were lower).

Table 6.2: What respondents in San Nicolas and Moncada rely on when facing risks?

Thing being relied on when facing risks (%)	Migrant households		Non-migrant households	
	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=251)	Moncada (N=212)
The respondent †				
Confidence	71.5	54.5	77.7	56.1
Knowledge	25.3	37.4	16.3	34.4
Gut feel	1.8	1.8	2.0	3.8
Don't know	1.4	5.4	4.0	5.7
The respondent's family ‡				
Confidence	72.9	59.0	81.3	57.1
Knowledge	24.4	33.8	13.1	34.0
Gut feel	1.4	1.8	2.0	3.3
Don't know	1.4	4.5	3.6	5.7

Migrant HHs: ‡ χ^2 result — $p > .01$; † — $p < .01$

Source: Household surveys 2018-2019

Respondents were also queried about their initial impressions on the word “risk.” Table 6.3 revealed important differences: Most migrant and non-migrant households from San Nicolas said risk is an “opportunity,” but the majority of migrant and non-migrant respondents from Moncada think risk is a “thrill.” Mean scores from both municipalities fell in the range of viewing risk as “indifference.” Moncadenian respondents’ mean scores, however, were found nearer to perceiving risk as “opportunity.”

For San Nicolas, 43.4 percent of respondents and 47.1 percent of their families think risk is an “opportunity.” In Moncada, 60.8 percent of respondents and 59 percent of their families respectively think risk is a “thrill.” Table 6.3 also showed that San Nicoleño respondents who considered risk as “uncertainty” were slightly more than those who say risk is a “thrill.” There were also statistically significant differences seen in how respondents themselves and their families think of risk, both at $p \leq .01$.

These results imply some measure of risk-averse behaviours by San Nicoleño remittance owners. The gap, however, between Moncadenian respondents who said risk is a “thrill” versus “uncertainty” was wider.

Table 6.3: Thing that first comes to mind when rural household respondents from San Nicolas and Moncada hear the word ‘risk’?

First that comes to mind upon hearing the word ‘risk’ (%) [1 – Loss; 2 – Uncertainty; 3 – Indifference; 4 – Opportunity; 5 – Thrill]	Migrant households		Non-migrant households	
	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=251)	Moncada (N=212)
<i>The respondent † *</i>				
Opportunity	43.4	5.0	46.6	4.7
Uncertainty	24.9	21.6	21.5	18.9
Thrill	22.6	60.8	20.3	61.3
Loss	6.3	5.9	7.2	9.9
Indifference	2.7	5.4	4.4	5.2
<i>Mean and standard deviation</i>	<i>M=3.51</i> <i>SD=1.260</i>	<i>M=3.97</i> <i>SD=1.455</i>	<i>M=3.51</i> <i>SD=1.234</i>	<i>M=3.95</i> <i>SD=1.459</i>
<i>The respondent’s family † *</i>				
Opportunity	47.1	5.0	5.0	50.6
Uncertainty	22.6	22.1	22.1	21.1
Thrill	22.2	59.0	59.0	19.1
Loss	6.3	5.9	5.9	6.0
Indifference	1.8	5.9	5.9	3.2
<i>Mean and standard deviation</i>	<i>M=3.56</i> <i>SD=1.237</i>	<i>M=3.89</i> <i>SD=1.520</i>	<i>M=3.89</i> <i>SD=1.520</i>	<i>M=3.56</i> <i>SD=1.190</i>

Migrant HHs: † $p \leq .01$; * p value significant at .05 level

Source: Household surveys 2018-2019

6.2.2. Assessing risk-taking using prospect theory

This section tries to validate survey results in the preceding sections using prospect theory (Kahneman and Tversky 1979; Kahneman 2011). Two test questions gauged the attitudes of migrant respondent-households toward risk taking. The first question concerns the best choice to take in a raffle draw. The second question is about making a gamble on prospective returns to an investment.

Table 6.4 shows that most migrant and non-migrant household respondents from both municipalities chose the answers with the assured returns and no losses (thus, no risks). Most respondents also chose the sure PhP5,000 prize for the raffle question, and the PhP500 best-case earning and the P0 worst-case profit or loss for the investment product question.

Table 6.4: Answers to prospect theory-related questions (risks) by rural household respondents from San Nicolas and Moncada (%)

Situations that apply prospect theory (%)	Migrant households		Non-migrant households	
	San Nicolas (N=221)	Moncada (N=222)	San Nicolas (N=251)	Moncada (N=212)
Best choice of a chance to win †				
<i>Your family joined a raffle during the annual fiesta in your hometown. Prizes are in cash. Which alternative will you take?</i>				
PhP5,000 in cash	69.7	73.4	74.5	67.0
75% chance to win PhP15,000	17.2	9.0	12.0	14.2
50% chance to win PhP30,000	2.3	8.1	4.0	8.0
25% chance to win PhP60,000	0.9	2.7	2.0	--
5% chance to win PhP75,000	10.0	6.8	7.6	10.8
Gamble question †				
<i>A cooperative in the rural hometown offered you an investment product. The minimum amount for you to invest in is PhP50,000. Which alternative will you prefer, with the product having best-case and worst-case scenarios?</i>				
Best case: A profit of PhP500 & Worst case: A profit / loss of PhP0	84.2	77.9	93.2	76.9
Best case: A profit of PhP2,000 & Worst case: A loss of PhP500	6.8	4.5	2.8	6.6
Best case: A profit of PhP3,000 & Worst case: A loss of PhP1,000	1.4	1.8	0.4	3.8
Best case: A profit of PhP4,000 & Worst case: A loss of PhP500	3.2	3.2	0.8	3.3
Best case: A profit of PhP8,000 & Worst case: A profit / loss of PhP2,000	4.5	12.6	2.8	9.4

Migrant HHs: † χ^2 result — $p > .01$; † — $p < .01$

Source: Household surveys 2018-2019. Totals may not add up due to rounding off

For the fiesta raffle question, more Moncadenian migrant households (73.4%) answered the sure PhP 5,000 cash over their San Nicoleño counterparts. Respondents from San Nicolas, however, may be more daring in taking chances: like the three-quarters chance to win PhP 15,000 (17.2%) and the five percent chance to win PhP 75,000 (10%). In the question on returns for an investment product, there were more San Nicoleño respondents (84.2%) who wanted sure profits and nil losses than their Moncadenian counterparts. Though on this question, more respondents from Moncada (22.1%) were willing to take a gamble compared to their counterparts from San Nicolas.

6.3. Estimating the home towns as sites for business operations

Table 6.5 lists two major themes from the key informant and object-centred interviews (KIs and OCIs) from the two municipalities as entrepreneurship sites: *personal and family desires*, and *geographic considerations*.

Table 6.5: Migrant households' interactions with enterprises and markets within and outside San Nicolas and Moncada

Themes of interactions	San Nicolas, Ilocos Norte	Moncada, Tarlac
<i>Personal and family desires to do business</i>	<p>Business fuelled remittance owners' motivations to try out entrepreneurship.</p> <p>Entrepreneurship opens up opportunities to provide comfort unto migrant families</p>	<p>Doing entrepreneurship provides opportunities to boost family's welfare</p> <p>Entrepreneurship is a personal decision; for some to even counter boredom</p>
<i>Geographic considerations, both internal and external to municipalities, surrounding entrepreneurship</i>	<p>Home town is a viable market</p> <ul style="list-style-type: none"> - Reputed commercial villages (<i>barangays</i>) host most of the municipality's registered businesses - Stretch of MacArthur Highway is an entrepreneurial belt, leading to some enterprises (including large companies) setting up branches there <p>Comparative advantage of San Nicolas vis-à-vis neighbouring municipalities</p> <ul style="list-style-type: none"> - Centrality of San Nicolas' location in the province. - Registered firms in San Nicolas earned more profits than those in Batac City - Capitalizing on opportunities from outside the province 	<p>Agriculture provides the town's major income source.</p> <p>Home town a convenient place to do business</p> <ul style="list-style-type: none"> - Centre of town is where most registered firms are found. - Convenience to do business in Moncada's inner villages led some migrant households to try out niche ventures <p>Moncada vis-à-vis neighbouring markets</p> <ul style="list-style-type: none"> - Moncada's registered firms and their profits and remitted business taxes paled in comparison to richer municipalities.

Sources of information: Key informant interviews with local stakeholders, object-centred interviews with migrant household heads, and documentary data from in San Nicolas and Moncada (2018-2019)

6.3.1. Motivations for home town entrepreneurship

Entrepreneurial desires by migrant households get fuelled by active businesses in San Nicolas and by the search for niche opportunities in Moncada. Two sub-themes related to entrepreneurial motivations emerged from the interviews:

Personal motivations. In both municipalities, entrepreneurial activity had fuelled realisations and motivations from remittance owners to try out entrepreneurship. Some respondents from San Nicolas thought they were self-initiated and persistent, as some migrants abroad begin their forward planning to prepare for returning home. A 37-year-old San Nicoleño domestic worker from Hong Kong claimed that:

I am planning to return home for good in two years time. That is why I want to open an eatery [karinderya in Filipino], something like that. I really like to cook. The karinderya is what I really like. [female migrant interviewee SN15 2019]

Similar to San Nicolas, some remittance owners from Moncada expressed their own motivations on entrepreneurship. They thought that entrepreneurship was a source of livelihood on top of remittances. Some respondents even tried out entrepreneurship to elude boredom. A housewife interviewee whose small retail store had satisfied the husband working in Brunei Darussalam stated that:

Why did I open a sari-sari store? It is because I am not doing anything the whole day... My husband might say: 'I always send money but that remittance may not go anywhere.' That's why I thought of opening a business which targets our neighbours... In some ways, our store is helpful to our barangay. Of course, we draw our daily expenses from store earnings. My child / spouse abroad is happy with this store because we have an additional source of income. [household interviewee M22 2019]

Familial motivations. Some interviewees also mentioned that entrepreneurship opens up opportunities to provide comfort to the family. This theme reinforces the view that the family's well-being is a baseline reference point (also in Opong 2012). Family bonding even drove some interviewees to grow their businesses, such as a San Nicoleño migrant worker's plan for the sari-sari store a sibling owns. Another Hong Kong-based domestic worker is planning on constructing apartments for rent so that loved ones can also benefit from these transient homes, as expressed in an interview:

Constructing an apartment for rent is our plan so that my siblings can stay there if they want to take a vacation in San Nicolas. Even my nephews and nieces studying in Laoag City can stay there. That's my first choice, even my second choice, for a business venture. [female migrant interviewee SN20 2019]

For another household interviewee (a 28-year-old housewife whose own mother is in Kuwait), the close association between family bonds and entrepreneurship has made the remitter abroad provide some capital to loved ones, as expressed below:

It is not our mother who told us to go into business. We children wanted it. Our mother abroad then gave us capital. We buy and sell side cars and then we sell afternoon snacks on the streets. [household interviewee SN58 2019]

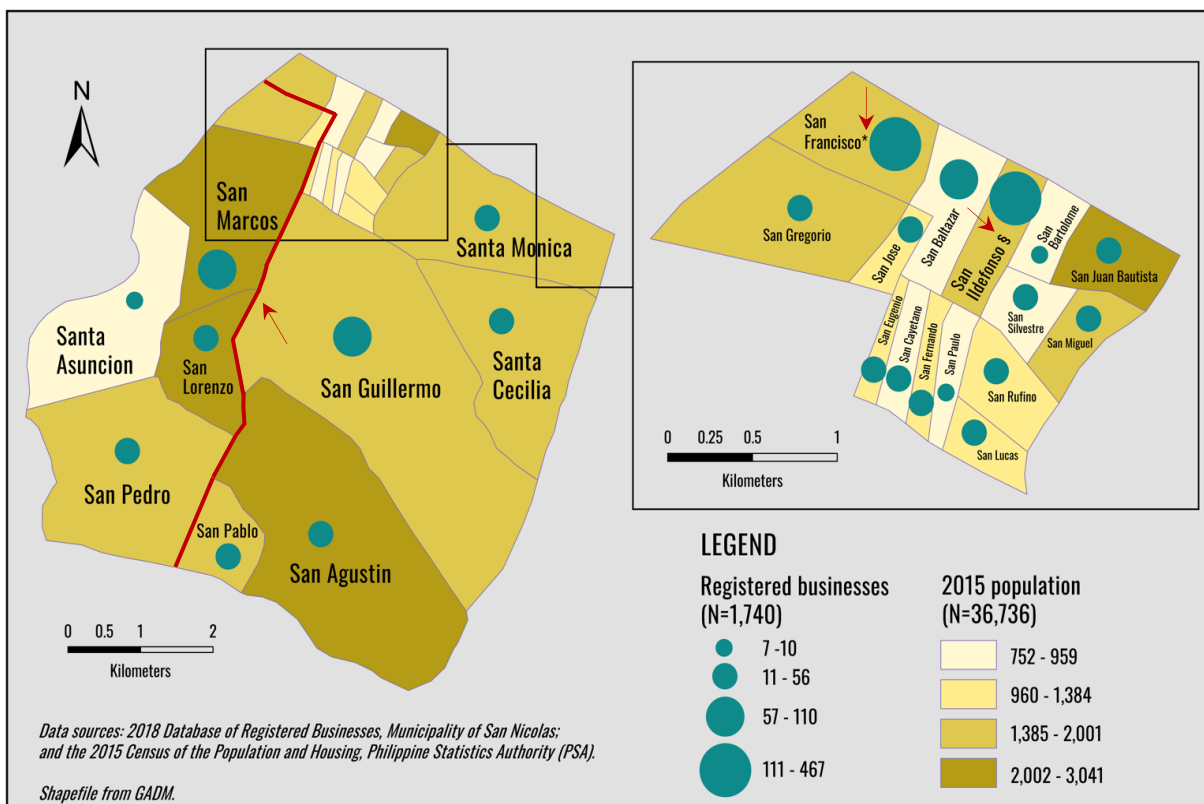
6.3.2. Geographic considerations surrounding home town entrepreneurship

The interviews revealed the importance of geographic location in migrant households' decisions to open businesses. With the home town as the baseline reference point, interviewees had considered the distance of their ventures to markets within and outside their home towns. Yet the nature of economic activities in San Nicolas and Moncada provided essential differences on migrant households' considerations to run businesses.

Internally viable markets within the home towns? Figure 6.1 shows that reputed commercial centres are the predictable hotspots of non-agricultural entrepreneurial activities. Not surprisingly, the urbanised villages (*barangays*) of San Francisco and San Ildefonso had the most number of registered businesses. Those businesses in San Francisco (freq. = 467) include the 259 found in four commercial centres inside the compound where the shopping mall Robinsons Place Ilocos stands. Outside of that compound, another 208 registered firms are tallied under Barangay San Francisco. Meanwhile, the public market is found in Barangay San Ildefonso, and

that facility houses 255 registered businesses (mostly meat, fish and vegetable vendors).

Figure 6.1: Village locations of the registered businesses in San Nicolas



Notes:

— - MacArthur Highway stretch within San Nicolas, the ‘entrepreneurial belt’ of the municipality

* - Data from Barangay San Francisco include the following: the 217 firms inside Robinsons Place Mall; the 21 firms at the Venvi IT Park; the 20 firms at 365 Place; and the one firm at the Valdez Centre. Thus, there are 208 registered firms in Brgy. San Francisco found outside the four commercial areas mentioned.

§ - Data from Barangay San Idefonso include the 225 firms inside the San Nicolas Public Market. Thus, there are 108 registered firms in Brgy. San Idefonso found outside the public market.

Migrants and migrant household interviewees thus logically think of setting up ventures in these reputed commercial “centres:” the public market, the vicinity of the Catholic Church (*San Nicolas de Tolentino* Parish), the municipal hall, and the compound of Robinsons Place Ilocos. One example is the rapid growth of apartments that target workers in the business process outsourcing (BPO) companies operating in San Nicolas. Some of these transient houses stood near the public market, the Catholic Church and a supermarket.

San Nicolas is also fortunate to have a major national highway as an “entrepreneurial belt”. The 500-km. MacArthur Highway (*refer to maroon-coloured line in Figure 6.1*) has its first full northern stretch in San Nicolas. Car dealing companies have lined up their provincial branches in that segment of MacArthur Highway, where even the province’s tallest hotel stands. The entrepreneurial belt¹¹ of San Nicolas helped spread out businesses to other villages, making it possible that all villages had registered firms.

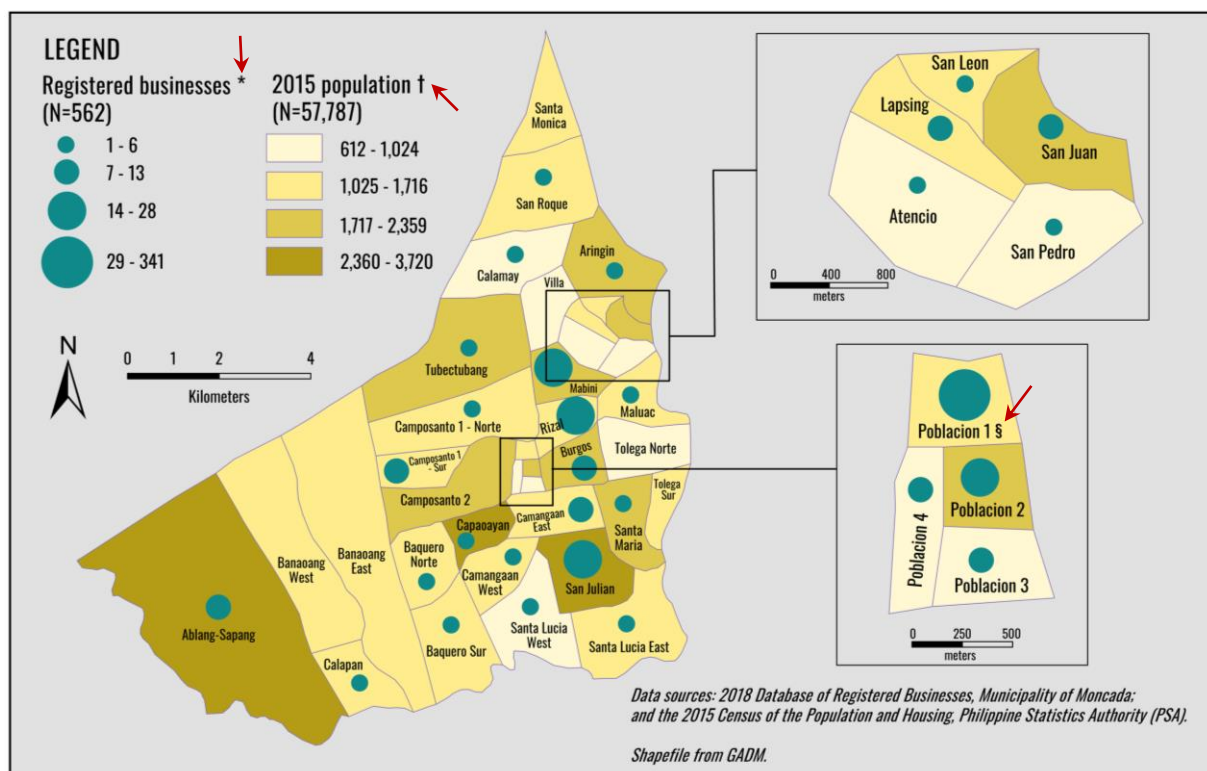
These trends on entrepreneurship indicate that the business climate reforms in San Nicolas have reaped economic dividends through business generation and increased local revenues. Citing 2018 fiscal data of local governments nationwide, San Nicolas leads among Ilocos Norte’s 21 municipalities in terms of local revenues generated (PhP 95.37 million) and in terms of business tax collections (PhP 42.16 million).

Figure 6.2 shows that the majority of Moncada’s registered businesses are found in *Barangay Poblacion 1*: some 341 registered firms (or 60.6 percent of the municipal total). Poblacion 1 is where the public market and some of the notable enterprises are found (like a renowned Filipino drug store, two rural banks, pawnshops, and food establishments). The “largest” enterprise operating in Moncada is a branch of the Filipino fast food giant Jollibee, which opened only in February 2019. Meanwhile, seven of the 37 villages in Moncada do not have registered businesses. It is either because there are truly no businesses in these villages, or there are informally-run businesses.

Even if registered businesses operate mostly in a few villages, some migrant household respondents say Moncada is a *familiar and convenient place for entrepreneurship*. Familiarity with residents has made neighbours a target market. The opportunities for opening a niche business made it convenient for some interviewee-entrepreneurs to operate businesses in their neighbourhoods — like a *sari-sari* store and a soft drinks retail business.

¹¹ Dingras Road (in the north eastern part of San Nicolas, from the municipal hall) is another entrepreneurial alley for the municipality. Dingras Road offers a public utility jeepney route to the Municipality of Sarrat. The road is also where a Coca Cola manufacturing plant is found.

Figure 6.2: Village locations of the registered businesses in Moncada



Notes:

† - The municipal database of registered firms reveals seven of the 37 villages or barangays do not have registered businesses. These villages are: Banaoang East (population: 1,312), Banaoang West (1,548), Camosanto 2 (2,232), Santa Monica (1,674), Tolega Norte (889), Tolega Sur (1,300) and Villa (668).

§ - Data for Poblacion #1 include the 185 registered businesses found inside Moncada's public market. Thus, 156 registered businesses are found outside the public market but are located within Poblacion #1.

* - Some 15 registered businesses did not mention the villages or barangays they are operating in.

Taking off from such community familiarity, some migrant households have run businesses that are not in their vicinity. For example, one female interviewee makes and sells charcoal whose markets cover buyers in both Moncada and in the neighbouring municipality of Paniqui. Another interviewee, a mother whose daughter works in the United Kingdom, thought about an entertainment-related venture: rental of portable karaoke equipment (called *videoke* in Filipino), as expressed below:

I remember (my daughter abroad) asking me: 'What do you think Mom if we buy a videoke machine?... The business even helped the community, like on the last night of someone's funeral... Almost our customers are from our barangay because we know each other... Almost everyone here rents from us. One neighbour of ours is even a direct competitor. Their videoke rental is only for 12 hours, ours is for 24 hours. [household interviewee M25 2019]

Distinct economic profiles of municipalities. Stakeholder, household and overseas migrant interviewees have recognised the predominant economic and livelihood ventures of their rural home towns. This recognition has led some migrants abroad to quickly think of the prospective or current ventures they engage themselves in.

San Nicolas tries to balance urbanisation¹² and agriculture. “Urbanisation” is shown by the presence of Robinsons Place Ilocos and the tenant businesses in the big commercial area in *Barangay* San Francisco. Meanwhile, since 74 percent (3,661.44 ha.) of San Nicolas’ land area is agricultural, the municipal government is reputedly providing as much financial and technical support to farmers according to some informants from the local government and the community. These efforts made local stakeholders and even overseas San Nicoleños acknowledge the economic progress¹³ of San Nicolas.

Moncada’s economic profile differs. Agriculture provides major incomes for entrepreneurs. The vast agricultural lands of Moncada (total of 7,7984.2337 ha., or 87.8 percent of the municipality’s land area) make farming an obvious investment direction. Rice and corn are the staple crops; however, the high-value crops (HVCs) sweet potato and onions can yield higher incomes for a Moncadenian farmer, even if more regular profits can be earned from non-farming ventures.

The municipal government provides residents with cost estimates on farming. If farmers have a hectare of land, they may need may need P55,200 (US\$1,126.53) for production expenses. If the crop, say rice, yields 6,000 kgs. and the farmer sells the product at P15/kg., the farmer can earn P90,000 (US\$1,836.73) in gross income per hectare. When costs for land rental, labour and production costs are deducted, a farmer can earn a minimum net income of P15,800 (US\$322.44) per hectare every cropping¹³ season. We can therefore then estimated that the net incomes for individual

¹² A property firm in Manila (Tan, Frankum & Associates 2014) tagged San Nicolas as part of what it calls “Metro Ilocos” that includes the two cities, Laoag and Batac, and San Nicolas. A reason for such name is the opportunities the three geographic areas offer to expand BPO companies — all of which are currently located in San Nicolas.

¹³ At a fiesta gathering awarding an overseas San Nicoleño from the United States, that migrant from the state of Hawaii remarked that San Nicolas is the “Makati of the North.” Makati City is a major city in the Philippines’ National Capital Region (NCR) and the reputed financial centre of the country.

farmers can be gainful (rice: P262,906 per farmer; corn: P343,407 per farmer — covering the year 2017).

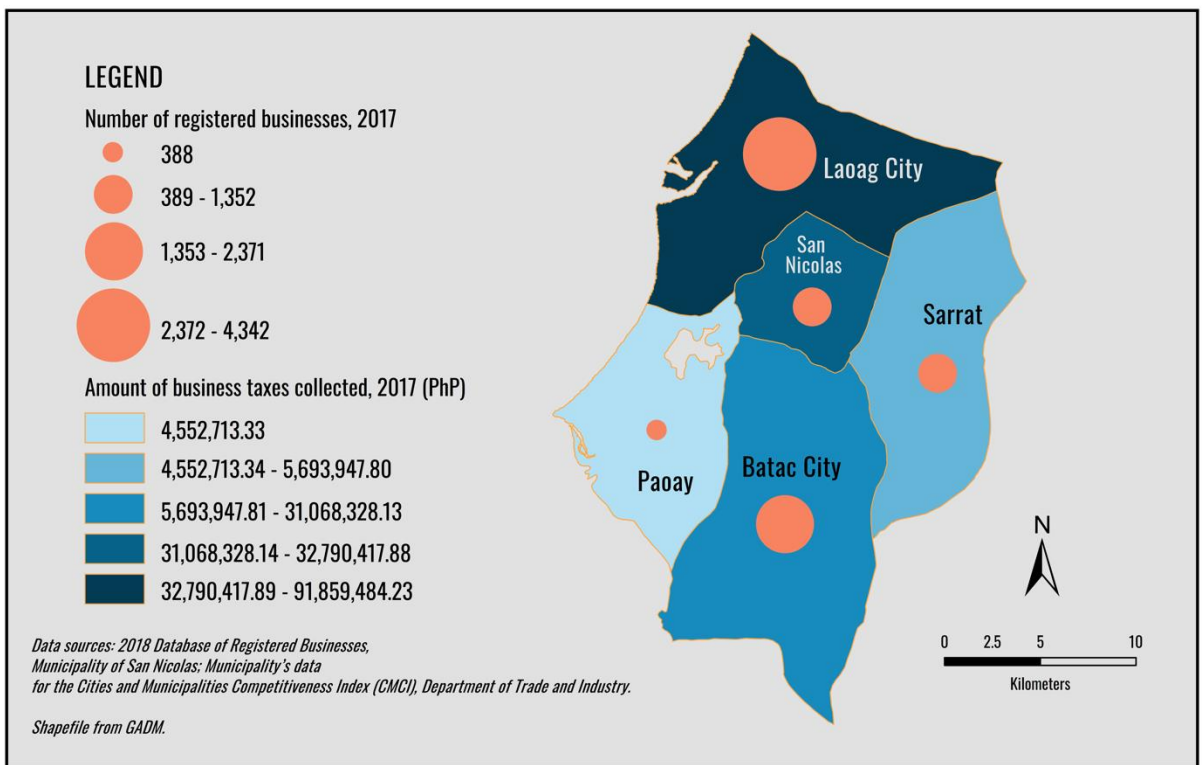
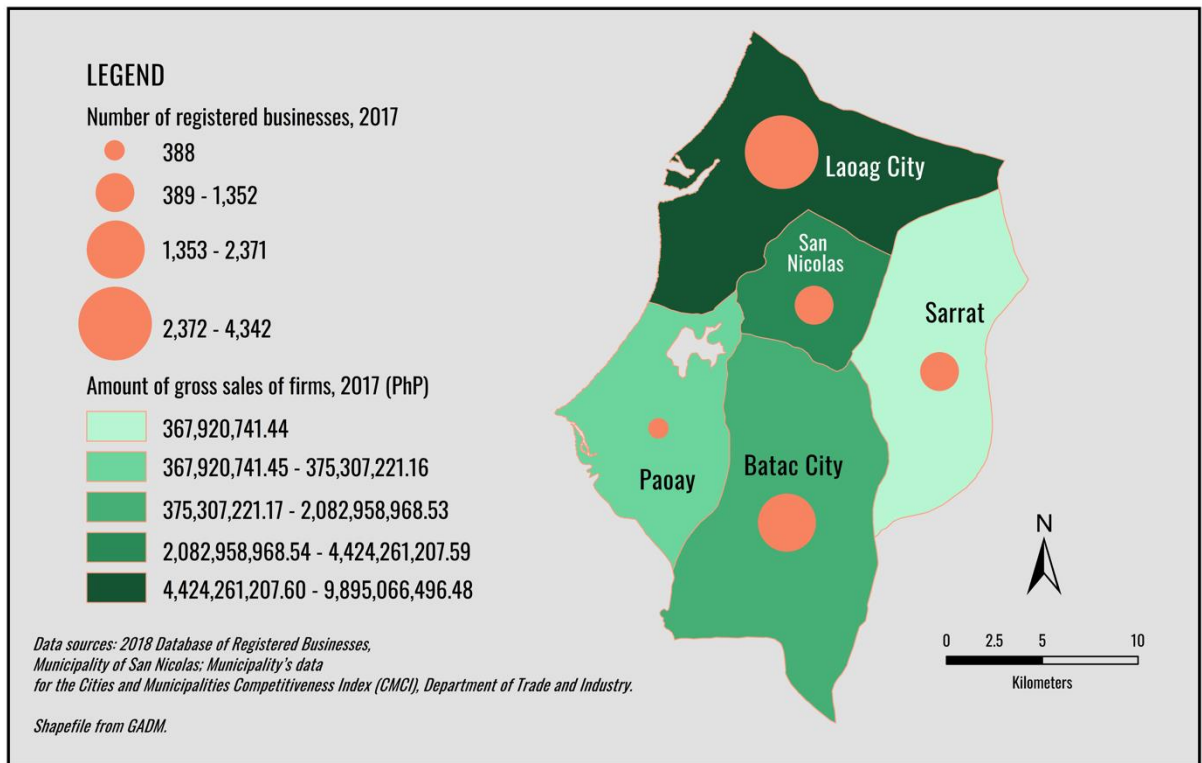
A 68-year-old female household head exposed the profit lure of rice and corn (*palay* and *mais* in Filipino, respectively), which a daughter in the US financially supports:

I plant corn and rice. (Middlemen riding in) trucks buy our rice after the harvest season. Our earnings (from these crops) are strong. [household interviewee M19 2019]

External markets and the ‘competitiveness’ of the rural home towns. Many household and stakeholder interviewees recognised the need to reach markets outside of San Nicolas and Moncada. On this score, two sets of GIS maps can help us visualise the levels of entrepreneurial activity of the two municipalities and their neighbouring areas.

Figure 6.3 shows entrepreneurial activities between San Nicolas and its neighbouring cities and municipalities. San Nicolas may have smaller numbers of registered businesses (1,352) than Batac City (2,371). However, there may be more medium- and large-scale enterprises in San Nicolas than in Batac City. The upper map shows higher amounts of gross sales of firms in San Nicolas (PhP 4.42 billion) than in Batac City (PhP 2.08 billion). With the higher profits by firms, San Nicolas (PhP 32.79 million) has collected higher business taxes than Batac City (PhP 31.068 million), as the lower map in Figure 6.3 shows.

Figure 6.3: Indications of business activity in San Nicolas and its neighbouring markets



Notes on populations (as of 2015): San Nicolas – 36,736; Laoag City – 111,125; Sarrat – 25,212; Paoay – 24,866; and Batac City – 55,021

Some interviewees quickly capitalised on opportunities outside of San Nicolas. For example, a female ex-migrant worker opened a restaurant in Batac City some three months upon returning from Hong Kong in late 2018. She tried Batac City because

the main campus of a state university is located there. Another interviewee, a mother of three and a daughter of a domestic worker in a Middle East country, buys and sells the side cars of tricycles (motorized three-wheeled vehicles with a passenger seat [i.e. the side car]). The venture goes as far as remote Ilocano municipalities and even to other provinces, as indicated below:

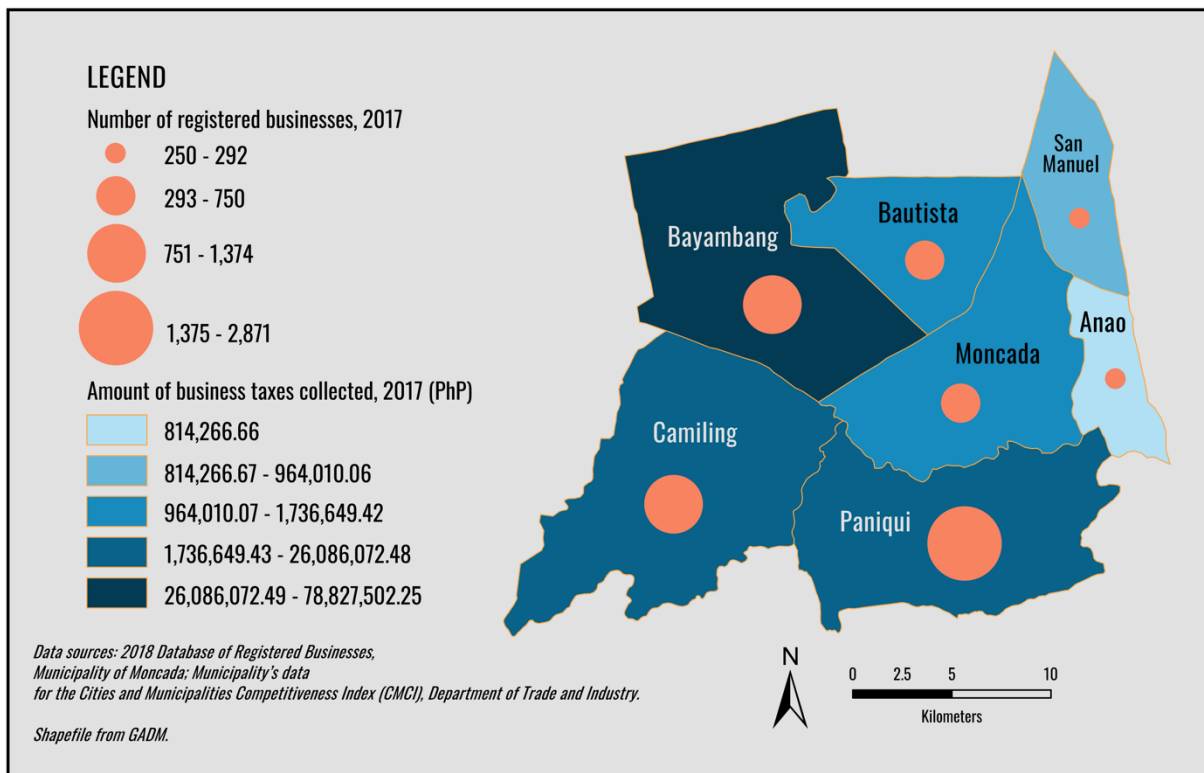
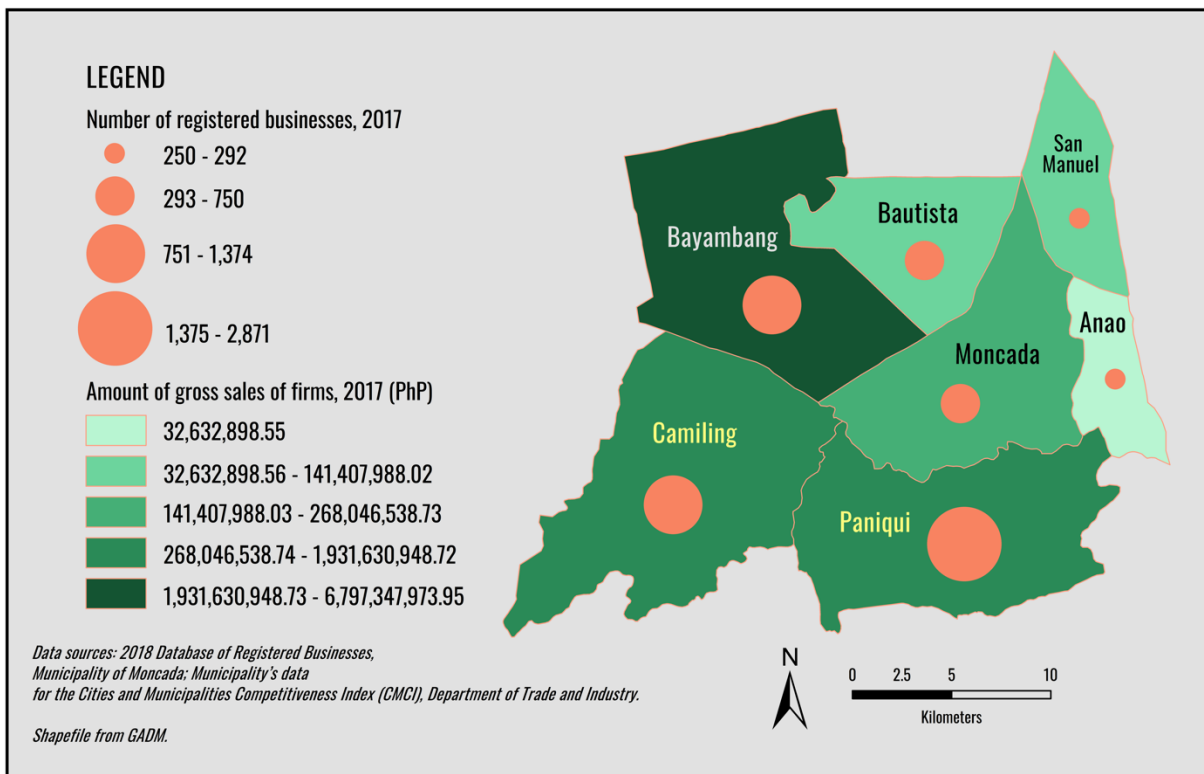
Buyers are truly not from here. Most of those who buy our products are residents of (the provinces of) Abra, Ilocos Sur... Cagayan. Truly, our target customers are those from Abra. Outside of San Nicolas, (we have the towns of) Currimao, Dingras, Piddig, Marcos. We still have clients inside San Nicolas. [household interviewee SN58 2019]

Some Moncadenian interviewees also targeted markets outside of Moncada. Though how does Moncada fare beside neighbouring municipalities within Tarlac (Paniqui, Camiling, Anao and San Manuel) and in Pangasinan province (Bayambang and Bautista)? Another pair of maps, shown in Figure 6.4, reveals that entrepreneurship in Moncada paled in comparison with Camiling, Paniqui and Bayambang.

Camiling, Paniqui and Bayambang are first income-class municipalities like Moncada, but those three places had more registered businesses and gross sales by these firms. The number of registered firms in Moncada (N=502, as of 2017) is 2.49 times less than Bayambang's (N=1,252); 2.73 times lesser than Camiling's (N=1,374); and 5.72 times less than Paniqui's (N=2,871).

In terms of gross sales, sales in Moncada (PhP 268.04 million) are smaller by 25.36 times than Bayambang's (PhP 6.79 billion), 7.21 times than Camiling's (PhP 1.93 billion), and 4.11 times than Paniqui's (PhP 1.1 billion). At the same time, the smaller neighbouring town of San Manuel has collared some manufacturing firms, like a prospective factory owned by Nestle. These trends led some municipal officials to remark that Moncada may be lagging behind already.

Figure 6.4: Indications of business activity in Moncada and its neighbouring markets



Notes on populations (as of 2015): Moncada – 57,787; San Manuel – 25,504; Anao – 11,528; Paniqui – 92,606; Camiling – 83,248; Bautista (Pangasinan) – 32,307; and Bayambang (Pangasinan) – 118,205

Some interviewees even remarked it may be logical for an investor to set up shop in Paniqui rather than in Moncada. Paniqui has a central area and an access road heading to that central-cum commercial area and financial centre. Such kind of a

central area is not available in Moncada given its topography. Paniqui also benefits from having a branch of a small shopping mall, WalterMart, at its MacArthur Highway stretch. A female community leader was even honest about Paniqui being a better site for businesses than Moncada, as expressed below:

If I am from Moncada, I will be turned off here because even if I want Moncada to grow... what if there's flooding? My business will be hit.

(Interviewer: Will overseas Moncadenians think of the same thing?) Of course, more so them. Overseas town mates are wiser because their money is hard earned. And then it will just be washed away when they invest in Moncada, while they are not sure of their investment. Right? I am not promoting Paniqui but if I am made to decide, I will go to Paniqui. They have more people and there are some colleges over there. Here in Moncada, there are no colleges. [female stakeholder interviewee M8 2019]

6.4. Estimations of financial products & services in the home towns

Interactions between remittance-owning households and the financial institutions¹⁴ make up this section. San Nicolas has 22 deposit-taking and eight non-deposit taking financial institutions (e.g. pawnshops, money changers) within its premises, as compared to 15 deposit-taking and eight non-deposit taking financial institutions from Moncada. Moncada has an active enabling environment for cooperativism that is a best practice for the province of Tarlac; the Tarlac government, for its part, operates financial inclusion programs for residents, including those from Moncada. The

¹⁴ Only commercial banks are allowed to have correspondent banking relationships with banks in host countries given the inter-connectivity of their IT systems. Most of the country's thrift / savings banks and rural banks cannot directly receive overseas remittances unless these banks are accredited pay-out agents of foreign money transfer companies like Western Union or MoneyGram. Cooperatives and microfinance institutions also face this constraint on servicing overseas remittances (Bagasao 2013).

Pawnshops have become a very popular financial institution for domestic and overseas remittances, especially since they have been authorised pay-out agents of Western Union, MoneyGram and other foreign and Filipino-run money transfer companies (Bagasao 2013). The First National Migration Survey (2018) showed that seven out of ten overseas workers (72.4%) send money through "money transfer operations." Another 26.4 percent send money through banks (Philippine Statistics Authority and the University of the Philippines Population Institute 2019).

number of overseas migrants in San Nicolas (7,938) and Moncada (4,653) also reflects how many need remittance services within their home towns.

For context, the three major financial institutions seen in both municipalities are banks, cooperatives and microfinance institutions (MFIs). Be they commercial / universal, thrift or rural banks (the three major types of banks in the Philippines), deposit-taking banks provide savings, credit/loan and investment products that were all approved by the country's central bank. Banks also enjoy deposit insurance (up to PHP500,000 or US\$10,000) should some of them shut down or placed under receivership. Cooperatives are membership-based financial institutions whose financial products are similar to those of banks. Cooperatives though do not have deposit insurance but Philippine law provides tax exemption to savings, dividends and interest accruals earned by small savers from the financial products of cooperatives. Finally, microfinance institutions (more prominent of which are non-government organisations) provide enterprise loans and other financial services to poor and low-income individuals. Majority of MFI clients are women engaged in micro-enterprise activities. Loan collection is by group or individual, as loan repayments include a forced savings scheme that is placed in a capital build-up (CBU) account of the borrower.

All these financial institutions engage overseas migrants and/or their households in terms of providing them with access to credit, savings and some insurance products and investment opportunities. For rural areas, residents usually seek entrepreneurial credit from some or all of these financial institutions.

6.4.1. Financial intermediation for remittance owners

Initial interactions. Financial institutions already possess some knowledge about remittance-owning borrowers and savers given initial interactions with them. These interactions led to the following realisations, as relayed by some representatives of financial institutions:

- a) *The desire to migrate has led clients to access the products and services of financial institutions.* Some financial institutions have lent money to prospective migrants for pre-migration expenses, covering documentary

requirements and fees (e.g. overseas employment certificate, mandatory health insurance, placement fees for recruitment agencies to process job applications).

- b) *Financial institutions realised overseas migrants have broadened their financial capacities.* Overseas work gives financial leverage to migrant clients, and this increased financial capacity helps them repay loans with financial institutions.
- c) *Migration-related dynamics can affect the regularity of remittance receipt by these clients.* Financial institutions realised these factors include the occupation of the migrant, country/ies of destination, level of income of the migrant family, schedules of work and days-off, and the timely or delayed receipt of their salaries.

Migrant-tailored financial products. Five financial institutions — three in San Nicolas and two in Moncada — have offered financial products and services customised to remittance clients. Two of the five institutions in both towns have loan products that cater for pre-migration-expenses. These pre-migration loan products vary in their maximum loanable amounts. Their loan products also carried repayment incentives (called “diminishing balance”) that give borrowers lesser interest rates if borrowers repay way ahead of their end-of-term loan periods.

In San Nicolas, one financial institution continued to run a loan facility for overseas Ilocano entrepreneurs that started in 2012. Another financial institution operating in San Nicolas put together a savings product package that encourages overseas migrants to habitually save and enjoy higher interest rates for deposits. This product comes with an accident insurance plus a lesser interest rate for a prospective loan. Another financial institution, this time in Moncada, had opened up its membership to overseas Filipinos, coinciding with expanding the membership in this financial institution to residents of Luzon island. This institution then offered its usual products and services — like an equity fund for the cooperative’s sweet potato and onions ventures (ROI: 14 percent on average) — unto overseas Filipinos, including a scant few Moncadenian migrant workers. These products are a response to opportunities

from the migrant market, hoping that migrant households from the two municipalities get interested.

6.4.2. Feedback between service providers and remittance-owning clients

What characterises the interactions between remittance owners and financial institutions? Five major themes surround their interface in the two municipalities, as shown in Table 6.6. Answers from key informants from financial institutions can be themed into the following: *borrowing and loan repayment*; *migration and financial behaviours*; and *entrepreneurship and financial services*. Object-centred interview answers from migrant households largely revolved around *satisfaction* and *dissatisfaction* with the financial products and services accorded to them.

Table 6.6: Financial institution-migrant household client feedback in San Nicolas and Moncada

Financial institutions in the municipalities, on overseas remittance clients (from stakeholder interviewees)	Overseas remittance clients in the two municipalities, on financial institutions (from household interviewees)
<p>Borrowing and loan repayment</p> <ul style="list-style-type: none"> - Few try out loan products (e.g. agricultural, housing, vehicle loans). - “Moneyed” clients struggle with timely loan repayment. - Once physically-present migrant clients write off all their loans and discontinue their relationships with financial institutions. <p>Migration and financial behaviours</p> <ul style="list-style-type: none"> - Difficulty luring migrant clients to avail savings products, even with attractive interest rates. - Only scant few avail bundled financial products tailored for migrants. - Given family-level dynamics beside migration, financial institutions coach depositors and borrowers on money. - Lifestyles of remittance households affected their financial behaviours. <p>Entrepreneurship and financial services</p> <ul style="list-style-type: none"> - Given repayment behaviours, remittance households try to sustain their enterprises - Some remittance owners were observed to have “weak” entrepreneurial skills. - Few clients use remittances for businesses, with ventures remaining micro- in size. 	<p>Satisfactions and benefits</p> <ul style="list-style-type: none"> - Savings accounts: a) secure money to better meet household needs; b) force financial discipline; and c) complement loan repayments. - Financial advisory valuable vis-à-vis loan repayment. - Loans aid to certain financial needs (e.g. daily expenses, some investments). - Having a good credit standing gives opportunities to avail other financial products, thus boosting prevailing financial relationships. <p>Dissatisfactions</p> <ul style="list-style-type: none"> - Some anger, displeasure at some accorded services and terms of financial products. - Inconveniences with money stored at financial institutions. - Peskiness of financial institutions to collect loans.

Sources of information: Key informant interviews with officials of financial institutions, as well as object-centred interviews with migrant household heads, in San Nicolas and Moncada (2018-2019)

Financial institutions on migrants' borrowing and loan repayment. In terms of loan repayment, migrant households may either repay on time or delay their payments (e.g. at least two weeks) given late salaries from overseas work. Some migrant household clients tied loan repayments with their current enterprises, an arrangement that happens with microfinance institutions and cooperatives. The clients who repay their loans create the impression their enterprises and farms are still up and running, as observed by one financial institution representative:

Our members repay with the help of their loved ones abroad. When the harvest is not enough, members will seek the help of their overseas family member or relative. [male stakeholder interviewee SN6 2019]

Some overseas migrants, like domestic workers and factory workers, were observed to be good-paying clients. However, a male representative of one financial institution complained about some migrant household clients in San Nicolas who deliberately elude loan collectors:

Even clients with remittances from abroad are hard to approach, or are hiding from us. No matter if they live in mansions, it's hard to collect from them. [male stakeholder interviewee SN3 2019]

Financial institutions also shared stories of migrant household clients being approached by two or three loan collecting agents on the same day. While this trend also happens to borrowers without overseas remittances, seeing this happen to remittance owners as well had perplexed some financial institutions. For example, in San Nicolas: the borrowing habit by residents (not just remittance-owning clients) may have made the municipality a difficult place to collect loan repayments. On this score, some San Nicoleño migrant households admit to concealing that they have loved ones abroad. Though on the side, propensities to spend were also observed from these borrowers. A male representative of a financial institution expressed the following:

You were told they do not have money but they still manage to buy things for themselves. They [migrant household clients] do not dress up in cheap clothes, yet it is hard to collect repayments from them...

“Other clients with loved ones abroad are shy to admit they have family members overseas since these clients in San Nicolas are ashamed of seeking help from abroad to repay loans. [male stakeholder interviewee SN3 2019]

Some financial institutions mandate that the physical absence of a client / member may lead to closing the credit lines and savings accounts of clients. In two of these institutions, overseas migrants write off all loans so to eliminate their financial stresses. The household then discontinues their financial relationships with the said institutions; this approach was what some OCI respondents did. On the flipside, some migrants transfer their accounts to identified female members of the family so as to continue the financial relationship. With the aid also of remittances, these families are then able to repay their loans. Some representatives from financial institutions in Moncada claimed that:

Overseas Filipino worker families repay loans better because they have another source of income. In terms of business, some OFW family clients stop their businesses because the remittances they receive are big... (If they stop their business, these clients are still eligible to borrow) through our multi-purpose loan since they are our existing clients. If they think of returning to entrepreneurship, we will again offer them our loans. But only a few OFW clients that I see have better lives currently. [group interviewees M4 2019]

There are some OFW members... who repay their lent amounts correctly. Then sometimes they will call us to borrow again since they plan to use the money for a sibling who runs a farm or a business. ‘I will be the one to pay,’ one OFW member told me. Only about two percent of our OFW members have repayment problems. [female stakeholder interviewee M15 2019]

Migration influencing financial behaviours? As mentioned earlier, earning remittances is the major economic venture of migrant households. That being said, some financial institutions think migration dynamics had impacted the financial behaviours of remittance-owning clients.

One dynamic is the difficulty to find Philippine investment opportunities since migrants are overseas. That is why one financial institution went straight to overseas migrants and recruited them through product road shows in two East Asian countries. These recruited migrant workers (including very few migrants from Moncada) became members of this financial institution and then placed investments (in equity funds, through preferred shares). Transactions occur through family members at home.

Another dynamic is how family issues affect the ways remittance households make financial transactions. One financial institution realised the family-level social costs of migration visibly affected the handling of family incomes and family relationships. A female informant from the said institution claimed that:

That is why every now and then a client will tell us: 'Please Madam, I will course my payment through him so that my husband does not get mad at me.' So monthly we check if the husband goes to the cooperative. Then if the husband doesn't lodge payment, I ask 'Why did you not pay?' I pity our member who works overseas and then her husband is acting out like that.
[female stakeholder interviewee M15 2019]

The above statement challenged the financial institution to keenly advise remittance-owning clients on improving the handling of their finances better. Financial advisory here accounts for the quality of the family relationship (in the case of married couples, the absence of a spouse [usually the wife]) vis-à-vis what expenses are being allotted. The same female informant of a financial institution goes on further saying:

We have many members whose economic lives (have) improved. A few of our OFW members had problems, and a reason I usually see is that the husband left behind is philandering. Then the couples get separated.

... The cooperative tries to 'program' our migrant worker clients when they repay their loans. Let's say they will repay PhP7,000. We tell them to use the PhP5,000 to repay the loan and place the PhP2,000 in their savings account. We always advise them to 'Add up your savings.' But only a few follow our advise because their family incomes 'are not enough'. They consume all their incomes... Other OFW members tell me: 'We don't have savings Madam because we spend for our children's schooling.' 'We don't have savings because we have purchased farm machines.' Well, those are investments. [female stakeholder interviewee M15 2019]

Some financial institutions also faced challenges to lure as many migrant clients. For example, one institution had recruited only two clients for its migrant-customised financial product that gives the client competitive interest rates, an accident insurance, and a promo for reduced interest rates on a future loan. Other financial institutions even admitted having as much remittance clients availing usual deposit and loan products.

Entrepreneurship and financial services. Entrepreneurs naturally seek help from financial institutions to source initial and/or additional capital. Migrant households, for their part, use their remittances as capital and as collateral for loans. Remittances then induce differing entrepreneurial behaviours for these migrant households, which financial institutions observed. For example, some migrant households discontinue their businesses since remittances received are higher than business profits.

Other migrant households who have sustained their entrepreneurial ventures see their ventures remaining micro¹⁵ in size (e.g. family-owned *sari-sari* stores). This

¹⁵ In the Philippines, the following classifications of enterprises prevail: *Micro* – one to nine employees, and asset sizes of below P3 million; *Small* – 10 to 99 employees, and assets between P3 million to P15 million; *Medium* – 100 to 199 employees, and assets between P15 million and P100 million; and *Large* – 200 employees and above, and with assets over P100 million. Some 91 percent of enterprises in the Philippines are micro (Khor et al. 2013).

observation may be related to what a female representative of a Moncadenian financial institution thinks of remittance-owning entrepreneurs as expressed below:

Only a few remittances that some OFW members send is used as additional capital for business. Those clients somewhat have weak entrepreneurial skills. [female stakeholder interviewee M15 2019]

6.4.3. Feedback from migrant households

Client satisfaction surrounds the themes of the feedback of migrant households on financial institutions, as also shown in Table 6.6.

Satisfaction. These positive reactions to financial products contributed benefits to remittance owners. Some San Nicoleño migrant household interviewees were pleased with the financial products and services such as deposit accounts, loan products, and financial advisory services. A 28-year-old female interviewee claimed that:

The (commercial bank) handled our money well. They even teach you how to invest. Your money will be safer in banks than those informal lenders (i.e. “5-6” lenders¹⁶). [household interviewee SN6 2019; married and with a sister in Macau]

Some Moncadenian interviewees think obtaining financial products may be “better” for their families. This purview even relates to the advantages that financial institutions provide for clients, like sourcing out entrepreneurial credit. When these remittance owners repay loans, they also find the mandatory savings schemes of their financial institutions helpful. That practice bolsters one’s credit standing, as well

¹⁶ “5-6” is an informal lending practice by Indian and some Filipino money lenders. It is called “5-6” because someone who borrows P5 from these lenders will repay P6 pesos over a period of a week. These “5-6” money lenders do not require any collateral or documents. The money lenders — in their motorcycles — collect repayments weekly (Kondo 2003).

as sustains the financial relationship between the remittance owner and the financial institution (as expressed below):

I save P200 monthly so that if I cannot repay my loan, that loan will be deducted from my savings (with the microfinance institution). [single male household interviewee M47 2019; sister works in Saudi Arabia]

At the (name of cooperative), if you have a good credit standing, you can borrow from them again. [female household interviewee M25 2019; daughter works in the United Kingdom]

Another benefit some interviewees got from financial institutions is the practice of financial discipline (controlling the urge to spend and withdraw from their deposit accounts). A Moncadenian wife of a migrant worker in Saudi Arabia verbalised as follows:

Me and my husband agreed to open a bank account so that I cannot touch our money. If the money is at home and it's spent, it's heavy in the heart isn't it? [female household interviewee M34 2019]

Displeasures. Some migrant household clients expressed dissatisfaction at some financial institutions in both San Nicolas and Moncada. Their discontents ranged from the services provided for them as well as some inconvenience. For example, a male entrepreneur from San Nicolas vowed not to place money in a bank. He claims his supposed returns from a time deposit (committed savings) product allegedly did not actually happen:

Banks lie. I had a PhP30,000 time deposit with insurance. After nine months, since that time deposit is due every three months, my money was reduced when I updated my fund balance (about PhP26,000). Isn't it that they're lying? I told them, 'why would my money be reduced when it's supposed to grow?' The bank told me the minimum amount for the time deposit had increased, but I did not get any notice from them... I had talked with the manager, they gave

me back my P30,000 with no added money, I withdrew all my money from that bank because they lied to me. From then on, I did not put money in a bank anymore. It's hard to trust a bank. [household interviewee SN39 2019; brother is in the United States]

Dissatisfaction was reflected also in the financial products obtained by some household interviewees. One interviewee, from Moncada, alleges a financial institution was typically not giving promised annual financial dividends. Another interviewee even observed the “high costs” of membership fees and penalties by some financial institutions. A third complaint, coming from a Moncadenian farming household with a migrant member, was about the non-honouring of benefits from a crop insurance when a typhoon washed away the family farm as expressed below:

The [name of financial institution] knew our rice field did not yield, and yet it forced us to repay our loan. I hope they understood our situation... And then we paid for crop insurance... Every due date we pay for that crop insurance, but when the calamity came we did not get anything. I got mad at that, so I decided to discontinue my account with [the financial institution]. [female household interviewee M31 2019; sister works in Hong Kong]

Some migrant households have been pressured by the persistence of financial institutions to collect loans from them. This concern may help explain why some clients ceased their relationships with financial institutions, as expressed by a mother from Moncada:

I discontinued with [name of microfinance institution] because if you are not able to repay your loan in three days, they will not leave your home until you have paid. I do not like it anymore. [household interviewee M26 2019; daughter lives in Germany]

One other inconvenience mentioned was not being able to easily withdraw their money from savings accounts. When emergencies come, savings stored in financial

institutions constrict the migrant household, as this San Nicoleño female interviewee expressed:

That's my only savings. If I place my savings in a bank, I cannot just draw money from that account if I do not have money. With my father one time, we withdrew P50,000 but sometimes, if a family member gets sick, our savings dry up and I do not have any cash on hand anymore. [household interviewee SN6 2019; with a sister in Macau]

6.5. The estimation zone

This Chapter has presented the economic interactions between remittance owners, local entrepreneurs and financial institutions in San Nicolas and Moncada. These interactions characterise the estimation zone of the Behavioural Economics of remittances. This zone sees players assessing products and risks from each other — enabling us to see if foreign remittances were used for entrepreneurship and financial inclusion (as well as, by extension, investment).

6.5.1. Additional ventures: Factors to be considered

As mentioned early in this Chapter, one major venture of migrant households is earning remittances. This “venture” recognises migration not just for family needs, but as an investment (Bowles 1970) and as a *means* to go into business (Le 2011; Stark & Lucas 1985). Remittances for business capital purposes aim to have family members scale up their venture, called the *business encouraging effect* (Le 2011). Entrepreneurship and financial product subscription thus become “additional ventures” for remittance households (adopting Le 2011).

Local entrepreneurs, financial institutions and migrant households all consider quantitative and qualitative factors before arriving at key economic decisions. Quantitative factors for local entrepreneurs consider additional costs necessary to pursue and scale up their ventures; for financial institutions, it is the additional costs

necessary to pursue remittance households as clients. Migrant households, for their part, consider their remittances as quantitative factors for their decision making. Breadwinners abroad bear the future costs of these remittances for family and for entrepreneurial capital and/or for financial product subscription.

However, qualitative factors in decision making also matter. Enterprises and financial institutions consider the quality of their products and services, as well as consumer feedback (for enterprises) and the financial behaviours of moneyed clients (for financial institutions). Remittance owners value their overall welfare and well-being when deciding on “additional ventures.”

All transacting parties are also affected by the quality of geographic factors in placing future costs. These factors include the playing field on entrepreneurship and financial services; customer density and traffic; a place’s connectivity with other target markets; and perhaps a locality’s culture surrounding money.

These economic agents also utilise their own risk mitigation tools. Entrepreneurs and financial institutions use their business experience, their regulations, their buffer resources, and other variable costs. Migrant households primarily use remittances. If these migrant households achieve some success in their additional ventures, their entrepreneurial experiences and buffer resources become added risk mitigation tools.

All these dynamics help explain why migrant households (do not) save and engage in entrepreneurship and financial intermediation in rural home towns. The unique conditions of San Nicolas and Moncada situate the differing outcomes on using remittances. Entrepreneurial estimations by migrant households from San Nicolas consider the buoyant local business landscape. With Moncada having limited commercial spaces, agriculture then becomes the driver of local growth and thus influences some remittance owners’ entrepreneurial decisions. As for financial intermediation, San Nicolas hosts numerous deposit-taking financial institutions (especially commercial banks) whereas Moncada banks on its decades-long culture of cooperativism to drive residents to access financial services locally.

6.5.2. Risk estimation and decision making: The role of ‘relevant costing’

When overseas migrant households, entrepreneurs, and financial institutions come into terms with each other’s utilitarian objectives, these parties employ decision-making and risk-taking tools to maximise opportunities and ascertain risks. The interactions by these economic agents can be described metaphorically by borrowing a concept from managerial accounting — **relevant costing** — to refer to the decision-making and risk assessment process to ascertain the future costs necessary to start off and sustain additional ventures.

In accounting, relevant costing aims to compare alternatives that help make sound business and investment decisions. These future-oriented costs differ among alternatives (Carter et al. 1997; Nurre n.d.), and these costs matter to a decision to be made. Relevant costs are future cash flows (i.e. expenses) representing the direct outcomes of an economic decision. Relevant costing also involves adding future costs and decreasing opportunity costs, both of which lead to revenues (ACCA Global, n.d.). Relevant costing accounts also for *qualitative factors*, for example if a place’s commercial activities are abundant or few.

In making qualitative assessments, entrepreneurs and financial institutions take stock of the quality of their products and services, customer relations, among others (Nurre n.d.). Remittance households bear in mind the family’s well-being since one of their major ventures is earning remittances. If migrant remitters find their additional ventures at home fruitful, they will increase money transfers to loved ones who manage these ventures (the business encouraging effect) (Le 2011). Failures in these additional ventures, however, may pose risks (e.g. debt, financial stress, family conflicts), and the economic agents concerned use their risk mitigation tools: remittances (migrant households), business experiences, buffer resources and other variable costs (entrepreneurs and financial institutions).

Relevant costing thus enables us to see the bounded rational, as well as the rational, behaviours of remittance households, entrepreneurs and financial institutions when dealing with, and earning from, each other. Each transacting party will either go on or increase in scale; let businesses and/or financial products proceed quietly without making extra effort; or cease these ventures that incur losses. Relevant costing also need not be directly expressed in financial terms.

6.5.3. Examples and implications of relevant costing

Table 6.7 reveals eight sample cases of relevant costing decisions, risk estimations and actions by remittance households, entrepreneurs and financial institutions. These cases see these players determine the less risky-yet-propitious choices and gambles on engaging in additional ventures that were *induced* by overseas remittances.

Migrant households can gain entrepreneurial success and see overseas remittances provide supplementary capital to their ventures, as forms of relevant costs. Two cases of migrant household entrepreneurs in San Nicolas, with breadwinners in Singapore, are profiting from their ventures. Both San Nicoleño cases even own at least one more business, while one of the two cases even expanded a venture to markets outside of Ilocos Norte province. A dual citizen from Moncada dared and opened a tourism-related venture. She and her husband (a permanent resident) had retired in the Philippines to run the business full time. Both derived their relevant costs from savings in the United States, as well as some pension funds.

Contrast the success cases to what a financial institution observed of its remittance-receiving borrowers: Few of them used remittances for businesses (e.g. *sari-sari* stores), implying that households rely more on remittances, or may not have the time or skills to expand their businesses since family rearing mattered more. These clients may see their continued receipt of remittances (as buffer capital and for loan repayment) as wasteful relevant costs.

Table 6.7: Examples of relevant costing in San Nicolas and Moncada (entrepreneurship and financial inclusion and intermediation)

Home town	Remittance households and entrepreneurs	Remittance households and financial institutions
San Nicolas, Ilocos Norte	<p>Case 1: Children at home prodded their domestic worker-mother in Singapore to finance a venture on buying and selling sidecars. The household sells sidecars to clients in Ilocos Norte and in three other provinces. The children have another venture: selling afternoon snacks on the streets. The mother continued sending additional capital. [<i>female household interviewee SN58 2019</i>]</p>	<p>Case 3: Some migrant households do not admit having family members working and living abroad when they are approached by loan collecting agents. To avoid non-performing loans, the financial institution though continues serving these borrowers amid their attitudes toward repayment. [<i>financial institution representative, male SN3 2019</i>]</p>
	<p>Case 2: A mother manages a small retail store, a small farm, and a piggery. She also sells roasted peanuts and charcoal (the latter earning her PhP39,000 weekly). On the side, she acts as an informal money lender. Apart from receiving remittances from a daughter in Singapore, the mother uses some remittances as added capital for some businesses. [<i>female household interviewee SN27 2019</i>]</p>	<p>Case 4: Only two migrants availed a financial institution’s migrant-tailored product that allows them to save, avail accident insurance, and be given interest-rate discounts for prospective loans. Unless marketing efforts and migrant client outreach accelerate, the financial institution may possibly discontinue offering this product in San Nicolas. [<i>financial institution representative, male SN4 2019</i>]</p>
Moncada, Tarlac	<p>Case 1: A dual citizen opened a tourism-related venture, using years of savings as well as pension funds from her adopted country. She runs the firm full time, anticipating higher returns in the medium term. The home town is not a renowned tourist destination, a risk this Moncadenian took. [<i>female migrant interviewee M13 2019</i>]</p>	<p>Case 3: Given family-level dynamics beside migration, a financial institution provides some financial coaching to remittance-owning clients. This financial coaching became an added service, just to sustain the membership of migrant members into this financial institution. [<i>financial institution representative, female M15 2019</i>]</p>
	<p>Case 2: Few clients use remittances for businesses. The prevailing ventures thus remain micro-enterprises in scale (e.g. small retail stores), with no guarantee of business expansion. [<i>financial institution representatives M1 2019</i>]</p>	<p>Case 4: Migrant clients who were once physically present write off their unbearable loans and ‘offset’ (close) their accounts with financial institutions. Sending money home seems the more important ‘venture’. [<i>financial institution representatives M1 2019</i>]</p>

Sources of information: Key informant interviews with officials of financial institutions, as well as object-centred interviews with migrant household heads, in San Nicolas and Moncada (2018-2019)

Two of four case studies prioritised the family rearing “venture” bankrolled by remittances vis-à-vis subscribing to financial instruments and services. Two financial institutions in Moncada have let go of some migrant household clients since they were pressured to cover unpaid or delayed loans. After borrowers fully repaid their loans, the financial institutions close their accounts since the migrant is physically absent. With debt problems out of their way, these Moncadenian migrants resume their main “venture” of earning remittances. However, some financial institutions persisted in servicing migrant households who are problematic borrowers. One

financial institution in San Nicolas complained that migrant households hide from collecting agents. Eluding pesky loan collecting agents drives some of these borrowers to conceal having breadwinners abroad (given feelings of shame). Nevertheless, the said financial institution continues to serve these borrowers — this approach being their relevant costing — to elude having non-performing loans in the San Nicolas portfolio.

In contrast, a financial institution in Moncada employed a different relevant costing approach. The institution noticed family-rearing issues affected loan repayment habits. The financial institution monitored these “overseas members” who are represented by their left-behind spouses. Staff provided them with financial coaching — reminding spouses of the hard work by their overseas breadwinner (usually wives). At the same time, the financial institution programmed a “repayment-and-savings scheme:” Given a remittance, a big portion goes to loan repayment and the remainder for the member’s savings account.

Both remittance households and overseas breadwinners face challenges to make effective relevant costing actions and decisions. For their “additional ventures” to succeed, remittance owners may need to brush up their entrepreneurial skills and financial knowledge. The successful cases shown in Table 6.8 reflect the proficiency of remittance owners on entrepreneurship and finance.

The estimation zone of the Behavioural Economics of Remittances thus utilises relevant costing as a decision-making and risk management tool to make and sustain productive economic decisions and provide concomitant future costs. Relevant costing also helps migrant households handle their financial behaviours while choosing the best alternative/s from options available. The productive usage of remittances thus hinges on how well migrant households know about entrepreneurship and finance.

6.6. Concluding remarks

This Chapter discussed how remittance owners from San Nicolas and Moncada estimate prospects of earning more from home town entrepreneurship and financial intermediation — both being their added ventures to their one major venture which is earning remittances. In summary, rural households surveyed were largely cautious risk takers. Many of them prefer assured profits and elude even the slightest losses which reflect their level of risk tolerance.

Remittance owners contextualise their encounters and interactions with entrepreneurs and financial institutions. Both municipalities possess different conditions on entrepreneurship and financial intermediation. San Nicolas bustles with non-farming enterprises yet seems to be a saturated market for financial services. Moncada is largely an agricultural economy with limited space for commercial ventures. Not even a local culture of cooperativism enticed savings habits among remittance owners.

Remittance owners, entrepreneurs and financial institutions then employed *relevant costing* to approximate risks and make financial decisions. In the estimation zone of the Behavioural Economics of Remittances framework, relevant costing will be a positive tool for migrant households if they are armed with better financial and entrepreneurial knowledge and skills. Relevant costing may also help remittance owners make better decisions under distinct geographic contexts surrounding entrepreneurship and financial intermediation.

The next empirical Chapter will reveal the economic interactions between remittance owners and their immediate home town communities and institutions. Economic interactions here will be under the lens of the *affinity zone* under the Behavioural Economics of Remittances framework.

7.1. Introduction

To answer the question “To what extent do public authorities, local folk and local norms influence remittance owners to save, invest and run businesses in their rural home towns?”, this Chapter explores the dynamics of migrant household-home town community relations in order to understand how remittance owners assess their economic prospects locally. It covers the interactions of remittance owners with institutions, local customs, and people in their home towns. Given the levels of financial knowledge, risk profiles and community-level trust by migrant households, how probable is it they will own a business, invest, and own a savings account in San Nicolas and Moncada? Similar to previous chapters, dynamics in both municipalities are presented using data from household surveys, key informant interviews and object-centred interviews (KIIs and OCIs), and secondary sources.

This Chapter is comprised of the following aspects: a) Migrant households’ assessments of their economic conditions and those of their home towns; b) Relations with local people and institutions; c) Probit regression results, and interview answers about prevailing social and economic relations; d) Explanations of the institutional arrangements surrounding local entrepreneurship and investing; and d) Mixed methods analysis of how remittance owners appraise their home towns for investing. This Chapter covers the affinity zone of the Behavioural Economics of Remittances.

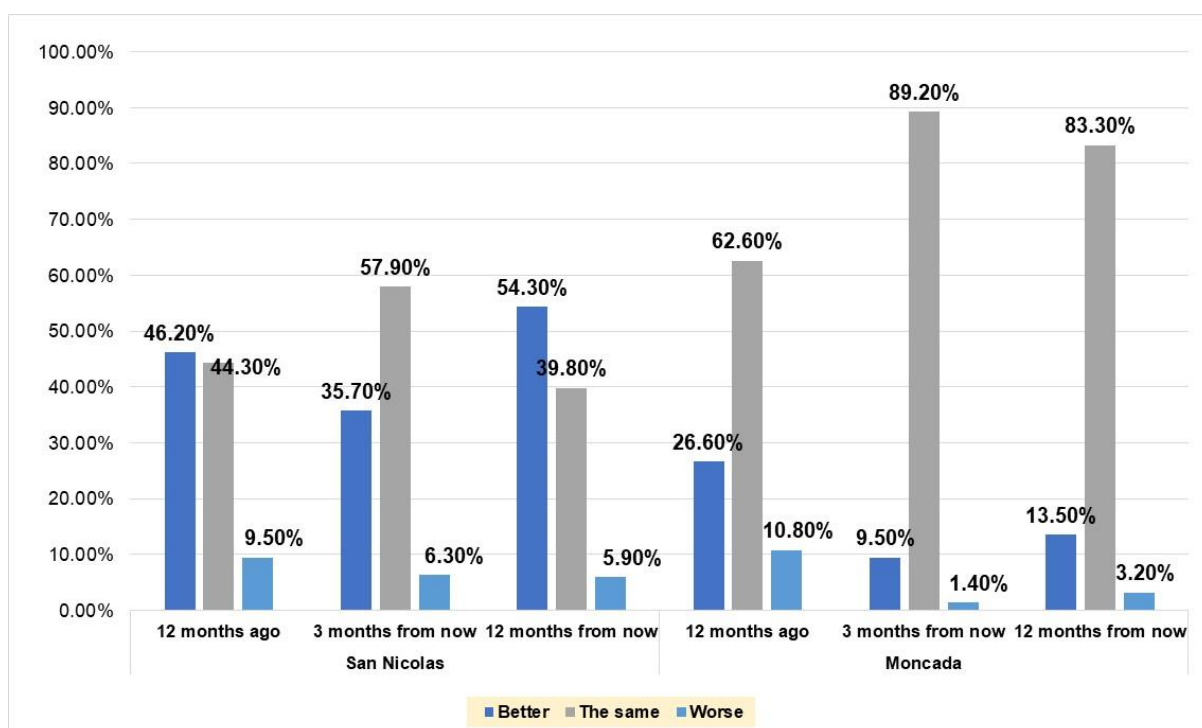
7.2. Prospects of bounty

The question of what do migrant households think of their economic prospects and that of their municipalities covers three timeframes from the time they answered the household survey: from a year ago, three months from now, and a year from now.

7.2.1. Migrant households' economic situations

Figure 7.1 shows respondents' views on their economic and financial situations. Most migrant households in San Nicolas (54.3%) think their situations will be “better” 12 months from now after feeling that the situation became “better” 12 months ago (46.2%). In contrast, most respondents in Moncada think their situations are “the same” 12 months ago (62.6%) and 12 months from now (83.3%). There were statistically significant differences in the municipal respondent-groups' answers for “three months from now” ($p \leq .01$). This result may imply that the perceived economic and financial situations of these remittance households truly differed in San Nicolas and Moncada.

Figure 7.1: Assessment of migrant households' economic and financial situations in San Nicolas and Moncada (%)



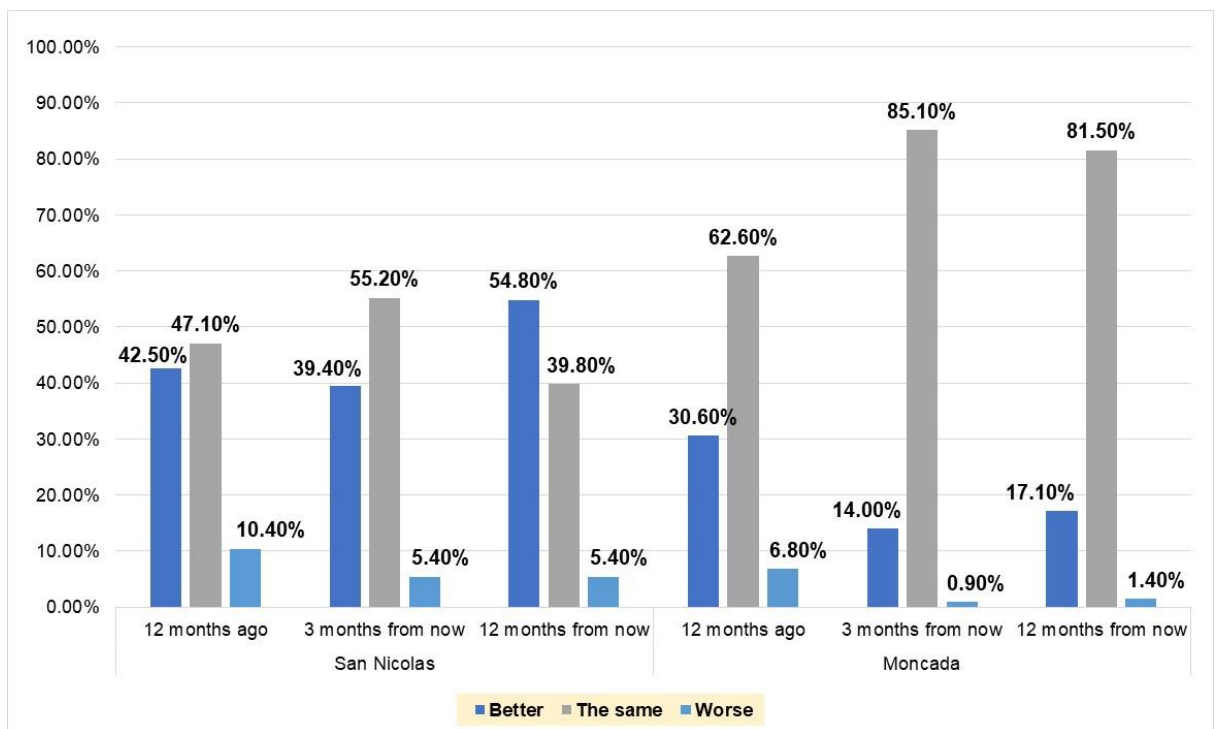
3 months from now: $p \leq .01$, significant at the .05 level

Source: Household surveys 2018-2019

Assessments by migrant households of their current income levels are shown in Figure 7.2. Most respondents in San Nicolas felt their income levels were “the same” from 12 months ago (42.5%) but these household income levels will become “better”

12 months from now (54.8%). Most respondents in Moncada think their incomes are “the same” across the three time periods (12 months ago, three months and 12 months from now). The p values for the variables 12 months ago, three months from now and 12 months from now ($p \leq .01$) carried statistically significant differences — and these variables’ Chi-square statistics are significant at the .05 percent level. These results indicate that household incomes of these remittance families differed vis-à-vis the economic conditions of San Nicolas and Moncada.

Figure 7.2: Assessment of migrant households’ income levels in San Nicolas and Moncada (%)



12 months ago*, 3 months from now* and 12 months from now* - $p \leq .01$

* p values significant at .05 level

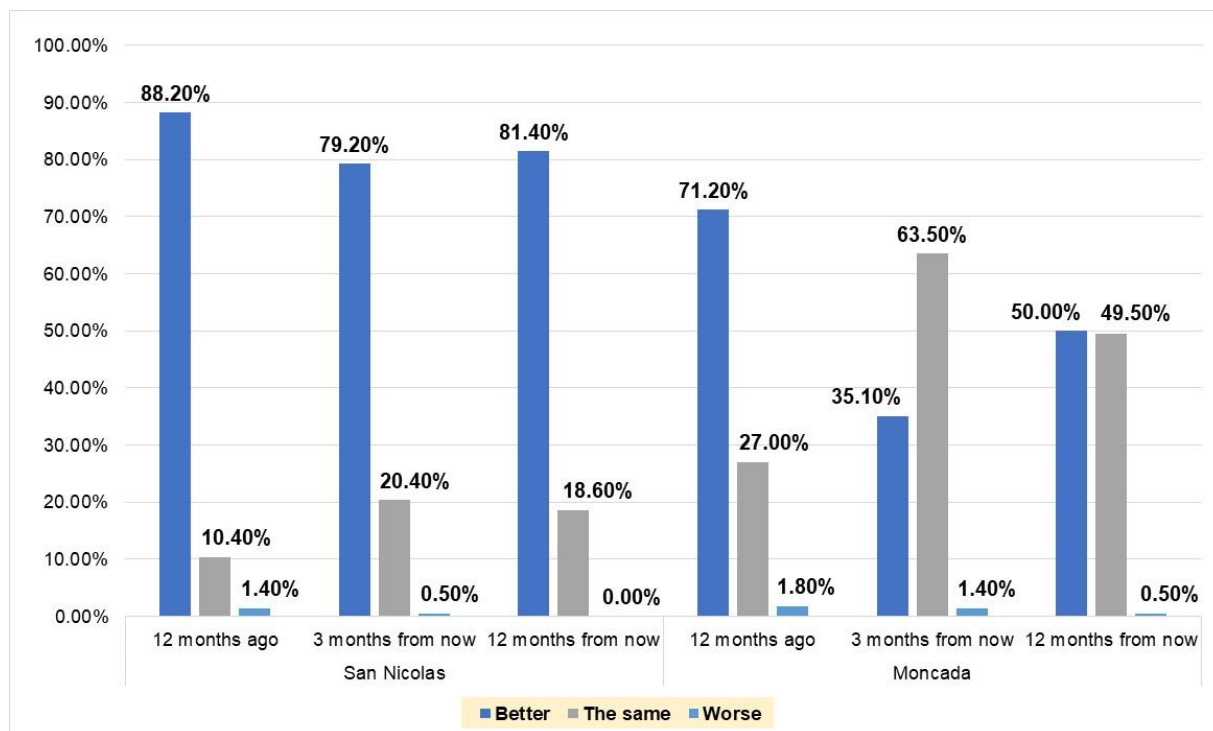
Source: Household surveys 2018-2019

7.2.2. Views on the home town’s prosperity

Figure 7.3 shows that the majority of San Nicoleño respondents think their municipality’s economic growth became “better” from 12 months ago, and will become “better” three and 12 months after. Most Moncadenian respondents, for their part, said their home town’s economic growth became “better” from 12 months ago;

12 months from now, those who think Moncada’s growth will become “better” and “the same” are nearly equal. We can infer that respondents feel how quick or slow is economic growth in their rural communities.

Figure 7.3: Migrant households’ assessment of economic growth in San Nicolas and Moncada (%)



Source: Household surveys 2018-2019

Given these three sets of survey results, it is apparent that San Nicoleño migrant households perceived “better” household *and* home town economic conditions. Moncadenian respondents, meanwhile, saw their families’ conditions as well as their home town’s economic conditions likely to be unchanged. Household economic situations may vary given demographic and migration profiles of these respondents, but they all eke out a living given the economic make-up of their rural municipalities.

Respondents from San Nicolas may have positively perceived continued commercial activities locally. Interviewees from Moncada, for their part, may feel that farming remains robust with incomes each season. A 35-year-old store owner from San Nicolas and a 67-year-old grandmother from Moncada explain the economic situations of their home towns:

When Robinsons (Place Ilocos) was not yet there, my store was very small. But when Robinsons opened, sales doubled until the store grew in a span of ten years... Robinsons Place Ilocos provided a visible impact to my business and to others in its vicinity. [male household interviewee SN11 2019]

Because farming is in demand in Moncada... Apart from farming, many also own small poultry farms here. [female household interviewee M60 2019]

7.3. Trust in people and institutions in the home towns

Table 7.1 shows the levels of trust in people and institutions outside of respondents' family circles. At least three-fourths of San Nicoleño and Moncadenian migrant and non-migrant households trusted their municipal government the most, and similarly their village (or *barangay*) governments. Neighbours and other town mates, for their part, came out as the least trusted town folk/institution outside of all respondent-groups' family circles.

Table 7.1: Trusting people and institutions in San Nicolas and Moncada
(% - those who answered 'trusted,' 'much trusted' and 'very much trusted')

Institutions and people in the rural home town outside of the family	San Nicolas, Ilocos Norte						Moncada, Tarlac					
	Migrant HHs (N=221)			Non-migrant HHs (N=251)			Migrant HHs (N=222)			Non-migrant HHs (N=212)		
	%	M	SD	%	M	SD	%	M	SD	%	M	SD
Municipal government	74.7	4.94	0.872	77.7	4.98	0.795	74.3	4.77	0.574	76.9	4.79	0.627
Village government/s	73.8	4.90	0.896	74.9	4.92	0.816	76.6	4.82	0.655	81.2	4.90	0.575
Provincial government	65.6	4.73	1.057	69.7	4.88	0.876	63.2	4.66	0.644	71.2	4.74	0.603
Financial institutions	51.6	4.43	0.935	53.0	4.43	0.954	64.5	4.62	0.674	64.1	4.63	0.694
Immediate neighbours	40.7	4.11	1.026	40.7	4.18	1.032	39.2	4.30	0.700	35.4	4.18	0.831
Town mates who are not neighbours	20.4	3.63	1.060	15.9	3.60	1.001	19.4	3.81	0.790	12.7	3.68	0.827

Legend: M – mean; SD – standard deviation

Source: Household surveys 2018-2019

Views by respondents of their municipal government matter since these reflect the overall efforts to govern San Nicolas and Moncada effectively. Some respondents,

like a male community leader in San Nicolas and 64-year-old mother and Moncadenian entrepreneur, attested to how elected municipal authorities perform their work:

Our local government conducts its work well. Our beloved mayor visits the barangays (villages) as well as those families with loved ones abroad. [male household interviewee SN10 2019]

If the [municipal government] had provided help, we got those, for example during Christmas. They gave us even if they know I have a family member abroad.... [female household interviewee M25 2019]

San Nicolas embraces Ilocano culture as do most of Moncada's households of Ilocano origin (with 94 percent of households being Ilocano). Ilocanos have imbibed two cultural traits: *kuripot* or frugality (Andres 2003) and *kaaruba*, a neighbourhood form of kinship (Jocano 1982). Being *kuripot* means people from this Philippine ethnic group save resources, for as long as basic needs are prioritised (Andres 2003). *Kaaruba* (neighbour) highlights neighbour relationships in exercising reciprocity (Jocano 1992). *Kaaruba* relations ensure the Ilocano of "a reliable source of assistance in times of need (while s/he) is expected to extend assistance to others" (Jocano 1992: p. 200). Ilocanos thus say "*Kaaruba isu ti kabsat mo wenno kabagiam,*" or "A neighbour is your sibling or relative" (Jocano 1982: p. 201).

Even with *kaaruba*, however, neighbours and other town mates, however, came out as the least trusted. Migrant household-respondents also had little trust in town mates who are not their neighbours. Remittance households may not be willing to trust town mates when it comes to money matters. The feedback on these town mates may help explain survey results why these townmates — neighbours or not — are trusted the least.

Town mates with no family members abroad visibly saw the improved economic lives of migrant households, who then employ different strategies to deal with the former. Remittance households have felt the usual warmth, solidarity, and generosity from non-migrant town mates, as OCI answers revealed. In both municipalities, however,

non-migrant townmates envy the positive economic fortunes of remittance owners. OCI respondents were also found to have received some negative comments from town mates living in different villages. However, these comments seem to persist more in San Nicolas, as impressions from numerous OCI answers imply.

A 36-year-old wife of a tricycle driver in San Nicolas claims she tries to endure what neighbours remark while living in a remittance household:

They would say, 'That family buys those things first but their house remains the same.' And when you carry a large shopping bag, they will say 'They were able to buy again. It has been how many years that their mother is overseas and they haven't repaired their home.'... On social media, they would remark 'they still have debts, yet they go to different places.' You will feel troubled because you just bond with your family weekly or monthly. You can't do away with those comments from others. [female household interviewee SN23 2019]

A 35-year-old sari-sari store owner in Moncada says town mates do not realise why receiving remittances is not always a bed of roses:

They think we're getting rich because we have loved ones abroad. 'You have a motorcycle, a nice house, and appliances.' But little do they know our life is hard too; not all the time we get the padala (remittance). [female household interviewee M23 2019]

Migrant households thus employed varied strategies to deal with town mates. One approach done in San Nicolas is helping others (e.g. financial) when they are able to do so. Another is exhibiting kindness and humility out of *kaaruba* (Andres 2003), what with Ilocano relatives usually live together in the same compound. Because also of *kaaruba*, town mates seek the help of remittance owners regarding going overseas themselves.

Some Moncadenian remittance owners ask for town mates' help to show that they remain in solidarity with them. Remittance owners also ride along with others' perceptions of success humorously while trying to be unassuming. Some remittance

owners also extend financial help, and project the message that community members are equals. In the end, however, these strategies hinge on how remittance owners deal with others. Says a 64-year-old female entrepreneur:

It depends on how you relate to them. Just here in my neighbourhood they will borrow money from you, but up to that point only. It's not that they will look up highly at you because 'you got rich.' And you still socialise (nakikisalamuha) with them... They at least repay their debt to me. It doesn't sound nice that others get envious at you. I like to relate with them as friends." [female household interviewee M25 2019]

Community relations also cover economic transactions. Some San Nicoleño interviewees said town mates like to borrow money from them. An example is a male community leader (age not disclosed), of whom fellow villagers frequently “borrow” money from:

The biggest problem is that my fellow villagers possess numerous debts. Almost all residents here, all who are 'close' to me, had borrowed money from me... My villagers think I don't need money; their loans with me are for three or four years now. What is this (Ano ba iyan)? You just do it to help other people. Anyway, they are your neighbours and relatives; they think I don't need money. That's why my daughter abroad scolds me: 'Not to lend any more money, Papa.' I don't collect their debts. It is up to them if they want to repay me or not." [male household interviewee SN10 2019]

Community relations matter however when migrant households engage in economic activities. In San Nicolas, an interviewee joined a rotating savings and credit association (ROSCA) — called in Ilocano as *among*, a neighbourhood savings group for women that distributes returns according to a set schedule (Jocano 1982). In Moncada, entrepreneurship in the immediate villages becomes a tool to relate with town mates. This is the case of a wife-cum-store owner, operating on capital coming from a husband working in Brunei Darussalam:

My store is helpful to neighbours. Our family also gets daily expenses from store earnings. If my store faces problems, I will reduce the loans we give¹⁷ to neighbours. [female household interviewee M23 2019]

In relation to family financial socialisation (Gudmunson & Danes 2011), households were asked which specific family members they trust regards investing back home. Table 7.2 shows that migrant and non-migrant household respondents trusted their *children* the most. Differences are then found in the second most-trusted household members: *spouses* in San Nicolas and *siblings* in Moncada. OCI answers also revealed a gamut of experiences about who helped migrants abroad decide on investing and running a business.

Table 7.2: Trusting family members in San Nicolas and Moncada
(% - those who answered ‘trusted,’ ‘much trusted’ and ‘very much trusted’)

Family members and relatives in the rural home town	San Nicolas, Ilocos Norte						Moncada, Tarlac					
	Migrant HHs (N=221)			Non-migrant HHs (N=251)			Migrant HHs (N=222)			Non-migrant HHs (N=212)		
	%	M	SD	%	M	SD	%	M	SD	%	M	SD
Children	91.4	5.98	1.062	90.4	6.05	1.114	88.7	5.91	0.980	89.6	5.18	0.991
Spouses	87.8	5.84	1.152	90.5	6.04	1.184	75.2	5.32	0.803	81.1	5.75	1.223
Siblings	83.3	5.50	1.135	84.9	5.67	1.145	88.8	5.67	1.250	89.1	5.29	0.778
Parents	84.2	5.55	1.050	86.9	5.71	1.080	69.8	5.11	0.942	77.3	5.15	0.827
Extended relatives (grandparents, in-laws, cousins)	60.6	4.74	1.164	68.5	4.96	1.084	71.7	4.71	0.731	6.97	4.62	0.843

Legend: M – mean; SD – standard deviation

Source: Household surveys 2018-2019

7.4. Likelihoods of home town investing, business and financial inclusion

The results of the three econometric models are shown here – Probit regression and marginal effects (Section 3.5.1). These models tested the likelihoods of owning a business, making an investment, and owning a savings account. Migrant households’

¹⁷ It is common for Filipino *sari-sari* store owners to let customers borrow what they “buy” from these stores. Store owners record items borrowed will be recorded in a credit listing. The practice is called *pa-lista* (Fernandez et al.1982: p. 103).

use of remittances for business (Model 1), investment (Model 2) and financial inclusion (Model 3) accounted for some explanatory and controlled variables.

7.4.1. Variables used in the Probit regression models

Variables were selected based on two criteria. The first criterion covered the results of a correlation analysis of all variables. Those that were significant were then compared with previous literature (e.g. Amuedo-Dorantes & Pozo 2005; Seshan & Yang 2014; Ang & Opiniano 2016a; 2016c; Brahmana & Brahmana 2016), making this the second criterion. A total of 20 variables were included in the final probit regression run.

Three outcome variables, namely business ownership, investment and savings accounts ownership are *dichotomous* variables. Explanatory and control variables then carried a combination of dichotomous, categorical and/or continuous variables.

Explanatory variables cover four sets of variables that are less or unexplored in the literature on remittances. Firstly, **Rk** (*risk profiles*) is a vector of risk dispositions by respondents (taking gambles, applying prospect theory [Kahneman 2011]; perceptions on taking risks). Dispositions to risk may likely influence remittance usage or non-usage for productive purposes.

Secondly, **Fs** (*family financial socialisation*) is a vector covering family discussions about money and handling money (Gudmunson & Danes 2011). Thirdly, **EP** (*economic prospects in home towns*), covers prospects surrounding economic growth in the home town and households' financial conditions there. It is hypothesised that family financial socialisations help remittance households discuss household finance concerns, as well as guide decisions on where best to use incomes given how their municipality performs economically.

Finally, **ST** (*social interactions and trust*) is a vector of respondents' social interactions and of their trust to family members and to people and institutions locally. The context of trust here is if migrant households are to be asked by these loved ones and by local stakeholders to invest in San Nicolas and Moncada. With community ties and functional organised institutions such as local governments and

financial institutions (Cuevas et al. 2014) important locally, these factors may encourage migrant home town investing.

Control variables cover two vectors. **D** (*demographic variables*) is a vector representing the demographic and remittance characteristics of respondents. **FI** (*financial literacy*) is a vector of respondents' level of knowledge and skills about handling money. Previous studies have looked at the roles of these variables (Ang & Opiniano 2016a, 2016c; Amuedo-Dorantes & Pozo 2005) to rural home town investing, with varying results depending on the location.

The Probit results will be presented under household, institutional and locational factors that all possibly influence remittance usage. This flow of presenting the results is aligned with the three zones of the Behavioural Economics of Remittances framework: the sanguinity (household), estimation (institutional) and affinity (locational) zones.

7.4.2. Descriptive statistics

Appendix C presents descriptive results. On average, San Nicolas had more investors, business owners and savings account holders than Moncada. Moncada had more female and married respondents, while San Nicolas had more household income earners. Respondents from both towns have somewhat similar mean scores in terms of educational attainment (high school graduate) and frequency of receiving remittances (once monthly). San Nicoleño respondents have better levels of self-reported knowledge and skills about handling money than Moncadenians.

While respondents from both towns projected “better” economic prospects for their households and their home towns, Moncada’s respondents had higher mean scores than counterparts from San Nicolas. San Nicoleño respondents may be more cautious than Moncadenians in terms of perceiving risks. For family financial socialisation, slightly more Moncadenian migrant household-respondents discuss money more frequently than their San Nicoleño counterparts.

7.4.3. Probit results for San Nicolas

Table 7.4 shows the significant variables for San Nicolas. Results for San Nicolas yielded more significant variables than those for Moncada, as explanatory variables under “financial literacy” did not yield significant coefficient results.

Economic prospects. One household-related variable came out surprisingly significant here. Projecting “worse” household economic situations may increase the likelihoods of investing by 25.2 percentage points. This implies that challenging household financial situations may compel remittance owners to mitigate economic risks through investment opportunities.

Risk profiles. No prospect theory-related variables were significant, but two household-level variables under perceptions of risk were significant. The most important of these two variables is being “a real risk-taker,” which increases likelihoods to own businesses and to invest by 28.3 and 25.6 percentage points, respectively. Being “cautious” also decreases the likelihood of savings account ownership by 18.3 percentage points, holding other variables unchanged. Since most San Nicoleño respondents perceive risks with caution (43.9%), there are possible gains if they make riskier economic decisions.

Family financial socialisation. Discussing money in the household “very rarely” and “very frequently” decreases likelihoods to invest by 25.4 and 32.1 percentage points, respectively, with the other variables remaining constant. Meanwhile, “occasionally” discussing the handling of money increases probabilities for financial inclusion by 21.7 percentage points. These regression results imply that San Nicoleño remittance owners may be selective in discussing the purposes of using remittances with their families.

Table 7.3: Probit model results on using remittances for business, investment and saving in San Nicolas

Variable	Model 1			Model 2			Model 3		
	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects
EXPLANATORY VARIABLES									
<i>Economic prospects</i>									
<i>Household situation</i> Worse	0.425	0.417	0.129	1.002**	0.489	0.252	-0.130	0.440	-0.043
<i>Risk-taking profiles</i>									
<i>Risk perception</i> Cautious	0.320	0.276	0.107	0.189	0.282	0.063	-0.547**	0.278	-0.183
Real risk-taker	0.945**	0.383	0.283	0.889**	0.395	0.256	-0.339	0.345	-0.118
<i>Family financial socialisation</i>									
<i>Discuss money</i> Very rarely	-0.211	0.392	-0.066	-0.820**	0.395	-0.254	-0.270	0.444	-0.067
Very frequently	-0.908	0.578	-0.293	-1.016*	0.582	-0.321	-0.252	0.716	-0.064
<i>Discuss handling money</i> Occasionally	0.273	0.346	0.082	-0.176	0.346	-0.053	0.647*	0.343	0.217
Trust									
<i>Household factors</i>									
<i>Parents</i> No comment	-0.470	0.302	-	-0.519*	0.312	-	-0.344	0.300	-
Trusted	-0.135	0.253	-	-0.459*	0.256	-	-0.080	0.234	-
<i>Siblings</i> No comment	-1.338**	0.661	-0.380	-0.622	0.577	-0.188	0.317	0.654	0.080
<i>Spouses</i> No comment	-0.880***	0.331	-	-0.909***	0.336	-	-0.203	0.338	-
Trusted	-0.386	0.240	-	-0.819***	0.246	-	0.019	0.226	-
<i>Children</i> No comment	-1.494***	0.412	-	-1.295***	0.377	-	-0.035	0.359	-
Trusted	-0.229	0.233	-	-0.820***	0.241	-	0.074	0.219	-

Table 7.3: Probit model results on using remittances for business, investment and saving in San Nicolas (continued)

Variables	Model 1			Model 2			Model 3		
	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects
Trust (continued)									
Locational factors									
<i>Immediate neighbours</i>									
No comment	-0.488*	0.255	-0.161	-0.446*	0.263	-0.144	-0.185	0.262	-0.054
<i>Other town mates</i>									
Much distrusted	1.105**	0.559	0.243	0.873*	0.530	0.214	-0.005	0.399	-0.001
Trusted	-0.217	0.619	-0.069	0.089	0.295	0.028	0.617**	0.281	0.204
Institutional factors									
<i>Municipal government</i>									
Trusted	0.516	0.442	0.167	1.071**	0.469	0.360	0.021	0.471	0.007
Much trusted	0.246	0.459	0.082	1.094**	0.489	0.367	0.025	0.486	0.009
<i>Financial institutions</i>									
No comment	-0.512*	0.302	-0.161	-0.787**	0.325	-0.230	-0.105	0.303	-0.031
CONTROL VARIABLES									
<i>Civil status</i>									
Married	1.014***	0.293	0.346	0.977***	0.289	0.339	0.439	0.316	0.130
Widower	0.722*	0.378	0.249	0.678*	0.378	0.241	0.575	0.398	0.177
<i>Number of income earners</i>	0.413***	0.095	0.133	0.339***	0.095	0.107	-0.073	0.074	-0.024
<i>Education</i>									
University undergraduate	-0.828	0.912	-0.241	-0.806	0.887	-0.242	-1.320*	0.758	-0.413
No. of observations		221			215			218	
LR Chi²		108.6			144.2			95.45	
Log likelihood		-69.35			-52.88			-77.08	
AIC		276.7			243.8			292.1	
BIC		499.6			471.0			518.0	

Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Migrant household surveys 2018-2019

Social interactions and trust. Some household, institutional and locational variables were significant under this vector. Under household factors, all loved ones — parents, siblings, spouses, and children — yielded negative coefficients for Models 1 and 2. Trusting parents, spouses and children yielded negative likelihoods to invest in San Nicolas, implying that investing may not be a matter for migrants to trust their loved ones with. Household breadwinners may rather decide on their own. Under business ownership, saying “no comment” to siblings, spouses and children also yielded negative likelihoods to run businesses. Migrant breadwinners may opt to remain silent on their intentions to set up businesses locally.

For variables under locational factors, positive coefficients came out for “other town mates” across the three models, and for “immediate neighbours” in two models. “Much distrusting” other town mates leads to increased likelihoods to run a business (24.3 percentage points) and to invest (21.4 percentage points). On the other hand, trusting other San Nicoleños increases probabilities for savings account ownership by 20.4 percentage points, holding other factors unchanged. For immediate neighbours, “no comment” on them leads to decreased likelihoods of doing business (16.1) and investing (14.4). Entrepreneurship and investment may be private matters for remittance households to decide on, but *kaaruba* and the Ilocano savings group *among* (Jocano 1982) may have made remittance households continually trust town mates.

Under institutional factors, positive coefficients came out for the municipal government and negative coefficients for financial institutions. “Trusting” and “much trusting” the municipal government increase investment likelihoods by some 36 percentage points each, indicating the trust of migrant households to local leaders. On the contrary, having “no comment” to financial institutions decreases business and investment likelihoods by 16.1 and 23 percentage points, respectively. Remittance owners may not be ready to show confidence in financial institutions for entrepreneurial and investment undertakings.

Demographics. Being married increased likelihoods to do business and to invest by 34.6 and 33.9 percentage points, respectively. Even being a widower leads to increased probabilities to do business (24.9 percentage points) and to invest (24.1).

These results may mean that life-cycle changes provide migrant households with opportunities to expand their incomes beyond receiving remittances. Family economic welfare may become better when remittances are coupled with entrepreneurship and investments. Finally, being a university undergraduate decreased the probability to own savings accounts by 41.3 percentage points. University education may make respondents know how important having a savings account is to help manage one's money.

7.4.4. Probit results for Moncada

Table 7.5 shows less significant variables for Moncada, however a question that employed a principle of prospect theory (Kahneman 2011) turned out a positive coefficient. There were also more positive coefficient results in Moncada than in San Nicolas, including trust to parents. Similar to San Nicolas, no "financial literacy" variables were significant.

Economic prospects. "Better" prospects of economic growth in Moncada in the next 12 months surprisingly decreased likelihoods to do business and to invest (12.9 and 11 percentage points, respectively). The result for this locational variable means that migrant households may have yet to see significant economic changes locally to convince them to invest and do business.

Risk profiles. The prospect theory-related question (gambling for financial returns from an investment product) was significant, in particular for choosing the less risky return (Php2,000 profit and a profit/loss of Php500) leads to increased likelihoods of savings account ownership by 37 percentage points. To that same question, if respondents choose the "riskier" answer choice (earning Php4,000 and losing Php500), probabilities of business ownership increase by 36.6 percentage points. There are thus visible gains for mostly-cautious remittance households should they make riskier decisions related to entrepreneurship and financial inclusion.

Table 7.4: Probit model results on using remittances for business, investment and saving in Moncada

Variable	Model 1			Model 2			Model 3		
	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects
EXPLANATORY VARIABLES									
<i>Economic prospects</i>									
<i>Local growth</i>									
Better	-0.362*	0.189	-0.129	-0.315*	0.191	-0.110	0.066	0.230	0.015
<i>Risk taking profiles</i>									
<i>Prospect theory: Gamble</i>									
Least risky	0.555	0.502	0.191	-0.107	0.541	-0.032	1.397**	0.604	0.370
Riskier	1.028*	0.599	0.366	0.455	0.605	0.157	0.190	0.928	0.032
<i>Family financial socialisation</i>									
<i>Household factors</i>									
<i>Discuss money</i>									
Rarely	0.453	0.481	0.134	0.868*	0.489	0.242	-0.211	0.540	-0.056
Occasionally	0.771*	0.422	0.246	0.908**	0.436	0.256	-0.281	0.445	-0.073
Very frequently	0.716	0.437	0.226	1.005**	0.453	0.291	-0.740	0.485	-0.162
Always	0.944	0.796	0.310	1.875**	0.908	0.594	-	-	-
<i>Discuss handling money</i>									
Rarely	0.456	0.480	0.135	0.869*	0.489	0.243	-0.200	0.541	-0.053
Occasional	0.735*	0.422	0.233	0.876**	0.436	0.245	-0.259	0.448	-0.067
Very frequently	0.756*	0.438	0.241	1.049**	0.454	0.306	-0.722	0.487	-0.157
Always	0.937	0.797	0.308	1.870**	0.909	0.592	-	-	-
<i>Trust</i>									
<i>Household factors</i>									
<i>Parents</i>									
No comment	0.818**	0.407	-	1.148**	0.467	-	-1.412	0.966	-0.417
Trusted	0.636	0.407	-	0.991*	0.463	-	-1.148	0.953	-0.362
Much trusted	0.516	0.411	-	1.044**	0.465	-	-1.252	0.966	-0.385

Table 7.4: Probit model results on using remittances for business, investment and saving in Moncada (continued)

Variables	Model 1			Model 2			Model 3		
	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects	Coefficient	Standard error	Marginal effects
Trust (continued)									
Household factors (continued)									
<i>Siblings</i>									
No comment	-0.375	1.002	-0.138	-0.041	1.023	-0.015	-1.652***	0.617	-
Trusted	-0.329	0.961	-0.122	-0.150	0.983	-0.053	-1.340***	0.436	-
Much trusted	-0.166	0.965	-0.062	0.196	0.987	0.072	-1.568***	0.462	-
<i>Spouses</i>									
Much trusted	-0.241	0.232	-	-0.199	0.231	-	-0.558*	0.314	-
<i>Children</i>									
Much trusted	-0.149	0.218	-	-0.017	0.218	-	-0.515*	0.266	-
Locational factors									
<i>Other town mates</i>									
No comment	0.419*	0.218	0.146	-0.237	0.305	-0.082	-0.134	0.273	-0.028
Institutional factors									
<i>Village government</i>									
No comment	0.951	0.703	0.256	1.128*	0.648	0.352	0.077	0.743	0.017
CONTROL VARIABLES									
<i>Female</i>	0.235	0.21	0.084	0.067	0.210	0.024	0.464*	0.280	0.104
<i>Number of income earners</i>	0.064	0.075	0.023	0.154**	0.076	0.054	0.119	0.088	0.027
<i>Education</i>									
University graduate	-0.324	0.402	-	0.029	0.405	-	1.249**	0.613	-
No. of observations		214			214			208	
LR Chi²		62.19			79.97			76.25	
Log likelihood		-98.72			-87.97			-35.56	
AIC		323.4			299.9			177.1	
BIC		529.0			501.6			334.5	

Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Migrant household surveys 2018-2019

Family financial socialisation. More frequent household discussions about money and handling money provide increased likelihoods for doing business and investing. For both “discussing money” and “discussing handling money,” the more frequent family discussions become, the more likely remittance households will do business and invest.

The most significant regression results came from Model 2. If talking about money and handling money “always,” investment likelihood for each of these household-level variables increases by 59 percentage points — the highest marginal effects result for the two municipalities. Discussing money “occasionally” and “very frequently” increase probabilities of entrepreneurship by 23.3 and 24.1 percentage points, respectively. These results underscore the importance of frequent communication for Moncada vis-à-vis entrepreneurship and investment.

Social interactions and trust. Fewer household, institutional and locational-level variables were significant. Under household factors, parents yielded positive coefficients whereas siblings, spouses and children came out with negative coefficients. “Much trusting” parents may make migrant households possibly invest in Moncada. If “no comment” to these parents, respondents may also possibly do business. At least for Moncadenian migrant households, parents seem the most trusted family member for entrepreneurial and investment plans and decisions.

In contrast, a “much trusting” remark of siblings, spouses and children yielded negative likelihoods in terms of opening savings accounts. These overseas migrants may not necessarily trust these household members, even including spouses, to place savings in home town-based financial institutions.

Under locational factors, having “no comment” to other town mates increased business likelihoods by 14.6 percentage points, while under institutional factors, giving “no comment” to village governments increases investment probabilities by a visible 35.2 percentage points. Results imply that migrants’ current relations with town mates may see the latter help them in planned ventures. Trusting village officials, however, may not be immediate as migrant entrepreneurs may want less or nil interference from village officials while running businesses.

Demographics. Being a female respondent increases likelihoods of savings account ownership by just 10.4 percentage points. This result is the only gender-related significant result for both municipalities. Having more income earners in the household also increases investment likelihoods, though by only 5.4 percentage points. Finally, being a university degree holder or graduate also produces likelihoods to open savings accounts. Finishing up to university-level education may make respondents (especially with family members who are farmers) realise the importance of owning savings accounts as part of daily living.

7.4.5. Home town comparisons

The home towns' probit regression results reveal similarities and nuanced differences in the behaviours of migrant households given the exploratory variables tested.

In summary, it is likely that San Nicolas respondents may miss out on the gains of being real risk-takers; may not like frequent family financial discussions if topics are about using remittances productively, and may distrust their loved ones but place more trust in their municipal government. Respondents from Moncada were less likely to be risk takers but there were gains from possibly taking a gamble in running businesses and opening savings accounts. Besides, since Moncadenian respondents occasionally talk about money and handling money, there are visible gains if family financial discussions always happen. Finally, for Moncada, respondents trust parents the most which can probably entice home town investing.

None of the financial literacy variables were significant in both home towns. This raises a concern that financial knowledge is rendered irrelevant, and remittance households may be mostly relying on intuition, not on logic, when making financial transactions.

Contextualised outcomes can thus be observed surrounding the interactions of household, institutional and locational factors vis-à-vis using remittances in San Nicolas and Moncada. Depending on individual-and-household level behaviours about money and family relationships, remittance households note the level of

progress of their municipalities and the quality of organised institutions and community relationships there. As for the two municipalities concerned, considering the quality of organised institutions and of community relations may help explain probit regression results.

7.5. Indications of rural home towns' conduciveness for investing

This sub-section covers the following: how the two municipal governments manage their investment climates; residents' impressions of local economic activities, and local financial institutions; and observations on overseas town mates as prospective investors, entrepreneurs and savers. Discussions here are anchored on institutional economics (Williamson 2000) and institutional analysis (Cuevas et al. 2014).

7.5.1. 'Good governance' towns?

External assessors of local governance coming from the Department of the Interior and Local Government (DILG) awarded the Seal of Good Local Governance (SGLG) to San Nicolas and Moncada. The SGLG annually assesses Philippine local governments for meeting certain local governance criteria, *including business friendliness and competitiveness*. Moncada has won the SGLG for three straight years: 2017 to 2019; San Nicolas won in 2018 and 2019. The Ilocos Norte municipality, however, had won the *Galing Pook Awards* twice¹⁸. *Galing Pook* is an annual award, handed out by the non-profit group *Galing Pook Foundation*, that recognises specific innovative local projects.

Both municipalities were also recognised by national and regional government agencies, as well as some private sector groups, in various areas of local governance. Moncada received awards in agriculture, child-friendly local governance,

¹⁸ San Nicolas won the *Galing Pook* for constructing small water impounding projects (SWIPs) to catch rain and irrigate farmlands, and for mainstreaming its local culture in the local schools system. *Galing pook* in English means excellent place.

environmental protection, and anti-drug abuse. San Nicolas, for its part, received awards in business friendliness, agriculture, environmental protection, local culture and heritage, literacy, and promoting freedom of information.

Receiving this external recognition¹⁹ attests to reforms implemented by the two municipal governments, keen to improve various frontline services for constituents. Frontline services also involve reducing the costs of doing business and providing economic interventions — livelihood funds, entrepreneurial training, job facilitation, farm inputs and equipment — to residents, including migrant households.

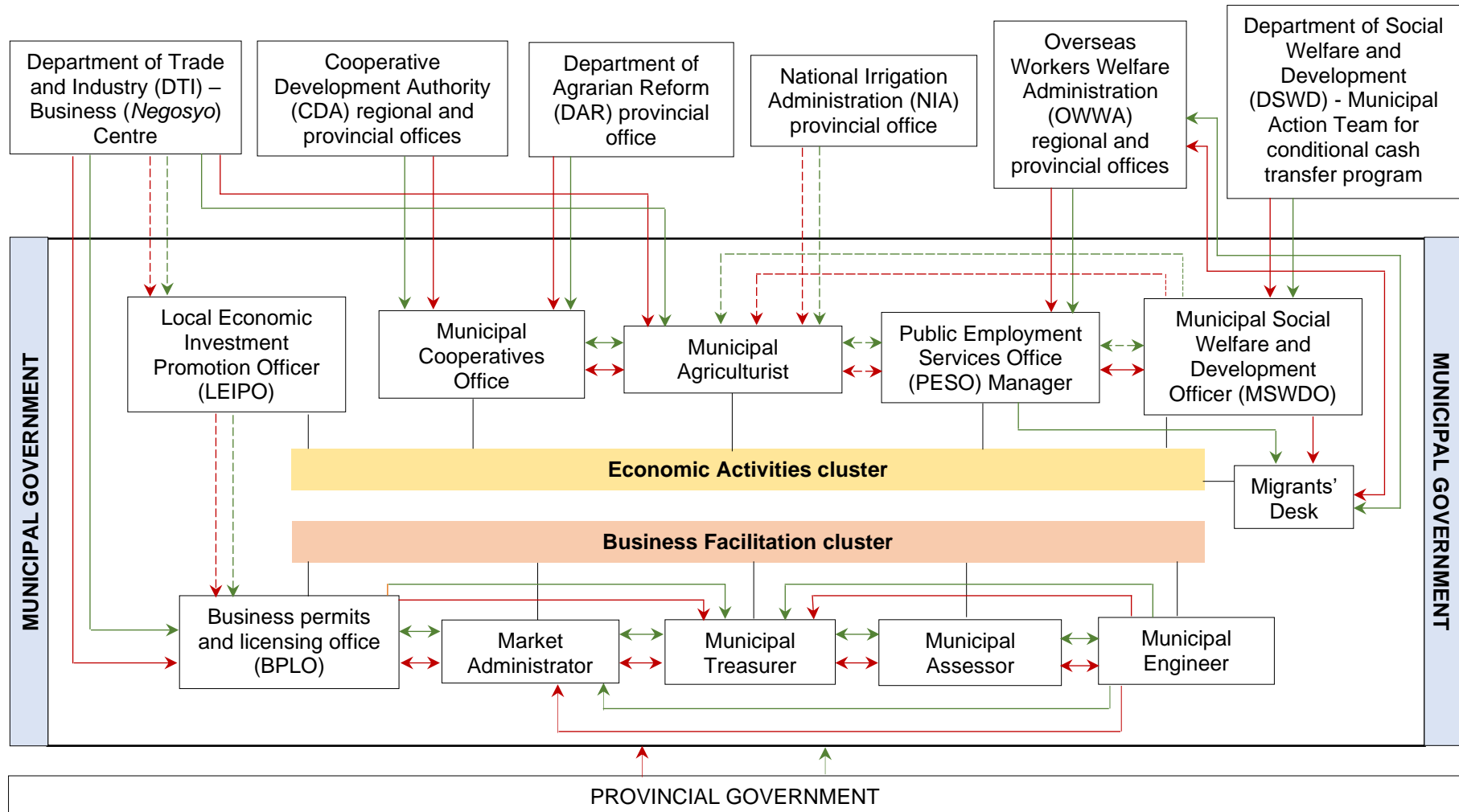
Inter-agency coordination for investing and economic activities. An indication of improvements is the coordination between and among departments within the municipal government to handle the local investment climate and to roll out economic services. Figure 7.4 illustrates the coordination by offices within the municipal government.

Municipal departments can be grouped into two: The *Business Facilitation Cluster* and the *Economic Activities Cluster*. The first group handles services that ease investors' costs of doing business, such as issuing business, occupancy and building permits, as well as coordinating vendors in public markets, fall in this first cluster. The second group, meanwhile, provides agricultural and non-agricultural economic services.

The Economic Activities Cluster includes the municipal government's agriculturist, social welfare and development officer, manager of the Public Employment Service Office (PESO), the officer handling the LEIPO, the cooperatives officer (lodged under the municipal agriculturist's office), and the migrants' desk (serving overseas workers and their families).

¹⁹ During their annual town fiestas (late December for San Nicolas and early February for Moncada), the mayors told these accomplishments to town mates abroad during *Balikbayan Nights*. Doing so gives migrants a feeling of a sense of pride of how their home towns have progressed over the years.

Figure 7.4: Institutional coordination for investment climate and economic interventions in San Nicolas and Moncada (schematic diagram)



Notes: *Maroon line* - San Nicolas; *Green line* - San Nicolas; *Black line* – a certain office is under a specified cluster of offices. *Solid coloured lines* denote active coordination between offices, while *dashed coloured lines* reveal passive coordination.

Coordination by offices under the Economic Activities Cluster operates when they provide services by: a) *Target beneficiaries* (e.g. farmers, micro-entrepreneurs, migrant workers, beneficiaries of conditional cash transfer program, agrarian reform beneficiaries or ARBs); b) *Mandates* that relate to the functions of other units vis-à-vis the business and investment climate. These mandates include job facilitation for residents, livelihood projects, entrepreneurial training, agricultural development. In a related development, regional/provincial/local units of national government agencies also coordinate and provide support to these offices under the Economic Activities cluster. These include: the Department of Agrarian Reform (DAR), for ARBs; the National Irrigation Administration (NIA) for farmers who formed irrigation associations; the Department of Social Welfare and Development (DSWD), for the CCT program's beneficiaries in San Nicolas and Moncada; and the Overseas Workers Welfare Administration (OWWA), for migrant workers and migrant family circles formed locally.

Meanwhile, offices under the Business Facilitation Cluster relate to the collection of taxes, fees (e.g. rental, application processing) and other charges, not to mention those offices here actively coordinate. An external agency helping out the Business Facilitation Cluster is the Department of Trade and Industry (DTI) through its *Negosyo* Centres nationwide (*negosyo*, or business in Filipino). These centres help owners of micro, small and medium enterprises (MSMEs) register and upscale their businesses.

All these municipal departments also get help from counterpart provincial government departments. For example, Ilocos Norte manages a network of migrant desk officers (MDOs) that coordinates psychosocial and economic services for migrant workers and their households. Tarlac has an office — the Provincial Cooperatives and Enterprise Development Office (PCEDO) — that runs financial inclusion programs for the entire province, including Moncada.

7.5.2. Suitable investment hubs?

The varied forms of coordination between and among municipal departments all contributed to providing improved frontline economic services and investment climate

interventions. These also send indications of responsiveness by civil servants; in a sense, the SGLG stamps seals of approval that San Nicolas and Moncada are investment and business hubs.

Policy making on local investing and entrepreneurship. How then do municipal governments project their places' suitability for investment? In this regard, both towns differed in crafting and updating economic- and investment-related policies.

Their local revenue codes, which spell out rules for levying, assessing and collecting taxes and fees, differed in terms of when they were updated. San Nicolas' amended local revenue code was enacted as an ordinance (thus, an enforceable policy) in 2017, amending a 2008 version; Moncada's counterpart code was freshly revised in 2019, updating its 2005 version. A corollary but important local policy is the LIIC, which entices would-be investors (especially those running medium-scale enterprises) to invest in a locality and enjoy tax and non-tax perks. San Nicolas' LIIC is a 2014 ordinance that amended a 2004 law. Moncada's LIIC, however, is only a municipal council resolution²⁰, thus rendering itself short-handed in enforceability.

San Nicolas also has an ordinance on "employment prioritisation" that compels medium-to-large scale businesses to hire 60 percent of their workers from the municipality, and the remaining 40 percent from anywhere. Since business process outsourcing (BPO) companies also operate in San Nicolas, this trend helped stimulate demands for transient housing coming from workers outside of the municipality. Residents, including households with loved ones abroad, then constructed transient houses and apartments — providing the local government with additional real property taxes.

Both municipalities also created local consultative councils for small and medium-sized enterprises (SMEs) as well as local investment "boards". On the operational side, San Nicolas and Moncada set up business one-stop shops (BOSS) to put

²⁰ Local officials from Moncada even joined an April 2019 workshop by the Tarlac provincial government on crafting and amending LIICs. Moncadenian delegates asked that workshop's resource persons to comment on the municipal resolution bearing the town's LIIC. No updates to that LIIC have happened as of this writing. This LIIC as a municipal resolution was not applied when Philippine fast food giant Jollibee opened its Moncada branch in February 2019. A Moncadenian overseas couple opened a tourism-related business but they were not aware of local investment incentives.

together relevant municipal offices (e.g. BPLO, fire department, etc.) to quickly process annual business permit applications.

Improvements in frontline services have thus led to rising demand from residents. For example, a frontline office of San Nicolas feels the deluge of rising numbers of clients. Improving that office's IT system may be necessary. The municipalities, however, have visibly enforced certain local policies that entrepreneurs and investors should follow. The most discernible is waste segregation and sanitation. Moncada's local chief executive expresses caution in welcoming businesses to her flooding-prone town since this may lead to solid wastes and unsanitary practices for poultry and piggery farms. Moncada vigilantly closes poultry and piggery farms that disregard sanitation laws. For its part, San Nicolas²¹ enforces a policy of not collecting unsegregated wastes since 2011.

7.5.3. Differences in local economic activities

The differences in the municipalities' business landscapes were found to be significant, with San Nicolas balancing agriculture with urbanisation, the latter marked by the presence of Robinsons Place Ilocos that had triggered domestic tourism, job generation, and local business creation. On the other hand, Moncada's agriculture retains a stronghold on the economy, offsetting the constraints of limited commercial spaces, nil available slots in the public market, and flooding.

Moncada's support to farmers particularly excels in rice and corn production, leading to the awards the town has received for rice and corn productivity. San Nicolas is not known for agricultural productivity. Yet given a landlocked topography, the municipal government has constructed at least 14 SWIPs (small water impounding projects) that have stored rainwater and have irrigated farmlands. Moncada directly supports farmers and farmers' groups even if the Municipal Agriculture and Fisheries Council (MAFC) is currently inactive; San Nicolas' MAFC had been awarded nationally as an active farmers' council. As for cooperatives, Moncada has the province's most active Municipal Cooperatives Development Council (MCDC).

²¹ San Nicolas operates its own sanitary landfill (size: six hectares), funded by years of savings from its local funds.

The towns' agricultural and non-agricultural economic activities thus gave residents at home and abroad various income options. Outcomes of economic development and investment climate interventions by local authorities differed: the local revenues generated (*Figures 4.2 and 4.3*); the number and village locations of registered enterprises (*Figures 6.1 and 6.2*); the number of financial institutions; and inevitably the local jobs generated. These economic outcomes somewhat matched survey results that there were more entrepreneurs and investors in San Nicolas than in Moncada.

7.5.4. Financial institutions 'reliable' to serve residents?

The roles of (deposit-taking) financial institutions are highlighted not only because they are among the organised institutions locally (Cuevas et al. 2014). The presence of these financial intermediaries gives clues of robust local economic activities. Active economic activities in San Nicolas and Moncada motivated external financial institutions to set up offices there. San Nicolas had more deposit-taking financial institutions than Moncada, though the latter has more stable cooperatives than San Nicolas.

Chapter 6 revealed the feedback between financial institutions and remittance owners to each other (*Table 6.7*). On this score, financial institutions are challenged to demonstrate their reliability and to change people's financial behaviours (especially since borrowing and delayed repayments by residents prevail).

Migrant households display financial behaviours tied to their remittances. They have increased capacities to pay off loans, but remittance receipt does not automatically stir their savings habits. Migrants abroad may be pressured to sustain or increase remittance amounts, especially to meet children's needs and appease the guilt of parental absence. If the migrant household has unpaid debts with financial institutions, the breadwinner abroad writes these debts off and ends relationships with financial intermediaries. Notably, in San Nicolas, some financial institutions report of migrant households hiding from loan collectors and being ashamed to seek help from abroad.

This is why demonstrating a different, painstaking approach to running a financial institution may elicit the trust of borrowers. This is the case of a Moncadenian financial institution, whose office is found in one of the poorest villages (having scant few remittance households) and with residents reportedly showing listless attitudes. The financial institution hands out farming loans but it requires early repayment by sending reminders to members via mobile phone messaging (especially before harvest time). A surprising outcome was that the financial institution's loan with Landbank was paid early, and the former even got a rebate. The lesson here, says key informants, is that there is a need to institute a more efficient system for individual borrowers and the financial institution:

We wanted to emphasise the importance of what they borrowed. That's not their money; we all borrowed that money. Members are also the face of our (financial institution) ... You are able to inject a system that allots amounts daily for loan repayments. We also tell them about self-discipline... They should think of essential things.

...Over the years they have seen progress, when the seeds, farm inputs and medicines arrive. They became amazed because we don't have those things before. Now they can go to our office and borrow a cavan (sack) of rice. That aspect alone helps our community.

... (As for repaying our loan with Landbank early), we want to give Landbank the message that not all farmers are like its previous borrowers who cannot repay their loans. [group discussion M5 2019].

Thus saying, both the financial institution and the rural borrower (including those with remittances) are challenged to prove that they are trustworthy. It is only in the course of the relationship when financial institutions realise the financial attitudes of remittance owners, and migrant households become fully aware of the reliability of financial institutions. Feedback on financial institution-remittance household

interactions may explain why only 30.3 percent of San Nicoleño and 16 percent of Moncadenian remittance households own²² savings accounts locally.

7.5.5. Migrant households as ‘moneyed’ investors?

Both home towns have felt the economic and social influence of overseas migration, in particular the bungalow houses that stood in the middle of rice fields in San Nicolas, or the bungalow house with a Canadian flag at an inner village in Moncada. The rise of pawnshops receiving domestic and overseas remittances also provide hints on how migration has become a fact of Filipino rural life.

Local officials, however, do not have accurate information on how town mates abroad spend their money. It is only through the *Balikbayan Night* celebrations²³, staged during annual fiestas, that local government units and non-migrant villagers see glimpses of their overseas town mates’ economic success.

Local governments have encouraged town mates abroad to donate to causes back home. United States-based Moncadenian groups have donated through the Municipal Social Welfare and Development Office and have directly sponsored some poor but deserving students. San Nicolas seems more established in sustaining relations with migrant donors. Some waiting sheds near the municipal hall were constructed courtesy of female domestic workers from Hong Kong. San Nicoleños in the US, particularly in Hawaii, have set up around eight-to-nine home town associations — all continually supporting a local foundation that sends poor children to school. Municipal officials then connect with overseas town mates. Local officials of San Nicolas have been visiting the United States and Hong Kong for years to solicit support from town mates. Moncada may yet to try meeting town mates and their groups overseas.

²² The 2019 Financial Inclusion Survey of the Philippines’ central bank showed that 28.6 percent of Filipino adults (or some 20.8 million Filipinos) own formal savings accounts (*Bangko Sentral ng Pilipinas* 2019).

²³ Moncada started its *Balikbayan Nights* event (as part of the annual *Kamote* (sweet potato) Festival in 2018. San Nicolas’ *Balikbayan Night* is decades old, and is marked by the crowning of a “Miss San Nicolas International” (with candidates from each village and from overseas countries).

In the end, these migrant town mates keep watch of how their communities have improved or not economically. This development matters for temporary migrant workers who wish to return for good. A Singapore-based Moncadenian and a Hong Kong-based San Nicoleño expressed the following:

Oh yes, I will still invest in Moncada, starting with our village. I will invest on the needs of farmers like fertilizer, livestock feeds... I also wish to open a rice mill ... For me, it's nice to invest in... the centre of town where customers, students are. The church is also there. Those places are near the national highway, isn't it? [migrant interviewee M1 2019]

I will construct a house in my lot there since that is near the church, the public market. That area is also filled with apartments, isn't it? ... San Nicolas has had many improvements. [migrant interviewee SN17 2019]

7.6. The affinity zone

This Chapter has presented the economic and social interactions between remittance owners and community stakeholders to ascertain prospects of engaging in economic activities using remittances. Their interactions illustrate the *affinity zone* of the Behavioural Economics of Remittances. Rural residents abide by prevailing local regulations and take note of prevailing social norms, of the influence of economic status on community relationships, and the progress of their localities. This section presents an analysis of the dynamics within the affinity zone, including the engagement of these local economic players.

7.6.1. Economic and social engagements: The role of signalling

Community stakeholders essentially try to decipher each other's traits. "Organised institutions" at home (Cuevas et al. 2014) communicate their unobservable attributes to people (Su et al 2016), and this matters for local governments that have to spend

as much effort to initiate reforms and demonstrate improved public service. Financial institutions also exert efforts given their role of providing needed rural credit. Community-based groups also showcase dependability by displaying community solidarity. Seals of approval such as external recognition and community regard may help these institutions relay gestures of efficiency.

Remittance owners reveal their financial capacities just by simply using their foreign-sourced incomes, visibly showing their ability to contribute to local development. Using money, however, may not be enough to show their uprightness as community members, as law-abiding citizens, and as financial clients. Local folk and institutions must decipher the qualities of remittance-earning households if they are financially skilled and capable, and if they relate well with others.

Information asymmetry prevails on both sides. Local stakeholders often do not have knowledge about the financial and social attributes and behaviours of overseas town mates. For their part, migrants feel handicapped to personally feel any improvements in origin communities given their physical absence. Getting a sense of these local improvements will aid migrants in making sound economic decisions.

Both parties then continue sending indications to themselves, hoping to encourage economic activities. Reaching that level of dependability exacts a cost from community stakeholders and remittance owners — not just financial, but also in terms of competence, relational skills and values systems. Whatever information each party manages to obtain then becomes the basis for risk assessment, decision making, and actual engagement.

Signalling. Migrant households and community stakeholders thus employ *signalling* to each other. Signalling covers the costly demonstration of one's attributes in exchange for premiums from involved parties (Su et al 2016). Signalling is also a theory in economics (Spence 1973) where signallers and receivers bridge information asymmetries to reveal their quality-laden attributes, and eventually win each other's confidence (Raaphorst & Van de Walle 2020).

The challenge for involved parties is to "(show) their unobservable attributes" using observable mechanisms (Su et al 2016: p. 480). For example, shunning corruption in

government frontline services bares traits of incorruptible public service (Raaphorst & Van de Walle 2020). The number and geographic spread of businesses may reveal the ease of doing business locally. Houses constructed or businesses opened using remittances provide hints that migrant households carry “sound” financial behaviours. These “signals” though still do not provide complete information unless parties engage themselves over a period of time. Eventual engagement already reveals decisions to trust each other (Connely et al. 2011; Raaphorst & Van de Walle 2020), and that each party conveys truthfulness (Gambetta 2011). The challenge in sustaining the engagement lies in how parties overcome scepticism to one another (Gambetta 2011), and in how they show generosity and trustworthiness (Przepiorka & Berger 2017).

The costs to produce signals are expensive. For truth-tellers, that cost fades over time since they have already spent time, effort, and money on the overall signal they wanted to convey. An example is the annual efforts of municipal governments to meet the requirements of the SGLG. Those parties, however, whose truthfulness may be suspect have to spend more time, effort, and money just to prove themselves (Gambetta 2011).

The decisions of migrant households and stakeholders to make remittances work for local development hinge on their acts of signalling. Even as parties may be somewhat familiar with each other and with the place in which they used to live and work, these parties all try to earnestly become more reliable. Institutions (especially the local government) spend as much effort to be credible to earn people’s confidence. Remittance households may have to use their earnings, family ties, social networks, and financial knowledge to showcase their dependability as constituents and as financial clients.

These parties decide given available asymmetric information, and based on the signals they see and feel within their locality and transnationally. These stakeholders then try to mitigate risks given the resources — financial, human, mental — they have, and the observable mechanisms (e.g. human judgment, legal regulations, quality of social relations) they activate. Outcomes of signalling between migrant households and local stakeholders then reveal how migrants’ communities of origin were able to maximise the development potential of remittances.

7.6.2. Efforts on signalling by rural home towns to lure remittances for development

Economic growth and spatial dimensions of home town investing. Migrant households try to get signs that it is safe and worth it to use their remittances productively in their communities of origin. At least by being familiar with the economic, physical and social make-up of rural home towns, migrants and their households have some information about the conditions of their home towns.

Moncada's economic growth lies in steady agricultural productivity and constricted non-agricultural entrepreneurship. These signals led remittance households to perceive slow or stagnant economic growth. Remittance owners from San Nicolas have familiarised themselves with over a decade of economic growth, inducing motivations to maximise numerous investment options locally. What may hinder San Nicoleño remittance households from investing are their aversions to deal with pessimism from non-migrant town mates, and an observed diminishing of the Ilocano norm of frugality or being *kuripot* (Jocano 1982).

Responsive local government and interested remittance owners. Local governments play critical roles in enticing town mates abroad to see local investment climates function effectively. Both municipalities have demonstrated to be good governance towns; they had spent as much financial, human and technical resources to show observable characteristics that residents at home and abroad can see, feel, and eventually trust.

Moncadenian migrant households may yet feel improved local governance that leads to economic gains. This observation may have to do with limited commercial spaces locally and the prospective of flooding. The case of San Nicolas differs: further improvements to an already-efficient investment climate and overall local governance will provide a high level of trust from residents. With San Nicolas already business-friendly, overseas San Nicoleños naturally get motivated to invest and do business.

Ease of doing business. Prospective migrant investors can evidently see and feel the (un)ease of doing business locally, even if they decide using incomplete information. Whatever they feel and see from their local investment climates, and from how town mates view them, remittance households may or may not trust these players.

Migrant households may feel only a few gains from the changes happening in Moncada. They however continually see limited commercial activity and abundant farming, sensing that the local business landscape may have not changed much (possibly fuelling risk aversion). San Nicoleños abroad, for their part, may be more moneyed but their financial behaviours and risk appetites are more likely to be suspect. Riskier dispositions may complement trust in San Nicolas' local authorities should migrant households decide to invest and do business.

The number of home town entrepreneurs and investors in San Nicolas and Moncada (*Figure 4.1*) provided cues to how helpful local investment climate regulations have been. Assessments of these regulations (e.g. investment incentives, collected taxes, steps to acquire permits, etc.) may be in order, especially for Moncada.

Financial services and financial decision-making. Financial intermediation confronts the unique financial behaviours of migrant households, who cling to their remittances, their family relationships, and to their current levels of financial knowledge and risk appetites. Migrant households, however, may have to demonstrate as much effort to prove their financial trustworthiness.

Financial institutions in Moncada (especially home-grown cooperatives) try to continually improve their products and services. The behaviour of remittance households, however, may have been influenced by risk aversion. Moncadenian remittance households may be getting unclear signals from themselves, from loved ones, and from what prevails locally for them to make sound economic decisions.

In San Nicolas, however, limited financial inclusion is a possible barrier to maximising remittances' development potential. Remittance households do not necessarily put high trust in financial institutions, probably because their satisfactory levels of

financial knowledge and their less-frequent family interactions on money management send signals of risk aversion.

There is concern that financial literacy variables were not significant in probit regression results, since limited financial knowledge may somewhat explain their distrust of financial institutions. If financial institutions enforce their rules to mitigate risks (e.g. non-performing loans, problematic borrowers), remittance owners may habitually elude repayment — thus undermining financial intermediation’s role for remittances. More efforts may be needed for financial institutions to send signals of reliability and financial stability.

7.7. Concluding remarks

This Chapter discussed how remittance owners appraise prospects of home town investing given their affinity with people and institutions locally, and their views on local economic growth. Involved parties largely get indications surrounding their competence and, more importantly, trustworthiness. Remittance households search for these attributes because monetary resources are involved here. Local institutions, especially local governments, know that reducing transaction costs to do business sends messages of a place’s investment worthiness.

The *quality of institutions* in the two towns was analysed here. The importance of institutions — that “triad of [commonly known] rules, social structures and values” (Cuevas et al. 2014: p. 125) — thus extends the things required to make remittances work for local development; infrastructure and financial intermediation may not be enough (Taylor et al 1996: p. 411). The quality of institutions — covering formal and informal rules, formally and informally-organised groups, and the prevailing social structures (Cuevas et al. 2014) — indeed count.

Both San Nicolas and Moncada thus strive to improve the quality of these institutions to foster community trust. The quality of institutions then couples with the geographic nuances these places carry (e.g. topography, connectedness to other markets) to *contextualise* the buoyancy of a migrant’s rural origin community.

It is in deciphering these unobservable traits of local stakeholders that they use *signalling*. These parties wish to receive various *reliable signals*: that San Nicolas and Moncada show business friendliness; that institutions show their competence and incorruptibility; that financial institutions use secure and profitable mechanisms to safeguard money; that local groups employ shared values and solidarity; and that remittance owners are financially capable and sociable.

The affinity zone of the Behavioural Economics of Remittances operates through signalling. Stakeholders involved then employ risk mitigation measures — through regulative acquaintance — when engagements with each other face problems. Local authorities enforce laws and regulations. Financial institutions employ their rules to handle erring borrowers. Migrant households use community networks, prevailing social norms, and migrants' experiences of better systems abroad to assert fair and correct practices for parties concerned. When local systems struggle to keep things in order, migrant households then use remittances to handle risks.

Remittance owners, therefore, bind their economic and financial decisions given prevailing institutional environments and community relations. Their financial knowledge and risk appetites matter, however, to reduce their aversions. Since families at home are migrants' initial sources of information, frequent communication may help yield better financial decision making.

8.1. Introduction

This Chapter summarises the findings of this research. Household and community-level processes and factors that influence the productive use of remittances in the Philippines were investigated. The municipalities of San Nicolas in Ilocos Norte province and Moncada in Tarlac province were chosen as case study sites given their proximity and remoteness, respectively to the nearest urban centres.

This study moves forward from usual outcomes-oriented studies on migration, remittances and development. Calls to look at structure-agency interactions (UNU-Merit & De Haas 2016a, 2016b; O'Reilly 2012) were addressed especially by situating migrant household-and-home town interfaces in the context of human behaviour (World Bank 2015). Whatever remittance owners desire to happen with their financial resources “may actually be prompted by psychological and social influences” (World Bank 2015: p. 3). An exploratory *Behavioural Economics of Remittances* theoretical framework (refer to Figure 2.3 in Chapter 2) was also tested to understand household, institutional and locational factors shaping the productive use of remittances locally.

This research project employed a fully integrated mixed methods design or FIMMR (Creamer 2018). Surveys of migrant and non-migrant households and a rapid qualitative inquiry or RQI (Beebe 2017) were conducted over four-month periods in each municipality. *Household surveys* contacted 472 respondents in San Nicolas and 434 in Moncada (to include 221 and 222 migrant households, respectively) through quota and referral sampling. The RQI employed the following methods: *key informant and focus group interviews* with community stakeholders (total N for two towns = 151) and with overseas migrants (N=12), through key informant and referral sampling, respectively; *object-centred interviews* with some surveyed migrant household respondents identified through nested sampling (N=59); *secondary data analysis*; and *participant observation*.

8.2. Principal findings

8.2.1. 'New' theoretical lens for migration, remittances and development

The first objective was to theoretically situate the remittances-development nexus to understand household, institutional and locational factors influencing remittance use locally. The conceptual framing done here is called the *Behavioural Economics of Remittances*, a multi-level theoretical model that sees migrants and their households interact with themselves and with the people, social structures and institutions that are directly and indirectly affected by remittances. People and institutions influence remittance use and its outcomes, both of which are bound by the make-up of a place. The Behavioural Economics of Remittances puts together six theoretical perspectives, spanning *agency* (family financial socialisation, financial capabilities, prospect theory), *structure* (institutional economics), and *structure-agency interactions* (human capabilities, structuration of international migration).

The Behavioural Economics of Remittances operates three zones that house structure-agency interactions, and where the financial heuristics and decisions of actors, the patterns of interactions, and the outcomes of remittances on local development can all be observed. Major actors in each of these zones have their reference points when deciding to use remittances, as well as risk mitigation measures that can offset losses.

The *sanguinity zone* is the terrain of the migrant and her/his household. The individual financial capabilities of household members at home and abroad relate to the quality of their family relationships through formal and informal financial interactions. The *estimation zone* sees the migrant household relate to financial institutions, entrepreneurs and the overall entrepreneurial conditions of a place. Simultaneously, the migrant household relates to institutions and members of the local community as well as its norms — all occurring in the *affinity zone*.

8.2.2. Remittances and home town investing

The second objective covers the financial behaviours of migrant households in the context of what prevails locally. Answers here provide a sense of the remittance investment climates²⁴ of San Nicolas and Moncada.

The extent of home town investing, saving and entrepreneurship was what essentially differed between both municipalities. More surveyed residents from San Nicolas have saved, invested and ran enterprises locally than their counterparts from Moncada. Savings account ownership by migrant households, however, seems low if one notices the abundance of deposit-taking financial institutions in San Nicolas and the influence of cooperativism in Moncada.

Both municipalities also differed in entrepreneurial profiles. San Nicolas' registered firms are more than double the number of businesses in Moncada, enabling the former to raise more business taxes, fees from business permits, and total local revenues. San Nicolas enjoys the presence of a shopping mall within its jurisdiction. Moncada grossed mostly from agriculture and earnings from stalls in the public market.

Economic activities reveal differences surrounding local entrepreneurship. San Nicolas balances urbanisation with agriculture, whereas Moncada had long excelled in agriculture while trying to catch up on non-agricultural entrepreneurship. The Tarlac municipality enjoys abundant farm-land that has helped the town bolster rice and corn production, though it is hampered by flooding in its southern parts. Agricultural production is not as abundant in San Nicolas, but the town has gone ahead on its non-agricultural enterprises.

8.2.3. Family financial socialisation beside remittances

The third research objective covers dynamics on how remittance households socialise about handling money. Note that the family is where one first learns about

²⁴ ReIC is the product of putting together the financial behaviours of migrant households and data surrounding the investment climates of localities. Producing a ReIC enables seeing the strengths and weakness of overall investing in a rural community. For more about this ReIC, see Ang and Opiniano (2016a; 2016c).

money, and quality family relationships may matter so that they show sound financial behaviours and use money properly.

Household behaviours in dealing with money and overseas remittances can be described through a *Knot of Behaviours on Family Financial Socialisation* (the outcome of a phenomenological analysis of object-centred interview answers). This *Knot* shows that money matters go through a web of intricate family relationships. Remittance households display *directional behaviours* when providing instructions and guidance on using incomes. *Deliberative behaviours* see at least two household members collaborate in gauging the pros and cons of adopting certain financial actions. *Driven behaviours* occur when household members initiate certain financial actions through motivation and sense of responsibility. These three behaviours then get modified when migrant households display *diverging behaviours*: some household members here make situational financial decisions geared to appease other family members or mitigate prevailing family issues. The *Knot of Behaviours* being said, migrant households were also observed to easily switch financial behaviours when dealing with specific family members for certain financial purposes (e.g. spending, saving). For example, a female migrant breadwinner motivates her children to save some remitted amounts but instructs her husband to judiciously allocate amounts for daily needs since the husband has vices.

Remittance households seem to exhibit uniform behaviours when making financial decisions. These households claim to: mostly decide carefully and deliberately; put a premium on the family's welfare, and neutrally decide with emotions when spending, borrowing, saving, investing and using money for business. Female respondents from surveyed migrant households carried most of the above-mentioned behaviours on financial decision-making vis-a-vis emotions.

When the *Knot of Behaviours* is juxtaposed to survey results on financial decision-making, two major observations emerge. Overseas migration dynamics on families get transplanted to how remittance households interact about money. That being said, these households employ **emotional earmarking** which sees migrant household members conjointly designate money and emotional dispositions for certain financial purposes, and specific family members. Specific financial actions and their corresponding emotions happen in the spirit of sustaining family ties. With

emotions and remittances intricately linked, migrant households display bounded rationality in the financial decisions they make.

Salient differences are found when considering financial literacy by migrant households. Those in San Nicolas mostly claim to have “satisfactory” knowledge and skills about money, versus “good” knowledge and skills by most respondents in Moncada. At least half of the respondents from both towns mostly learned about money from their own experiences, indicating the lack of formal instruction about money. When asked attitudinal questions surrounding money use, leading answers from respondents contradict the knowledge about money these migrant households claimed to have. For example, when incomes dry out before the next resources arrive, most respondents will spend on consumer goods and keep their money at home.

8.2.4. Interactions between remittance owners and local entrepreneurs and financial institutions

The third research objective tried to determine how the interactions between migrant households and people and institutions in their home towns influence the former’s use of remittances. This section explains these interactions with entrepreneurs and financial institutions.

Most respondents perceive risks with caution. Ironically, however, at least half of the migrant households surveyed rely on their “confidence” when facing risks. In terms of questions that apply prospect theory covering the best choices and the gamble they may take, most household respondents chose options with assured returns and no losses. These results reveal not just remittance households’ reference point (i.e. status quo to which gains and losses are assessed), but their loss aversion.

Migrants and their households carried personal and family desires to engage local entrepreneurs and target markets. Remittance-owning entrepreneurs have also spotted markets available both locally and in nearby municipalities and cities. San Nicolas enjoys rapid growth in businesses given the presence of a shopping mall, Robinsons Place Ilocos, that had created more local enterprises. Most of Moncada’s enterprises were concentrated in the centre (or the *población*) where the public

market and financial institutions operate. San Nicolas' strategic location also enables it to harness target markets from neighbouring cities and municipalities in the province. Moncada's business generation efforts, for their part, fall behind neighbouring high-income municipalities. These findings reveal that San Nicolas is an internally-vibrant entrepreneurial market, and Moncada's entrepreneurs may either run businesses outside of town or open firms in inner villages to target underserved customers.

Remittance receipt leads migrant households to access the products and services of financial institutions. On that score, both transacting parties provide feedback to each other. Financial institutions think remittance-owning clients: a) May struggle with timely loan repayment; b) Write off outstanding loans by their households and end relationships with financial institutions; c) May not be interested in migrant-tailored financial products, or even basic savings accounts; d) Get affected by the family-level impacts of migration, as evidenced by their financial behaviours; e) Carry suspected consumerist lifestyles; and f) May possess weak entrepreneurial skills while continuing to access credit for their enterprises that remain micro-level in size. Remittance households, for their part, realised the benefits of financial intermediation in managing their finances, in fostering financial discipline, and in accessing credit. Migrant households, however, expressed dissatisfaction in terms of financial institutions' customer service and of being "irritated" by loan collectors in relation to their outstanding.

To contextualise remittance owners' interactions with entrepreneurs and financial institutions: *One major venture* of migrant households is to earn remittances and engaging in business and financial product subscription then become *additional ventures*. That being said, local entrepreneurs, financial institutions and remittance households all consider quantitative and qualitative factors, as well as geographic considerations, before arriving at key economic decisions. When transacting parties face risks, they mitigate these risks by using their business experience, regulations, buffer resources, other variable costs (for entrepreneurs and financial intermediaries), and remittances (for migrant households).

The decision-making processes and tools of involved players employ **relevant costing**. Borrowed from managerial accounting, relevant costing sees transacting parties ascertain the future costs necessary to start and sustain additional ventures.

If these added ventures prove fruitful, further costs will be allocated. If unsuccessful (thus producing risks), future costs will mitigate these risks. Remittance households employ relevant costing by either adding more remittances into their growing enterprises or by using remittances to mitigate and escape from risks (e.g. outstanding loans). Micro-case examples in both municipalities reveal that relevant costing will become a positive tool if remittance households are armed with better entrepreneurial and financial knowledge and skills.

8.2.5. Migrant investing given prevailing institutions, norms and relationships in rural communities

This section still relates to the third research objective, this time focusing on the dealings by remittance owners with people, organized institutions and social structures (norms, culture) locally. Their interactions take note prevailing institutional environments and arrangements — noting institutional economics (Williamson 2000), as well as community norms and relationships (using the lens of structuration theory [Morawska 2011]).

San Nicoleño remittance households mostly projected better economic and financial situations, household income levels, and local economic growth now and in the immediate future. Most Moncadenian counterparts, for their part, projected these matters to be the same currently and in succeeding months. These projections reveal that while the municipalities seem to be growing, however, this does not automatically lead to better household financial situations.

Migrant households had differing levels of trust in people and institutions outside and within their family circles. These differing trust levels were in the context that these family members and community actors ask migrant households to invest in their home towns. For community stakeholders, most San Nicoleño migrant households trusted their municipal government, while their counterparts from Moncada mostly trusted their village-level governments.

Probit regressions were employed to quantify the probability that remittance owners invest, do business and own savings accounts locally. The econometric models considered migrant households' levels of financial knowledge, risk appetites, and

trust to loved ones and people in the community — all of these being explanatory variables. As indicated in the results, migrant household respondents in San Nicolas may miss out on rewards from truly taking risks; may dislike frequent family financial discussions about remittance use; and may mistrust loved ones while placing most trust in the municipal government. Results from Moncada suggest that they may gain from taking riskier choices vis-à-vis running businesses and from opening savings accounts. There are also gains for migrant households if family financial interactions always happen. Parents from Moncada also seem to be the most trusted that can probably entice home town investing.

Prospective investors, more so town mates who live and work abroad, are searching for signs indicating that San Nicolas and Moncada provide propitious, efficient and easy means to conduct business and place investments. Both San Nicolas and Moncada have been awarded by the national government for good local governance. This recognition indicates that both towns are business-friendly. Reforms in local frontline services and investment climate interventions instituted by these municipal governments had already taken shape. Examples include less steps to acquiring permits; inter-agency coordination for business facilitation and economic activities; inter-sectoral local councils for enterprise development and investment facilitation; and updates to investment-related local policies. All these reform efforts respond to the distinct nature of economic activities locally.

Relations between locally-operating financial institutions and remittance households see both parties accounting for their behaviours in dealing with each other. Both transacting parties try to prove each other's worth. Some financial institutions even employ painstaking measures to improve remittance clients' financial worthiness, like financial coaching and reminding borrowers to accustom themselves with early loan repayments. Financial literacy lectures even mark interventions of some stakeholders, especially in the Province of Tarlac where Moncada is located.

The purview that remittance owners are "investors" prevails because incomes remitted induce local consumer demand, create some enterprises, and lead to acquiring assets (e.g. housing, lot, farm-land). With migrant households from San Nicolas investing more than their counterparts in Moncada, survey results indicate the level of conduciveness of the towns' investment climates and the actual financial skills and capabilities of migrant households.

Local officials have attempted to project their municipalities as efficiently run so that residents locally and abroad trust them. Town mates exposed to better systems abroad keep themselves abreast of their home towns' economic progress and governance efforts. Community stakeholders at home *and* abroad essentially determine each other's traits, searching for reliability and dependability. To narrow each other's information asymmetries when making decisions to engage with each other, involved parties employ **signalling**. Parties perceive themselves whether they are truthful and trustworthy, hoping that this may encourage business and savings account ownership and investment locally (using their overseas remittances).

Parties, especially migrant households, must show their "unobservable attributes." Examples include intolerance to corruption in government services, reliable financial products, sound financial behaviours (by remittance households), or even showcasing community solidarity. When these parties face risks from engagements with each other (engagement being the outcome of signalling), they employ risk mitigation measures: Remittance owners here utilise their remittances while organised institutions enforce their (public and business) regulations. These signals also seem to be contextualised geographically.

8.3. Implications for policy and practice

This research sought to determine the outcomes and processes involved in using remittances productively in rural localities. Gamlen (2014) argues that these outcomes and processes vary by community, revealing migration and remittances' links to geography. True enough, the specific economic activities, topographical profiles, local governance dynamics, community relations, and cultural norms of San Nicolas and Moncada produced distinct outcomes.

Remittance investment climate (ReIC) analyses. San Nicolas has been enjoying over a decade of institutionalised local governance reforms that have yielded visible economic results. These measures took advantage of the municipality's strategic

geographic location. Coupled with the presence of a shopping mall and medium-sized enterprises along a national highway, San Nicolas has been enjoying rising numbers of registered businesses and local taxes, the influx of more financial institutions, and more patronage as a “tourist” destination. Local governance reforms and their concomitant results have spread over to those working and living abroad who have felt visible economic and political changes locally and the responsive services that local authorities now provide. This trust towards local authorities may explain the high number of home town investors (68.3%) and entrepreneurs (63.8%) among San Nicoleño migrant households.

Overseas migrants, making up a fifth of the Ilocano town’s population, then provide supplementary economic resources on top of what is already in their community. Even if the municipal government does not have a pro-active migration-and-development strategy, and its migrant desk lacks funds to provide more frontline services, San Nicolas almost exemplifies how the development potential of remittances actually occurs. Migrants have been utilising their remittances given the many economic options available locally. Migrant financial inclusion though warrants behavioural change. That is even if a 30.3 percent ownership of local savings accounts reflects Philippine trends on financial inclusion (Bangko Sentral ng Pilipinas 2020), and on remittance receipt that mostly passes through money transfer organisations (Philippine Statistics Authority & University of the Philippines Population Institute 2019).

Continued local growth will not deter international and internal mobility, what with going to the United States already ingrained as a social structure in San Nicolas. Overseas migration from San Nicolas can become *more proficient* economically if it continually provides residents with numerous income options; if economic and social services remain responsive and reliable (World Bank 2009: pp. 168-169); and if migrants and their families are given economic, psycho-social and perhaps financial literacy interventions at home.

Moncada experiences the early stages of institutionalised local governance reforms. Its improved frontline services in general, and investment climate interventions in particular, complement the town’s strengths as a farming hub, a provincial “capital” for cooperatives, and as an environment-friendly town. These reforms also try to compensate for the geography-induced shortcomings of Moncada’s investment

climate — that its southern parts are basins for flooding, and that commercial and industrial spaces are unavailable. Nevertheless, local policy and programmatic reforms related to investing (e.g. an enforceable local investment incentives code; increasing commercial spaces as the town's land-use plan permits) may be in order.

In Moncada, overseas migrants make up only eight percent of the local population. However, their local economic activities like house construction and some entrepreneurship may either be under-tapped, or these remittance owners go to nearby municipalities (especially the neighbouring municipality of Paniqui) where target markets are visible. Even home-grown financial institutions have yet to capitalise on overseas Moncadenians for financial products and services. These financial intermediaries need to be relevant for migrant households whose (female) members work in less-skilled occupations abroad (e.g. domestic work). The stable Moncadenian cooperatives have considerable experience to help migrant town mates, and these interventions warrant scaling-up side-by-side with further strengthening these cooperatives' overall finances and operations.

Given what is available in Moncada, the number of migrant household entrepreneurs (37.4%), investors (36%) and savers (16.2%) shows their best efforts to productively use remittances. The fuller development potential of migration and remittances locally has yet to come. Pursuing an economically-efficient migration in Moncada requires upscaling local reforms, enforcing better investment climate interventions, and initiating pro-active endeavours to make overseas Moncadenians and their families part of local development efforts. Meanwhile, financial education activities by the provincial government — benefitting more Moncadenians — can complement local migration-and-development efforts.

'Economically efficient migration'. As reviewed in Chapter 2, rural areas present unique contexts in terms of achieving development. These regions or rural areas may enjoy natural resource endowments and agricultural productivity, although they may face numerous constraints in terms of their labour force, financial services, infrastructure and public utilities, and even local governance — which can increase the cost of doing business and reduce remittances' development potential. Yet rural areas directly gain from international and internal migration and the corresponding

remittances, thus calls to address local development conditions (Massey et al. 1998) apply to rural communities.

The efforts of San Nicolas and Moncada to reform local governance represent herculean efforts at improving overall rural conditions and quality of life. These baseline efforts are *precursors* to making migration and remittances work optimally. Rural stakeholders then work with how things operate locally, and with the economic and social conditions that permeate these communities. In situations of differentiated development outcomes for migration and remittances, these communities are then challenged to pursue local development efforts that lead to *economically-efficient migration*. This vision for international migration *and* development sees origin communities reducing push factors for migration and optimising the benefits of remittances to directly benefit involved households and indirectly provide gains to the broader community. As for rural residents who (forcibly) opted or who chose to go elsewhere, economically-efficient migration must facilitate the improvement of their human capabilities, of their transnational family relationships, and of their financial decisions related to remittance use.

Envisioning economically-efficient migration matters in origin communities, particularly in local policy-making. This is not to endorse international migration as an overt development strategy, but increased remittances also spur economic development at home — and soon origin communities “may not need to rely on migration indefinitely to maintain improved living standards in the longer run” (Khanna et al. 2020: p. 35). That aspired economic outcome from international remittances then hinges on the quality of rural communities’ governance, social, economic and investment conditions. Specific interventions related to economically-efficient migration would be necessary, such as targeted financial education in rural communities and pro-actively including overseas migrants in local development plans and as target clients.

The onus that lays on remittance owners. Analysing both the rural community and overseas migrant households has allowed this research to focus on the behaviours of remittance owners. With the analysis of human behaviour used as an anchor in this research, it can be seen how remittance households use their money given the

financial knowledge they have, and the community conditions which influence the financial decisions made (Glassman 2013).

Remittance owners may not be practising what they claim to know about finance. Yet these financial behaviours did not operate in a vacuum since they occurred given the prevailing quality of migrant family relationships, family financial interactions, localities' investment conditions, prevailing local norms, and the quality of local institutions (rules, norms, laws, organised institutions). In a sense, financial decisions may be rationality bounded though these do not mean, to quote De Haas (2014: p. 8), "people are not rational at all".

That is why these migrant households employ heuristics (or habitual shortcuts) to solve problems and achieve better outcomes within their families, and when relating with the broader rural community. As shown in this research, *emotional earmarking* soothes involved parties in the migrant household in order to achieve financial and emotional comfort. *Relevant costing* allows migrant households to determine future costs from further maximising income opportunities through investing and entrepreneurship or settle with their one major venture of continually earning dollar remittances. Finally, *signalling* challenges these dollar earners to visibly demonstrate their reliability when making financial transactions and when remaining to be part of local community life.

Henceforth, the onus is on migrant households to discuss money management and risk-taking matters with loved ones more frequently, and to eventually improve their financial knowledge, behaviours and practices. Improving financial knowledge and money management skills has now become relevant for these Filipino remittance owners as the COVID-19 pandemic drags on. Overseas jobs may not immediately return to pre-pandemic levels, and so are the levels of migrants' remittance incomes. Careful budgeting and spending may have to become habitual within families. The pandemic may have also compelled people to try entrepreneurship — using the Internet and social media to lure target markets. Sound financial behaviours and practices become relevant more than ever during these challenging times.

These efforts transnationally (to include the overseas-based breadwinner) leads to hopefully more productive emotional earmarking, relevant costing, and signalling. This is because in the end, both from a pragmatic and a theoretical standpoint, using

remittances for local development hinges in ascertaining and relaying *trust* (Botsman 2017; see *next section*) to transacting parties — the migrant household included.

8.4. Implications for theory and research

The Behavioural Economics of Remittances represents exploratory efforts at theoretical eclecticism (De Haas 2014; 2021). This exploratory theoretical premise had brought together perspectives from scholarship in household finance, financial capabilities, behavioural and institutional economics, human development, and structuration (or structure-agency interfaces). The painstaking effort to put these theoretical lenses together also recognises its limits: the *complex* phenomenon under study is in the context of an origin country, of a specific rural community, and of remittance dynamics (to the point of almost setting aside migration processes). If there is any consolation for the Behavioural Economics of Remittances, dependence on “the specific conditions in which migration occurs” (De Haas 2014: p. 11) cements the contextualised outcomes that migration and remittances bring to geographic communities (Gamlen 2014).

The Behavioural Economics of Remittances has extended the New Economics of Labour Migration theory of Oded Stark (1978) by capturing *individual, institutional and locational factors* contextualising remittances and local development. Financial and risk-taking behaviours, as well as family financial interactions by migrant households, have provided nuanced understandings of how these households share risks and reach mutual agreements (Stark & Bloom 1985) when using remittance incomes locally. Geographic and institutional contexts in communities then helped situate the behaviours of migrant households — in taking risks, in making financial decisions, and in interacting with transacting parties in the community. With the Behavioural Economics of Remittances: a) The agentic financial actions of overseas migrants and their households get further understood; b) Family dynamics have now been accounted for in family financial decisions and interactions; and c) Geographic and institutional contexts get to be seen clearly in tandem with household actions.

Putting together six theoretical perspectives from various disciplines has thus helped the research locate these individual, institutional and locational factors that seamlessly link remittances and local development relationships and structure-agency interactions. Nevertheless, while this research had simultaneously tested the propositions of several theories all at once (Massey et al. 1998: p. 293), other theoretical propositions are welcomed — particularly those that encapsulate the outcomes and processes of remittances in contributing to development.

Methodologically, employing the *fully integrated mixed methods research* (FIMMR) *design* (Creamer 2018) proved effective in this research. Structure-agency theories like the Behavioural Economics of Remittances work best if we determine — through quantitative and qualitative methods— the outcomes and processes of interactive social phenomena like migration, remittances and development. This determination of outcomes and processes can also emerge if future studies *purposively* integrate quantitative and qualitative methods from the start to the end of the research process (Creamer 2018). If we want to understand the complex dynamics surrounding migration-and-local development relationships, using only singular methods disallows us from ascertaining the breadth and depth of migration and development linkages. Singular methods will also continue to disconnect context (structure) and conduct (agency) when analysing remittances, and (even) migration.

Structure-agency interactions, and trust. The Behavioural Economics of Remittances deciphers interactions by agents (i.e. remittance owners) and structures (e.g. local norms, prevailing regulations, and formally and informally-organised institutions) (Cuevas et al. 2014). The actions of these agents and structures occur iteratively and influence each other, which is why agents and structures may have to be analysed *together*, not distinctively (O’Reilly 2012). For example, gains associated with working and living in a specific country may have ingrained localised cultures of migration, or local norms related to money (e.g. frugality) may have been superseded by financial practices that remittances have bred (e.g. too much spending).

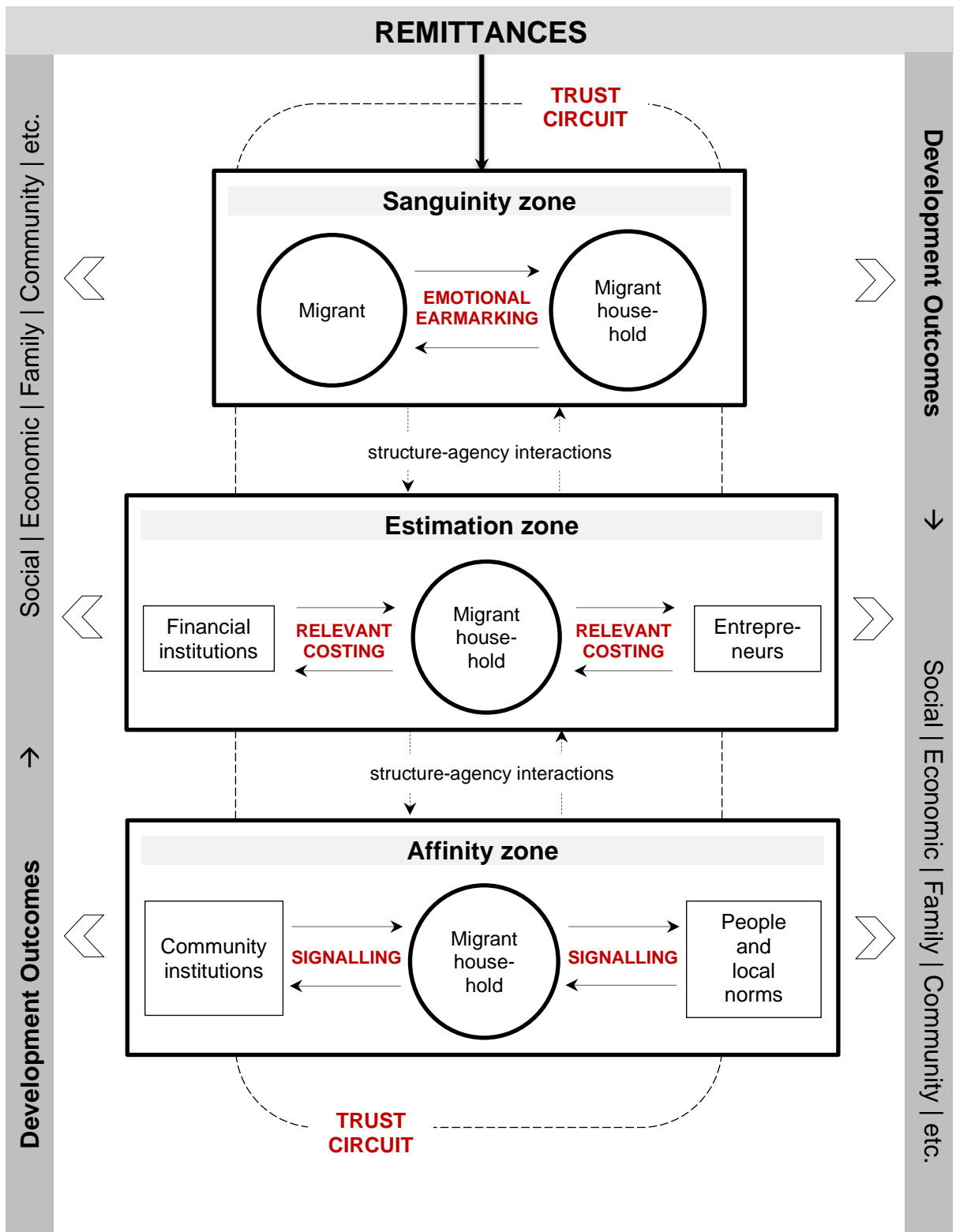
The Behavioural Economics of Remittances not only allows us to see patterns of structure-agency interactions at household, institutional and local levels. This exploratory theory also allows the outcomes of these structure-agency interactions to be assessed. The Behavioural Economics of Remittances also creates for us the

observable decision-making and risk-taking tools employed by involved actors. As mentioned in the previous section, remittance owners and involved transacting parties employ *emotional earmarking*, *relevant costing* and *signalling* that provide good-enough solutions given people's limited timeframes in making decisions. These three heuristics help operationalise the Behavioural Economics of Remittances theory (see *Figure 8.1*). More importantly, these three heuristics to financial decision-making and risk-taking represent efforts for involved parties, and by remittance households, to search and claim *trust* — defined here as “a confident relationship with the unknown” (Botsman 2017: p. 20).

As trust expert Rachel Botsman (2017) of Oxford University explains, trust occurs in daily practice. In the things we do, in the decisions people make, we confront many uncertainties. In the case of this research, overseas migrants and their families try to decide to utilise their earnings productively at a place they are familiar with (Botsman 2017), but with parties they may know much or less about. With information asymmetry prevailing, and given the limited capacities of the human mind to absorb information, it is important for people and transacting parties to win each other's trust and make *trust leaps*. Trust leaps mean someone endows trust to leap from the known to the unknown (Botsman 2017, p. 20). Essentially, the Behavioural Economics of Remittances surrounds the endowment of trust to conquer uncertainties in using overseas remittances better, and in gaining each other's trustworthiness. In structure-agency interactions (Morawska 2011; De Haas 2014), guided by how the human mind operates within a certain context (World Bank 2015), trust is taking a risk and leaping from certainty to uncertainty in the hope of achieving the most optimal outcome.

Therefore, the outcomes of productive remittance use — saving, investing, doing business — in the Philippine municipalities of San Nicolas and Moncada *represent the accumulated levels of trust to people, to institutions, and to their place*. This perspective thus broadens the indicators of what favourable local investment conditions (Massey et al. 1998) contribute to effectively making remittances work for development beside continued international and internal migration.

Figure 8.1: Operationalisation of the Behavioural Economics of Remittances



8.5. Implications for migration and development

This research provides lessons on how rural home towns, as well as origin countries of overseas migrants may want to harness remittances for development. A major lesson here is that development endeavours and conditions *at home* galvanise the benefits that remittances bring to geographic communities. Essential on this regard are more financially-educated remittance owners (Organisation for Economic Cooperation and Development 2015), functioning and stable financial institutions (Guiliano & Ruiz-Arranz 2009), responsive local government instrumentalities (Nijenhuis 2010), and national laws that engulf local efforts at remittances and development.

The Philippines continues to search for models to make remittances work for development. National plans under previous and current Philippine presidents since the new millennium have already mandated financial literacy, entrepreneurship, savings and investment programs for overseas Filipinos and their families. National agencies involved in migration management have also rolled out numerous economic and social programs related to migrant entrepreneurship, migrant reintegration, mental health and psychosocial services (MHPSS), as well as migrant-tailored financial and investment products. Financial regulators like the country's central bank have also laid the policy framework for financial inclusion and financial education for all citizens, and on remittance services.

The current research may be specific to two rural municipalities, but mixed methods results and findings here provide relevant observations applicable to origin communities and countries like the Philippines:

- a) That addressing the social costs of migration in families inevitably includes household finance dynamics — thus not dichotomising remittances with non-monetary family matters, and providing token or nil regard to family finance vis-à-vis migrant family rearing;
- b) That measures related to migrant financial education, financial inclusion, entrepreneurship and investment may need more targeted interventions specific to overseas migrants' occupations, salaries (e.g. skilled and semi-

skilled migrants) and migration status (permanent versus temporary migration);

- c) That local governance may have to institutionalise integrating migration in local development plans and programs;
- d) That efforts at agricultural productivity in rural areas may be pro-actively tied with remittances;
- e) That endeavours related to the productive usage of remittances must include programs and financial products related to health and social protection by migrants and their families; and
- f) That local and national-level data on migration and remittances be compiled and used for migration-and-development planning especially at local levels.

This research has also illustrated the specific geographic nuances of remittances and local development. This approach governs the conduct of case studies about two different rural communities and their remittance investment climates (ReIC). Future studies should compare developed and less-developed origin communities coming from leading and lagging geographic regions.

Regardless of these communities' variances on development and local governance, patterns of structure-agency interactions can still be captured. Researchers and policy-makers will then be able to use these patterns and provide policy guides on how remittances may be harnessed for development in high- and low-migration communities, in places with abundant or few financial institutions, and in places that have varying degrees of local governance. Documenting these varied migration, remittances and local development "patterns" would thus lead to context-specific solutions and plans related to migration, remittances and development that are tailoured to *specific local conditions and circumstances*. What this means is that migration-and-development efforts may have to be brought down to local levels,

noting the socio-economic, political, geographic and migration conditions²⁵ of certain rural areas.

This research, more importantly, provides lessons to overseas migrants and their families. One lesson here is the unassailable role of sound family relationships in remittance use, thus underscoring frequent family financial discussions in these remittance families. Another lesson is improving financial capabilities, not just the levels of financial literacy but their financial inclusion and functionings. Not having any significant variables for financial literacy-related variables in the Probit regression raises concerns that remittance incomes may not be properly optimised by its owners. Since survey results saw remittance households learn finance through self-discovery, modes of formal learning on finance for both remitters and migrant households aptly complement frequent family financial discussions. The goal here is that remittance owners' emotional earmarking, relevant costing and signalling lead to sound family relationships, to more risky but gainful financial transactions, and to successful migrant investments and enterprises.

Family financial socialisation becomes relevant not only during this COVID-19 pandemic (as international migration opportunities and remittances have been put on hold) but will be especially relevant in the post-pandemic period. Given the lessons of earning incomes and sustaining family relationships, family togetherness and collegial financial decision-making may help remittance owners handle their economic resources better. The COVID-19 pandemic may have also provided remitters abroad and remittance households at home hard lessons in putting into judicious use their incomes from abroad.

8.6. Limitations of the research

The research presents several limitations. One is a minimal look at internal migration, not only because of the obvious links between internal and international migration

²⁵ Examples of things to be considered here are the following: governance efforts by the locality; type of economic activity/ies and their levels (agriculture, manufacturing, retail trade, etc.); ease or difficulty of doing business locally; presence or absence of natural resources (e.g. mountains, bodies of water, farm lands, forests); high or low numbers of overseas migrant town mates and migrant families; among others.

(Skeldon 2006), but because the Behavioural Economics of Remittances also applies to domestic remittances. Over 95 percent of surveyed migrant households from both municipalities only have an international migrant as the physically absent household member. This trend may be because Metro Manila (the ultimate destination of Filipino internal migrants) and San Nicolas and Moncada are too distant from each other (484 km. and 150 km., respectively). Households surveyed may also be content with residing in the two municipalities given lower costs of living. More importantly, domestic remittances are as important as their international counterparts. A first national migration survey in the Philippines found that domestic remittances received (47.9%) nearly equal those households who received international money transfers (48.4%) (Philippine Statistics Authority and University of the Philippines Population Institute 2019). Future studies can test the Behavioural Economics of Remittances on *both* international and internal remittances.

The study also notes the reluctance of survey respondents to answer some research questions. For example, while they have answered the number of family members who are international (and internal) migrants, the majority of respondents refuse to specify all their immediate household members who work and live elsewhere. These forms of reluctance account for the fact that the study is about money, a topic which constrained previous related studies — even yielding smaller survey and key informant samples (Ang & Opiniano 2016a; 2016b; 2016c; Lacsina & Opiniano 2017).

Non-random sampling methods employed in the survey also limit the potential of survey results to be generalised to the entire municipalities concerned. These sampling methods were employed given the absence of locally-available and reliable demographic data on the number of households with overseas and domestic migrants. The municipalities have their own Community-Based Monitoring System²⁶ (CBMS) surveys, but the municipalities' surveys are either too old (San Nicolas) or have questions surrounding their implementation and reliability (Moncada). The CBMS could have precisely generated localised data on households with

²⁶ The CBMS is an “organized process of data collection and processing at the local level” that surveys all households residing in a locality. The CBMS is a tool to capture “core poverty indicators” (e.g. education, health, employment, etc.) so that local governments utilise such data for development planning (Sobreviñas 2017). The local government previously implements the CBMS subject to availability of local funds, but a new law (Republic Act 11315, or the CBMS Act) now mandates local governments to implement the CBMS together with the Philippine Statistics Authority (PSA).

international and internal migrants (to aid random sampling), as well as provide secondary data on the household incomes of remittance and non-remittance households.

The research is also limited because overseas migrants were not surveyed as a separate respondent group. Similar studies had this respondent group (Ang & Opiniano 2016a; 2016b; 2016c) but the physical absence of these overseas remitters poses challenges in getting ample sample sizes. This constraint explains the focus on the migrant household, even if some survey respondents were vacationing overseas migrants (including permanent residents and dual citizens), seafarers awaiting newer work contracts, and freshly-returned overseas migrant workers.

Despite these limitations, as well as the self-reported nature of survey results and interview answers, this research has contributed to theoretical enrichment in migration studies, to prospective local and national policy reforms on migration and development, and to improved financial behaviours of remittance owners.

8.7. Directions for future research

Future *mixed methods* studies can test the Behavioural Economics of Remittances framework in other origin communities, and even across countries. Future researchers could also employ literature-based, country-specific indicators of determining people's financial capabilities, communities' investment competitiveness and conduciveness (e.g. the Philippines' Cities and Municipalities Competitiveness Index), and organised institutions' dependability and reliability. Cultural nuances in these birthplace communities and countries of overseas migrants may even enrich understanding of how trust is endowed at household, institutional and local levels. The context of these future country-specific or cross-country studies is recognising international migration as "an intrinsic part of broader social change" (De Haas 2014: p. 18) — that migration affects prevailing development processes in rural communities and home towns. Once researchers recognise migration as among the sub-processes of social change dynamics, prospective researches can capture

“more nuanced and realistic insights into the relationship between migration and development” (De Haas 2014: p. 19).

The Behavioural Economics of Remittances also carries certain limitations. This theory does not cover migration movements, decision-making, and migration processes that can contextualise remittance use locally. By proxy, capturing the number of temporary and permanent migrants from these origin communities somewhat situates migration-related dimensions such as frequency of remittance receipt and family rearing beside migration. Another limitation is the non-determination of remittances’ *economic impacts* (not just outcomes), which future studies can build from using econometric techniques. Geographic specificity also marks this theory, providing future research queries on how *patterns* of structure-agency interactions and remittance outcomes and processes be made more generalisable and transferable in other country settings.

Future research can also validate and expound the efforts of remittance owners to employ emotional earmarking, relevant costing and signalling (by preferably employing mixed methods). These different processes of decision-making and risk handling can even capture geographic contexts where these heuristics operate (World Bank 2015).

Even the gender dimensions of the Behavioural Economics of Remittances provide added flavour to the dynamics of this theory. Future research can determine how females differ from males in emotionally earmarking financial transactions; in properly determining relevant costs to economic ventures on top of remittance earning, and in ascertaining signals on the trustworthiness of people and institutions in local communities. The discipline of psychology could even contribute to situate the intertwining of emotions, bounded rationality, and actual remittance usage between females and males.

Methodologically, this research has demonstrated the value of employing *mixed methods* to ascertain the development potential of remittances. Mixed methods fits the testing of the Behavioural Economics of Remittances, the capturing of various disciplinary purviews (including that of economics, and specifically behavioural economics), and analysing the remittance investment climates of these Philippines rural municipalities (Ang & Opiniano 2016a; 2016c). Mixed methods helped capture

the “multiple ways of knowing and valuing” (Johnson et al. 2007: p. 17) and the “analytical links between individual decisions and the social structures in which they are embedded” (Jefferson et al. 2014: p. 291). Mixed methods also reinforced the theoretical eclecticism of the Behavioural Economics of Remittances. Singular methods, whether quantitative or qualitative, will not advance future analyses of the migration, remittances and development nexus. Singular methods also relegate future studies to being research that disconnects context (structure) and conduct (agency) surrounding remittances and (even) migration.

The Behavioural Economics of Remittances also allows future researchers to use other quantitative and qualitative research methods and analytical designs. Examples include using methods such as randomised control trials (RCTs), financial diaries²⁷ (Taylor & Lynch 2016), grounded theory, documentary analysis (Tight 2019), among others. The key here is that the household and the community remain the conjoint units of analysis.

8.8. Final remarks

It has been said that improvements in socio-economic development and investment conditions in the origin communities of overseas (as well as domestic) migrants propel the development potential of remittance incomes (Massey et al. 1998; De Haas 2003). This pre-condition coming from the rural home town, however, *does not provide an automatic favourable outcome*. A previous study in the Philippines (Ang & Opiniano 2016c) found that one rural home town was a magnet for manufacturing and retail activities, thanks to being a business-friendly locality. However, only less than 45 percent of migrant remitters and migrant households surveyed owned home town businesses and investments. Clearly, not even a rural home town’s attraction for investments leads to the productive uses of overseas remittances. More

²⁷ Financial diaries are a qualitative-quantitative method of recording periodic financial transactions of the household through a “diary.” Usual financial diaries get household data (quantitative – incomes and expenditures; qualitative – reasons for using incomes) over usually two-week periods, spanning at least six months. Questions in these financial diaries see respondents report formal and informal financial transactions in the context of their daily lives (Taylor & Lynch 2016). Financial diaries provide *granular* details of households’ financial tools to strategise their use of household incomes (Collins et al. 2009). For further reading on financial diaries, see Taylor and Lynch (2016).

importantly, financial knowledge and aptitude help explain these variances of productive remittance usage, regardless of the presence or absence of improvements in rural communities (Ang & Opiniano 2016a; 2016b; 2016c).

This research reinforces the relevance of studying the locality and households conjointly. Their interactions with each other, ergo the *level of trust* that parties accorded to each other, contextualise the different outcomes of remittances in these rural communities (Ang & Opiniano 2020). San Nicolas may have already been enjoying the potential gains from remittances, while Moncada may enjoy the benefits from remittances at later stages, pending the improvements in its topography to accommodate more commercial activity and lessen flooding. In the end, the development potential of remittances is a social change process whose longitudinal outcomes (and possibly impacts) are worth researching.

Factoring in financial capabilities, family finance dynamics, structure-agency interactions, and how the human mind operates within certain contexts have broadened the theoretical, policy and behavioural implications of the migration, remittances and development nexus. It is hoped that these implications are translated into local and national policy reforms on remittances and development, and to achieve better financial behaviours by migrant households.

There is concern about the financial knowledge and financial capabilities of overseas migrants and their households. Origin countries like the Philippines generally worry about the welfare of overseas migrants, including migrant workers in less-skilled occupations (e.g. female domestic workers, male construction workers) whose rights may be disregarded in host countries. Even the vulnerabilities that transnational Filipino families endure given the absence of a family member (especially the parent) are continually being addressed, and needs more serious attention in respect to the social consequences of migration.

Financial knowledge *may be* a tool for the economic empowerment of the overseas migrant, directly addressing the economic motivations for migration and even the family-level social costs that intertwine with remittance owners' financial and family relationships. Through acquiring new knowledge and skills (including financial knowledge), Bagasao (2008: p. 177) writes that migrant's economic empowerment can be used as:

“... an entry point or as an approach towards enhancing the migrant’s self-worth and respect. (The) migrant could have mastery of his or her resources, thus ultimately building strength of character and keenness in demanding respect for his or her human rights.”

Origin countries like the Philippines aspire to make international migration and remittances provide *supplementary* resources to development *at home*. As evidenced in the past decade, Philippine macro-economic conditions have improved — and migration and remittances have contributed to this favourable economic standing. With international migration continuing (notwithstanding economic disruptions caused by the COVID-19 pandemic), what kind of “future” awaits the Philippines beside continued overseas human mobility and foreign remittance flows? Opiniano (2021: p. 13) writes:

“That ‘future’ may have to envision the decline of addressing migrants’ rights and welfare issues, and the rise of having more economically empowered migrants and migrant families who make the Philippines better suited for more bountiful gains beside the overseas exodus.”

This grand vision for migration, remittances and development for origin countries like the Philippines can emanate from rural communities where all migration begins. Origin rural communities like San Nicolas, Moncada and others can provide the conditions to enlarge people’s human capabilities and make remittances and migration become a fruitful sub-process of local social change.

This vision also becomes relevant in today’s times. International migration and overseas travel may not immediately return to pre-pandemic levels. Yet overseas migrants continued sending money home amid the economic recessions of host countries, income and job reductions, and health risks from viral exposure. National governments have been addressing the impacts of the pandemic on their citizens and their overseas compatriots. However, the local origin communities of migrants have to improve *their* social and economic conditions. That way, home town development lingers; the welfare of residents at home and abroad is addressed; and they and their origin communities become resilient to future global pandemics and economic crises.

On the overall, the development potential of remittances thus hinges on people's conduct (agency) *and* the socio-economic, political, and cultural contexts (structure) where decisions and actions operate. Outcomes of this development potential will eventually vary. It is up to local stakeholders, including overseas migrants, to seek better outcomes for themselves and their origin communities.

Appendix A

Survey questionnaires (Migrant and non-migrant households)

1 - Migrant households

Date: _____

No. : _____

Good Day! I am a Filipino doctoral student from the University of Adelaide in Australia. I am conducting a survey on economic development in San Nicolas, Ilocos Norte / Moncada, Tarlac and if residents are able to meet their needs and save, invest or do business in your hometown. We would like to humbly ask you to be a respondent of this survey of ours. We assure you that all your responses will be treated confidentially and will only be used for study purposes. May we have about 40 minutes of your time? Thank you very much and God bless!

Gender:	Male	1	Female	2
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Socio-Economic Class (To be filled up later)	A / B	C1	C2	D	E
---	-------	----	----	---	---

Name: _____ Contact No/s. _____
 Address: _____ Email: _____
 Interviewer: _____ Time Start: _____ Time End: _____
 Location Interviewed: _____

A. Screener questions (a Yes answer in either question number 1 or 2 makes the respondent qualified)

1. Do you have relatives who work and reside outside of your hometown? Yes 1 No 2
2. Do you regularly receive domestic and/or overseas remittances in the Philippines? Yes 1 No 2

3. How long have you been receiving domestic and/or overseas remittances?

- | | | | | | |
|------------------|-----------|---------------|---|----------------------|---|
| Less than 1 year | 1 – [*] | 5 to 6 years | 4 | About 11 to 15 years | 7 |
| 1 to 2 years | 2 | 7 to 8 years | 5 | About 16 to 20 years | 8 |
| 3 to 4 years | 3 | 9 to 10 years | 6 | More than 20 years | 9 |

[* TERMINATE IF LESS THAN ONE YEAR]

4. Would you fall in any of the following categories?

- | | |
|---|---|
| Main decision maker in household budgets / expenditure | 1 |
| Have major influence in household budgets / expenditure | 2 |
| None of the above | 3 |

[TERMINATE IF NONE OF THE ABOVE/ ASK WHO IN THE HOUSEHOLD TO BE INTERVIEWED]

Interviewer: _____ Time started: _____ Time ended: _____

B. Migration profile of remitting family members working/residing outside of the hometown and abroad

5. Please check what are applicable to you (one answer only)

___ We have immediate family members working/residing abroad **and** outside of San Nicolas/Moncada but in the Philippines (answer Q6 to Q11)

___ We have immediate family members working/residing abroad **only** (answer Q6 to Q11)

___ We have immediate family members working/residing outside of San Nicolas/Moncada **only** (answer question no. 8)

6. What is the job/work of the **main** remitter [**the one who sends the biggest remittance regularly**]? _____

7. Given your answer to Q5, is the **main remitter** ...

7a. If overseas Filipino (PLEASE ENCIRCLE)

1	Land-based overseas Filipino	Country (WRITE HERE): _____
2	Sea-based overseas Filipino / Seafarer	

7b. If domestic migrant working and residing outside San Nicolas/Moncada, s/he is in (name of place)

8. How many immediate member/s of the family are working or residing overseas and in other places of the Philippines? _____ (Fill out the table below)

No	8a. Name	8b. Gender		8c. Age	8d. Relationship in the family (by the <u>respondent</u>)	8e. Overseas or domestic migrant? [IF 2, PROCEED TO Q9]	8f. Country where the overseas relative/s work/s currently	8g. If relative is a land-based worker or a seaman, is she/he an OWWA member?	8h. Who is the one that sends the biggest remittances and who sends regularly (<u>only one answer</u>)
		1 M	2 F						
1		1 M	2 F			1 Overseas 2 Domestic		1 Yes 2 No 3 I don't know	1
2		1 M	2 F			1 Overseas 2 Domestic		1 Yes 2 No 3 I don't know	2
3		1 M	2 F			1 Overseas 2 Domestic		1 Yes 2 No 3 I don't know	3
4		1 M	2 F			1 Overseas 2 Domestic		1 Yes 2 No 3 I don't know	4

9. What is the occupation and the migration status of the **main remitter** [**the one who sends the biggest remittance regularly**]? _____

9a. If overseas migrant is main remitter? Occupation _____ Migration status _____

9b. If domestic migrant is main remitter? Occupation _____

ANSWER CHOICES TO Q9a – Migration status

[IF ANSWER BELOW IS NUMBER 4, CAN YOU VALIDATE IF HE/SHE IS A MEMBER OF OWWA?]

	Status
1	Land-based overseas contract worker
2	Seaman
3	Immigrant but still a Filipino citizen
4	Tourist working abroad
5	Naturalized citizen abroad who is born in the Philippines and naturalized abroad
6	Naturalized citizen abroad who is born and naturalized in the host country
7	Dual citizen
8	Citizen of another country <i>but with Filipino roots</i> (e.g., Filipino parents)
9	Permanently returned to the hometown
10	Returned migrant and came from overseas work five years ago
11	Others, specify _____

[ANSWER CHOICES TO 9b. ENUMERATORS WILL ENCIRCLE THE CATEGORY BELOW AFTER CONDUCTING THE SURVEY]

Professional	1	Traders and related workers	6
Technical/Associate Professionals	2	Plant Machine Operators and Assemblers	7
Clerks	3	Laborers and Unskilled Workers	8
Service Workers/Shop/Market/Sales	4	Others	9
Farmers, Forestry and Fishermen	5		

C. Remittance Receiving Behavior

[ENUMERATOR: THIS SECTION TALKS ABOUT THE MAIN REMITTER TO THE HOUSEHOLD. ASK THE RESPONDENT TO SPECIFY THE NAME OF THE REMITTANCE CHANNEL AND *WHERE IS IT FOUND*]

10. What is your **usual** mode of receiving remittances? ONE ANSWER ONLY.

- Bank-to-bank Door-to-door *Padala* (hand-carried by a returning Filipino)
 Money transfer organization (e.g. Western Union)

Ayan yo kanayon nga matangtanggap iti paw-it da/patulod da?

10a. Please give the name of the remittance outlet where you usually receive remittances

11. How frequent do you receive remittances? _____ and place answer in blank]

- _____ 11a. Overseas every _____ and Domestically every _____ (both overseas and domestic)
 _____ 11b. Overseas only
 _____ 11c. Domestic only

[ANSWER CHOICES FOR **Q11A**, **Q11B** AND **Q11C**]

Weekly	1	Every 3 months	6
More than twice a month	2	Three times a year	7
Twice a month	3	Twice a year	8
Once a month	4	Once a year	9
Every 2 months	5	Less than once a year	10

12. If you receive overseas remittances, in what denomination do you usually receive these remittances?

- Country's currency 1 Philippine Peso 2 US Dollar 3
 Others, specify 4 _____

13. On the average, how much do you receive every remittance from the family member **who sends the most remittance?**

[ENUMERATOR: ANSWER TO THIS QUESTION SHOULD BE ACTUAL AMOUNT]

- _____ 13a. *If* overseas remittance: _____
 _____ 13b. *If* domestic remittance: _____

[SPECIFY AMOUNT] Usual amount _____ () Occasional
 _____ ()

[IF THE RESPONDENT REFUSES TO GIVE ACTUAL AMOUNT OR IS SHY TO ADMIT THE AMOUNT, FOR Q13A or Q13B THAT GIVES THE RANGES]

IF IN PESO (for BOTH overseas and domestic remittances):

Less than P300	1	P10,001 – P12,000	13
P301 –P500	2	P12,001 – P15,000	14
P501 –P750	3	P15,001 – P20,000	15
P751 – P1,000	4	P20,001 – P25,000	16
P1,001 – P2,500	5	P25,001 - P30,000	17
P2,501 -P3,000	6	P30,001 – P40,000	18
P3,001 - P4,000	7	P40,001 – P50,000	19
P4,001 - P5,000	8	P50,001 – P60,000	20
P5,001 - P7,500	9	P60,001 – P75,000	21
P7,501 – P8,000	10	P75,001 – P100,000	22
P8,001 – P9,000	11	P101,000 – P250,000	23
P9,001 – P10,000	12	more than P250,000	24

IF IN US DOLLAR / ANOTHER COUNTRY'S CURRENCY (DO SPECIFY THE CURRENCY HERE → _____)

Less than 100	1	351 - 400	7	801 - 900	13
101 - 100	2	401 - 450	8	901 - 1000	14
151 - 200	3	451 - 500	9	1001 - 1500	15
201 - 250	4	551 - 600	10	1501 - 2000	16
251 - 300	5	601 - 700	11	2001 - 3000	17
301 - 350	6	701 - 800	12	more than 3000	18

14. In the last 12 months, did you receive any other remittance apart from the one you regularly receive? If so, kindly fill up the table below.

Specific Amount (specify currency)	Occasion / Situation

D. Financial prospects and behaviors (adapted from the Philippine Central Bank's Consumer Expectations Survey; notes also Prospect Theory of Kahneman and Tversky 1979)

15. What do you think of the **economic and financial situation of your family** in San Nicolas / Moncada? (kindly encircle answer) [IF BETTER/WORSE FOR Q4A & Q4B, SEE CHOICES BELOW]

	1 – Better	2 – The same (pls. check)	3 - Worse
15a. Current situation compared to 12 months ago?			
15b. In the next three months?			
15c. In the next 12 months?			

[ENUMERATOR TO CODE RESPONDENT'S ANSWER GIVEN OPTIONS BELOW]

Answer choices if answer to **Q15A**, **Q15B** and **Q15C** is "better"

- 01 – Additional income; 02 – Overseas Filipino family member
- 03 – More working family members within and outside of municipality;
- 04 – Savings of the family; 05 – Business is up; 06 – Good harvest / fish catch
- 07 – Lesser household expenses; 08 – Lesser debt payments
- 09 – Decreases in prices of goods; 10 – Appreciation of the peso
- 19 – Others, specify _____

Answer choices if answer to **Q15A**, **Q15B** and **Q15C** is "worse"

- 21 – No increase in income; 22 – Higher household expenditure; 23 – No job / business;
- 24 – Low or insufficient income; 25 – Business is down; 26 – Higher cost of goods
- 27 – Higher household expenses; 28 – More debts incurred
- 29 – Poor harvest / fish catch; 30 – Depreciation of the peso
- 39 – Others, specify _____

16. What is the main reason for your answers to the items in Q15 above? (DO NOT READ PRE-CODED REASONS/ANSWERS) [IF BETTER / WORSE FOR Q16C, SEE CHOICES BELOW]

	Enumerator: Please write answer code per item		
	AQ16a	AQ16b	AQ16c
16a. Current situation compared to 12 months ago? (REFER TO ANSWER IN Q15A)	0		
16b. In the next three months? REFER TO ANSWER IN 15B)		1	
16c. In the next 12 months? REFER TO ANSWER IN Q15C)			4

[ENUMERATOR TO CODE RESPONDENT'S ANSWER GIVEN OPTIONS BELOW]

Answer choices if answer to **Q16A**, **Q16B** and **Q16C** is "better"

- 01 – Expected additional income; 02 – Possible employment within and/or outside of San Nicolas / Moncada (within the Philippines); 03 – Possible employment abroad
- 04 – Expected business profits; 05 – More local job opportunities in municipality and province;
- 06 – More local job opportunities in another area of the Philippines;
- 07 – Expected decrease in household expenses; 08 – No more or lesser debt payments
- 09 – Expected lower prices of goods; 10 – Expected good harvest / fish catch;
- 19 – Others, specify _____

Answer choices if answer to **Q16A**, **Q16B** and **Q16C** is "worse"

- 21 – Expected additional income; 22 – No job opportunities in San Nicolas / Moncada or elsewhere in the country or overseas; 23 – Expected low income; 24 – Expected business downturn;
- 25 – Expected higher prices of goods; 26 – More debts incurred
- 27 – Expected poor harvest / fish catch; 29 – Others, specify _____

17. How do you assess **your level of family income** in San Nicolas / Moncada? (kindly encircle answer)

	1 – Went / Will go up	2 – Same as now	3 – Went / Will go down
17a. Current income level compared to 12 months ago?	1	2	3
17b. Income level in the coming three months?	1	2	3
17c. Income level in the coming 12 months?	1	2	3

18. How do you assess **economic growth** in San Nicolas / Moncada? (kindly encircle answer)

	1 – Went / Will go up	2 – Same as now	3 – Went / Will go down
18a. Currently compared to 12 months ago?	1	2	3
18b. Economic growth in the coming three months?	1	2	3
18c. Economic growth in the coming 12 months?	1	2	3

19. Kindly answer the questions below (KINDLY ENCIRCLE ANSWER CHOICES]

THE ANSWER

	Strongly agree	Agree	Slightly agree	Neither agree or disagree	Slightly disagree	Disagree	Strongly disagree
19a. I make my decisions fast, intuitively, unconsciously	1	2	3	4	5	6	7
19b. The economic welfare of my immediate family in San Nicolas / Moncada is important	1	2	3	4	5	6	7
19c. I make my decisions carefully, analytically and consciously	1	2	3	4	5	6	7
19d. I am not an emotional decision-maker when it comes to using our family's income for daily expenses in San Nicolas/Moncada.	1	2	3	4	5	6	7
19e. I decide with emotion when it comes to using our family's income for savings placed in San Nicolas/Moncada.	1	2	3	4	5	6	7
19f. I decide with emotion when it comes to using our family's income for setting up a business / running a business in San Nicolas/Moncada.	1	2	3	4	5	6	7
19g. I decide with emotion when it comes to using our family's income for making investments in San Nicolas/Moncada (e.g. buying property, making an investment at a bank / cooperative / microfinance institution).	1	2	3	4	5	6	7
19h. I decide with emotion when it comes to borrowing money in San Nicolas/Moncada							
19i. My entire family makes decisions fast, intuitively, unconsciously	1	2	3	4	5	6	7
19j. My entire family makes decisions carefully, analytically and consciously	1	2	3	4	5	6	7
19k. The welfare of my family is not a factor when I / my family make decisions on investing / doing business in San Nicolas / Moncada	1	2	3	4	5	6	7
19l. The welfare of my family is a factor when I / my family make decisions on investing / doing business in San Nicolas / Moncada	1	2	3	4	5	6	7

20. Your family joined a raffle during the annual fiesta in San Nicolas / Moncada. Prizes are in cash. Which alternative will you take? (ONE ANSWER ONLY) ANSWER CHOICES]

- a. PhP5,000 in cash b. 75% chance to win PhP15,000 c. 50% chance to win PhP30,000
 d. 25% chance to win PhP60,000 e. 5% chance to win PhP75,000

21. A cooperative in San Nicolas / Moncada offered you an investment product. The minimum amount for you to invest in is PhP50,000. Which alternative will you prefer, with the product having best-case and worst-case scenarios? (CHOOSE ONE ANSWER ONLY) ANSWER CHOICES]

30. How often during the last year your family had any overseas remittance unspent from previous earnings before the next moment for new remittances arrived? [ENCIRCLE ONLY ONE ANSWER/NUMBER]

1	2	3	4	5	6	7	8
Never							Always

31. If your family has/have any money left right before the next revenue and/or overseas remittance arrives, what would you usually do with it? (check only one answer from all choices)

		31a. Money from all sources of income (wages, pensions, scholarships, benefits, overseas remittances, domestic remittances, earnings from business)	31b. Overseas remittances
1	We spend it on consumer goods in San Nicolas/Moncada		
2	We keep it in cash in our house in San Nicolas/Moncada		
3	We deposit it or do not withdraw it from the account		
4	We invest it on savings and investment products by financial institutions in San Nicolas/Moncada		
5	We lend it to friends or relatives in San Nicolas/Moncada		
6	We invest it in our own business in San Nicolas/Moncada		
7	We invest it in gold and jewelry we kept in San Nicolas/Moncada		
8	I find it difficult to answer this question		
9	Other, specify _____		

32. What do you usually do when your family runs out of money, including domestic and/or overseas remittances, before the next income arrives? [ENUMERATOR: ACCEPT EVEN JUST ONE ANSWER: IF MORE THAN ONE ANSWER, ASK THE RESPONDENT TO RANK HIS/HER ANSWERS, '1' BEING THE MOST IMPORTANT]

		Rank (if more than one answer)
1	We cut down expenses and save given life in San Nicolas/Moncada	
2	We borrow money from relatives, friends, neighbors and acquaintances found in San Nicolas/Moncada	
3	We spend our savings placed in San Nicolas/Moncada	
4	We sell our assets found in San Nicolas/Moncada	
5	We borrow cash on bank credit at a financial institution in San Nicolas/Moncada	
6	We borrow from informal lenders operating in San Nicolas/Moncada	
7	We borrow from microfinance institutions found in San Nicolas/Moncada	
8	We borrow from cooperatives operating in San Nicolas/Moncada	
9	Our friends and relatives in our rural hometown give us money free of charge	
10	We withdraw a required amount from our business operating in San Nicolas/Moncada	
11	Other, specify _____	

33. Did your family experience a significant reduction of your income over the last three years?
 1 Yes [IF YES, ANSWER Q33a and Q33b] 2 No [Proceed to Q34]

33a. If so, what was the reason? _____

33b. How did your family manage to make ends meet when your income suddenly dropped?

34. What phrase given below describes best your individual life insurance situation?

- 1 My life is already insured for the required amount
- 2 My life is insured for some amount but the level is lower than what I believe is necessary
- 3 I need to insure my life but it is too expensive
- 4 I need to insure my life but I don't believe that insurance companies will pay the claim in case of my death
- 5 I don't need life insurance actually

35. What affects you when you make decisions related to money? [ANSWER ALL THAT APPLY]

- 1 Changes in the prices of houses / lots / properties in San Nicolas / Moncada
- 2 Changes in the prices of land in San Nicolas / Moncada
- 3 Changes of interest rates on deposits at financial institutions in San Nicolas/Moncada where we placed money
- 4 Changes of interest rates on loans we borrowed at financial institutions in San Nicolas/Moncada
- 5 Changes in the inflation rate in San Nicolas / Moncada (inflation: general prices of goods/commodities)
- 6 Changes in the level of public pensions, benefits and tax exemptions
- 7 Changes in the prices of oil and basic commodities (e.g. fish, meat, rice, sugar) in San Nicolas/Moncada
- 8 Other, specify _____

36. A financially literate person is one who knows how to budget, save, invest, and manage funds. Do you have knowledge about handling money? (Choose only one answer)

- | | | | |
|---|-----------------------------------|---|-------------------------------------|
| 1 | No knowledge and skills | 2 | Unsatisfactory knowledge and skills |
| 3 | Satisfactory knowledge and skills | 4 | Good knowledge and skills |
| 5 | Excellent knowledge and skills | | |

37. Let us assume you deposited P100,000 in a bank account placed at a financial institution operating in San Nicolas / Moncada for two years. You were given an 8 percent interest rate for two years. How much money will you have in your account in two years if you do not withdraw from this account, or add any money to this account?

- | | | | |
|---|--------------------|---|---|
| 1 | More than P108,000 | 2 | Exactly P108,000 |
| 3 | Less than P108,000 | 4 | I cannot come up with even a rough number |

38. Imagine that you have deposited money in a bank account of a financial institution operating in San Nicolas / Moncada, at 8 percent interest rate, while the annual inflation rate was 10 percent. Do you think the money from your account can buy more or less, or the same amount of goods and services on average now as a year ago?

- | | | | |
|---|----------------------|---|-----------------------------------|
| 1 | More than a year ago | 2 | The same |
| 3 | Less than a year ago | 4 | I cannot estimate it even roughly |

39. You have a loan with a cooperative in San Nicolas / Moncada. You took a loan worth P10,000, to be paid back during a year in equal monthly payments. The interest rate your cooperative gave you is P600. Give a rough estimate of the annual interest rate on your loan.

- | | | | |
|---|-----------|---|------------|
| 1 | 3 percent | 2 | 6 percent |
| 3 | 9 percent | 4 | 12 percent |

40. Let's assume that in addition to your regular income (from the remittance of your breadwinner working abroad and/or in another place in the Philippines), you got some additional money worth P50,000. What would you do with this money most likely? [CHOOSE ONLY ONE ANSWER]

- 1 I'll spend it on the purchase of household goods (furniture, clothes, appliances, etc.)
- 2 I'll try to add money (through borrowing, for example) and buy a plot of land, a car, etc. in my hometown
- 3 I'll make long-term savings to accumulate money for more expensive things (a house, an apartment, expensive car, etc.) that will be used in San Nicolas / Moncada
- 4 I'll reserve some money in case of any unexpected event, for special occasions, for the rainy day, etc.
- 5 I'll repay my earlier debts I incurred to formal and informal lenders in San Nicolas / Moncada
- 6 I'll spend it on entertainment, on travel or vacation
- 7 I'll invest it in my own business operating in San Nicolas / Moncada
- 8 I'll spend it on education and the development of my children
- 9 I'll spend it on upgrading my skills or training for a new profession / vocation
- 10 I'll spend it on my medical treatment and that of my close family members
- 11 I'll buy an insurance policy for myself or the family, spend it on voluntary pension (through SSS)
- 12 I'll buy gold, jewels and the like
- 13 I'll invest it in the bank deposit at an interest rate, with the bank operating in San Nicolas / Moncada
- 14 I'll buy shares, buy government bonds, and the like

41. People save or invest for different reasons. What are your family's personal reasons to save or invest? [MULTIPLE ANSWERS ARE ALLOWED]

- 1 For the rainy day, for unexpected expenses
 - 2 For retirement, hopefully in San Nicolas / Moncada
 - 3 To get income in the form of interest, increased market value of your assets (example: land), etc.
 - 4 To leave something for my children to inherit
 - 5 To increase my living standards in the future, in San Nicolas / Moncada
 - 6 I like saving rather than spending money
 - 7 To be independent and be able to make choices
 - 8 To speculate on the stock exchange (if you invest in the Philippine Stock Market)
 - 9 Saving or investing is a family tradition
 - 10 Another reason, specify
-

42. What types of financial services by financial institutions in your rural hometown would you like to know better or get additional information about? [MULTIPLE ANSWERS ARE ALLOWED]

- 1 Consumer loans in San Nicolas / Moncada
 - 2 Current account in San Nicolas / Moncada
 - 3 Savings account in a bank in San Nicolas / Moncada
 - 4 Savings account in a cooperative in San Nicolas / Moncada
 - 5 Savings account in a microfinance institution operating in San Nicolas / Moncada
 - 6 Credit card
 - 7 Mortgage loan
 - 8 Life and non-life Insurance policies
 - 9 Investments in the stock market
 - 10 Financial instruments such as mutual funds, unit investment trust funds, bonds, etc.
 - 11 Private pension funds
 - 12 Social Security System's (SSS) / Government Service Insurance System's (GSIS) pension fund
 - 13 Health insurance, whether public (e.g. PhilHealth) or private (e.g. Medicaid)
 - 14 Other financial service you have in mind, specify
-

F. Financial well-being (taken from the US Consumer Financial Protection Bureau)

43. How well do the statements below describe you or your situation?

	1 – Completely	2 – Very well	3 – Somewhat	4 – Very little	5 – Not at all
43a. I could handle a major unexpected income.	1	2	3	4	5
43b. I am securing my financial future.	1	2	3	4	5
43c. Because of my money situation, I feel like I will never have the things I want in life.	1	2	3	4	5
43d. I can enjoy life because of the way I am managing my money.	1	2	3	4	5
43e. I am just getting by financially.	1	2	3	4	5
43f. I am concerned that the money I have or will have won't last.	1	2	3	4	5

44. How often does this statement apply to you?

	1 – Always	2 – Often	3 – Sometimes	4 – Rarely	5 – Never
44a. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month.	1	2	3	4	5
44b. I have money left over at the end of the month.	1	2	3	4	5
44c. I am behind with my finances.	1	2	3	4	5
44d. My finances control my life.	1	2	3	4	5

G. Income, Expenditure, Enterprise, Savings and Remittances

[ENUMERATOR: PERIOD OF REFERENCE FOR ANSWERS HERE IS LAST 12 MONTHS]

Now we would like to discuss some details about your household income and expenditure, all done in your rural hometown. Please be assured that we will treat this information confidentially and these will be used only for research purposes.

G1. Incomes and Expenses

Let us talk about your income/s and expenses.

45. Does all of your household income come from overseas and/or domestic remittances?
Yes 1 No 2

46. Here is a list of all relevant household expenditures. Can you please estimate how much you spend for each expense item?

[ENUMERATOR TO ASK "IF THIS AMOUNT IS YOUR WEEKLY OR MONTHLY BUDGET..."]

No	EXPENSES	46a. Weekly or monthly budget?	46b. Amount
1	Food and beverage		
2	Transportation		
3	Utilities, i.e. electricity, water, gas, etc.		
4	Household operations, e.g. househelp, etc.		
5	Personal care and effects		
6	Clothes, shoes and other apparel		
7	Education		
8	Communications (including Internet)		
9	Recreation		
10	Medical Care		
11	Non-durable household items		
12	Durable furniture and equipment		
13	Rent		
14	Household maintenance and minor repairs		
15	Taxes		
16	Special occasions of family expenses		
17	Misc. gifts and contributions to others		
18	Monthly payments (e.g., amortizations, premiums, etc.)		
19	Gambling / Lottery		
20	Alcoholic beverages		
21	Cigarettes		
22	Other expenses, specify		
	TOTAL HOUSEHOLD EXPENSES		

47. [REMITTANCES AS PORTION] If not all your household income comes from overseas remittances, what are your other sources of income? Can you indicate the amounts of these incomes?
[IF REFUSED, ASK PERCENTAGES]

Source/s of income	Check what is / are applicable	47a. To whom does the income come from?	47b. Amount (Pesos)
Remittances from abroad			
Remittances from other areas of the Philippines			
Salaries and wages, specify employment and who is the HH member			
Business, specify type and HH member (including farming and fishing) [IF THERE IS AN ANSWER HERE, ANSWER SECTION G5]			
Occasional Employment			
Interest/ Dividends from savings/current account or time deposit			
Interest/ Dividends from other investments			
Interest from loans			

Rental Income			
Pension and retirement			
Cash gifts and other forms of assistance and gifts from relatives and friends from the Philippines			
Other sources, specify			
Other Details			

G2. Financial capabilities – financial functionings (INVESTMENTS)

48. Is your family enrolled in the following? [ENCIRCLE IF ENROLLED IN ANY OF THESE]

Life insurance plan	1	Non-life insurance plan (vehicle, land, house, etc.)	2
Pension plan (private)	3	Educational plan	4
Health Card (private)	5	SSS / GSIS	6
PhilHealth insurance	7	Pag-Ibig Fund (housing)	8
Others, specify _____	9		

49. If you are not enrolled in any of the above, why not? [PROBE]

50. Do you have investments in San Nicolas / Moncada? 1 Yes [ANSWER Q50a] 2 No [ANSWER Q51]

50a. If yes, what are these investments in San Nicolas / Moncada? [PROBE ANSWER/S]

AFTER RESPONDENTS ANSWERED THE QUESTION ABOVE, GET BACK TO THEM AND ASK THEIR VIEWS ABOUT INVESTMENTS.

THIS TIME, THE ENUMERATOR WILL HAVE A _____ TO SHOW TO RESPONDENTS EXAMPLES OF INVESTMENTS SUCH AS AGRICULTURAL LAND, FISHPEN, PIGPEN, POULTRY FARM, HOUSE, EDUCATION, ETC. AND THEN PROBE FURTHER]

ANSWER CHOICES FOR Q50a AND Q52a. MULTIPLE ANSWERS ALLOWED.

	Types of investments in the hometown	Remarks / Specify
1	Agricultural land	
2	Lot for a house/s	
3	Fishpen/s	
4	Farm/s	
5	Pigpen	
6	Poultry farm	
7	Business – Farming	
8	Business – Fishing	
9	Business – Manufacturing	
10	Business – Services	
11	Business – Retail Trade	
12	Business – Other, please specify	
13	Health of family members	
14	Education of children who live in the rural hometown	
15	Savings / investment in a rural bank	
16	Savings / investment in a cooperative	
17	Savings / investment in a microfinance institution	
18	Others, please specify _____	

51. If you are not investing in your hometown, may we know why? [PROBE AND GET EXPLANATION]

52. Do you have investments in the Philippines but outside of San Nicolas / Moncada? [ENCIRCLE ANSWER]

1 Yes [ANSWER Q52a] 2 No [PROCEED TO SECTION G3]

52a. If yes, what are these investments outside of San Nicolas / Moncada? [SEE ANSWER GRID ; PROBE]

G3. Financial capabilities – financial functionings (SAVINGS)

This time we talk about your savings and investments.

[ENUMERATOR: THESE ARE PARTLY VALIDATION QUESTIONS TO EARLIER QUESTIONS]

53. Do you have household savings? / Are you able to save? 1 Yes [ANSWER Q54, Q55, Q56 & Q57] 2 No [GO TO Q58]

54. [IF YES TO Q53] Why can you save?

55. [IF YES TO Q53] About how much are you able to save monthly? _____

56. [IF YES TO Q53] Where do you keep your savings? Specify name of the formal financial institution if you placed savings there _____ [ANSWER ALSO Q56a]

56a. Is your savings account in a financial institution *in your rural hometown*? 1 Yes
2 No

57. Do you have a savings account? ___ Yes [ANSWER 57a AND 57b ITEMS BELOW]
___ No

57a. If so, where? Specify name of institution and its location (MULTIPLE ANSWERS ALLOWED)

57a1. Commercial bank	Name: _____	Location (Branch): _____
57a2. Thrift bank	Name: _____	Location (Branch): _____
57a3. Rural bank	Name: _____	Location (Branch): _____
57a4. Cooperative	Name: _____	Location (Branch): _____
57a5. Microfinance	Name: _____	Location (Branch): _____

57b. How many savings account/s do you have? [PLS ENCIRCLE]

1 One account	2 Two accounts	3 Three accounts
4 Four accounts	5 Five accounts	6 More than 5 accounts

58. If NO to Q53, why can't you save?

G4. Financial capabilities – financial functionings (INVESTMENTS – VALIDATION QUESTIONS)

[Q59 IS A VALIDATION QUESTION]

59. Do you have investments in the Philippines but are outside of your hometown? 1 Yes 2 No

60. Do you have investments in San Nicolas / Moncada? 1 Yes 2 No
[IF YES, ANSWER Q61 AND Q62 THEN GO TO Q66] [IF NO, ANSWER Q63 and Q64]

61. If yes, what are these investments in San Nicolas / Moncada? [SEE ANSWER GRID for Q50; PROBE]

62. [IF THE RESPONDENT INVESTED] Who made the investment decisions?

62a. In San Nicolas / Moncada? _____
62b. Outside of San Nicolas / Moncada? _____

63. If you are not investing in San Nicolas/Moncada, what is the major reason? [PROBE]

64. If you haven't invested in San Nicolas / Moncada, how likely will you invest there in the next two years?

5 Very likely	4 Likely	3 Neither likely nor unlikely
2 Unlikely	1 Very unlikely	

H. Human capabilities and development in your hometown

73. Who are the members of your immediate family? How old are they, and are they still alive? For each immediate family member, up to what level of schooling did they achieve?

	Q73a Educational attainment	Q73b Current age	Q73c If family member died, how old was s/he?	Q73d Where does family member live?
<i>Family members 25 years old and above</i>				
Respondent				
Spouse				
Child: _____				
Child: _____				
Child: _____				
<i>Family members for children still in school</i>				
Child: _____				
Child: _____				
Child: _____				

Answer guides

Q73a	Q73d
Graduate / Masters	In the rural hometown
College / Undergraduate	Outside San Nicolas / Moncada (but within the Philippines)
Some College	Overseas
High School	
Some High School	
Elementary	
Some elementary	
Vocational / Technical	
None	

74. What assets your household owns?

HH ownership in your rural hometown	Answer	
74a. Radio / radio cassette / Stereo / Stereo set	1 Yes	2 No
74b. Television	1 Yes	2 No
74c. Electric fan	1 Yes	2 No
74d. Air conditioner	1 Yes	2 No
74e. Flat iron	1 Yes	2 No
74f. Refrigerator and/or freezer	1 Yes	2 No
74g. Water purifier / dispenser	1 Yes	2 No
74h. LPG gas stove / range	1 Yes	2 No
74i. Microwave oven	1 Yes	2 No
74j. Personal computer (desktop)	1 Yes	2 No
74k. Laptop / notebook	1 Yes	2 No
74l. Cellphone (pre-paid)	1 Yes	2 No
74m. Cellphone (post-paid)	1 Yes	2 No
74n. Landline telephone	1 Yes	2 No
74o. Paid Internet / Internet connection	1 Yes	2 No
74p. Sala / sofa set	1 Yes	2 No
74q. Dining set	1 Yes	2 No
74r. Car / High AUV (action utility vehicle)	1 Yes	2 No
74s. Jeepney / Tricycle / Other AUV	1 Yes	2 No
74t. Sewing machine	1 Yes	2 No
74u. Washing machine	1 Yes	2 No
74v. Own faucet using community's water system	1 Yes	2 No
74w. Water-sealed, sewer septic tank, used exclusively by the household	1 Yes	2 No
74x. Savings / Current account at a bank / cooperative / microfinance institution in your hometown	1 Yes	2 No
74y. Time deposit account at a bank / cooperative / microfinance institution in your hometown	1 Yes	2 No
74z. ATM card at a bank in your hometown	1 Yes	2 No
74aa. Credit card	1 Yes	2 No
74ab. Land (agricultural)	1 Yes	2 No
74ac. Land (residential)	1 Yes	2 No
74ad. Land (commercial)	1 Yes	2 No

I. Demographics about the respondent

75a. Gender: Male 1 Female 2 75b. Age _____ 75c. Birthplace _____

76. Civil Status Single 1 Married 2 Widow /er 3 Separated 4

77. Religion _____

78. Educational attainment

78a. The respondent _____

78b. The spouse, if any _____

78c. The relative abroad _____

79. Monthly household income (encircle only one)

P8,000 and below	1	P100,001 to P250,000	7
P8,001 to P15,000	2	P250,001 to P500,000	8
P15,001 to P30,000	3	P500,001 to P750,000	9
P30,001 to P50,000	4	P750,001 to P999,999	10
P50,001 to P75,000	5	P1 million and above	11
P75,001 to P100,000	6		

80. Member of any group or association in San Nicolas / Moncada?

1 Yes, specify _____ 2 No

81. Member of any overseas Filipino family-related group San Nicolas / Moncada?

1 Yes, specify _____ 2 No

82. Number of income earners in your household? _____

83. Is the respondent the head of the household? 1 Yes 2 No

84. Size of the household (please check)

	How many?		How many?
Respondent		Other adult relatives, specify	
Spouse / s		Other children relatives, specify	
Other adults in family, specify		Other adults, specify	
Children 13 - 17		Other children, specify	
Children 8 to 12		Househelp	
Children 4 to 7		Total	
Children 0 – 3			

85. Status of your current residence

1 Owing a house 2 Rented
2 Staying with relatives 3 Others, specify _____

86. Who primarily decides in your family matters about money? [ISANG SAGOT LANG]

Wife	1	Mother-in-law	7
Husband	2	Father-in-law	8
Father (if you don't have a family yet)	3	Grandfather (if he lives with you and your family)	9
Mother (if you don't have a family yet)	4	Grandmother (if she lives with you and your family)	10
Sister	5	Cousin (male or female)	11
Brother	6	The family makes a collective decision on money	12

87. How much do you trust the following if they ask you to invest in San Nicolas?

	1 – Very much distrusted	2 - Much distrusted	3 - Distrusted	4 - No comment	5 - Trusted	6 - Much trusted	7 - Very much trusted
87a. Provincial government (capitol)							
87b. Municipal government							
87c. Barangay							
87d. Banks, cooperatives and microfinance							
87e. Immediate neighbors in your barangay							
87f. San Nicolenos who are not your neighbors							
87g. Extended relatives (grandparents, cousins, in-laws)							
87h. Parents							
87i. Siblings (brothers, sisters)							
87j. Spouse (husband or wife)							
87k. Children							

**PLEASE SAY THANK YOU! AND THEN HUMBLY REQUEST
IF S/HE CAN BE INTERVIEWED AGAIN (PANAYAM) SOON**

ON BEHALF OF THE UNIVERSITY OF ADELAIDE, THANK YOU VERY MUCH!

2 – Non-migrant households

Date: _____

Good Day! I am a Filipino doctorate student from the University of Adelaide in Australia. I am conducting a survey on economic development in San Nicolas, Ilocos Norte / Moncada, Tarlac and if residents are able to meet their human development needs and save, invest or do business in your hometown. We would like to humbly ask you to be a respondent of this survey of ours. We assure you that all your responses will be treated confidentially and will only be used for study purposes. May we have about 40 minutes of your time? Thank you very much and God bless!

Gender:	Male	1	Female	2
---------	------	---	--------	---

Socio-Economic Class	A / B	C1	C2	D	E
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Name: _____ Contact No/s. _____
 Address: _____ Email: _____
 Interviewer: _____ Time Start: _____ Time End: _____
 Location Interviewed: _____

A. Screener question

1. Would you fall in any of the following categories (one answer only)?

- Main decision maker in household budgets / expenditure 1
- Have major influence in household budgets / expenditure 2
- None of the above 3

[TERMINATE IF NONE OF THE ABOVE/ ASK WHO IN THE HOUSEHOLD TO BE INTERVIEWED]

2. Occupation of the respondent: _____

Interviewer: _____ Time started: _____ Time ended: _____

B. Profile of income-earning family members

3. Who are the members of your household?

3a1. Name of HH member	3a2. Relationship to HH head	3a3. Gender	3a4. Age	3a5. Civil status	3a6. Educational attainment	3a7. Work status	3a8. Occupation (Write the specific job)	3a9. Is family member working in another area in the country?	3a10. If so, is s/he the one who sends the biggest money, and who sends money regularly?
								1 Yes 2 No	1 Yes 2 No
								1 Yes 2 No	1 Yes 2 No
								1 Yes 2 No	1 Yes 2 No
								1 Yes 2 No	1 Yes 2 No
								1 Yes 2 No	1 Yes 2 No
								1 Yes 2 No	1 Yes 2 No

C. Financial prospects and behaviors (adapted from the Philippine Central Bank's Consumer Expectations Survey; notes also Prospect Theory of Kahneman and Tversky 1979)

4. What do you think of the **economic and financial situation of your family** in San Nicolas / Moncada? (encircle answer) **THREE ANSWER CHOICES**] [IF BETTER/WORSE FOR **Q4A, Q4B & 4C**, SEE CHOICES BELOW]

PLEASE CHECK ANSWER	1 – Better	2 – The same (pls. check)	3 - Worse
4a. Current situation compared to 12 months ago?			
4b. In the next three months?			
4c. In the next 12 months?			

[ENUMERATOR TO CODE RESPONDENT'S ANSWER GIVEN OPTIONS BELOW]

Answer choices if answer to **Q4A, Q4B** and **Q4C** is "better"
 01 – Additional income; 02 – More working family members within and outside of municipality; 03 – Savings of the family; 04 – Business is up; 05 – Good harvest / fish catch; 06 – Lesser household expenses; 07 – Lesser debt payments; 08 – Decreases in prices of goods; 09 – Appreciation of the peso;

Answer choices if answer to **Q4A, Q4B** and **Q4C** is "worse"
 19 – Others, specify _____
 21 – No increase in income; 22 – Higher household expenditure; 23 – No job / business; 24 – Low or insufficient income; 25 – Business is down; 26 – Higher cost of goods; 27 – Higher household expenses; 28 – More debts incurred
 29 – Poor harvest / fish catch; 30 – Depreciation of the peso
 39 – Others, specify _____

5. What are the possible reasons for your answers to the items in Q4 above? (DO NOT READ PRE-CODED REASONS/ANSWERS) **THREE ANSWER CHOICES**] [IF BETTER / WORSE FOR **Q5A, Q5B AND Q5C**, SEE CHOICES BELOW]

	Enumerator: Please write answer code per item		
	AQ5a	AQ5b	AQ5c
5a. Current situation compared to 12 months ago (REFER TO ANSWER IN Q4A)			
5b. In the next three months (REFER TO ANSWER IN Q4B)			
5c. In the next 12 months? (REFER TO ANSWER IN Q4C)			

[ENUMERATOR TO CODE RESPONDENT'S ANSWER GIVEN OPTIONS BELOW]

Answer choices if answer to **Q5A, Q5B** and **Q5C** is "better"
 01 – Expected additional income; 02 – Possible employment within and/or outside of San Nicolas / Moncada (within the Philippines); 03 – Possible employment abroad
 04 – Expected business profits; 05 – More local job opportunities in municipality and province;
 06 – More local job opportunities in another area of the Philippines;
 07 – Expected decrease in household expenses; 08 – No more or lesser debt payments
 09 – Expected lower prices of goods; 10 – Expected good harvest / fish catch;
 19 – Others, specify _____

Answer choices if answer to **Q5A, Q5B** and **Q5C** is "worse"
 21 – Expected additional income;
 22 – No job opportunities in San Nicolas / Moncada or elsewhere in the country or overseas; 23 – Expected low income; 24 – Expected business downturn;
 25 – Expected higher prices of goods; 26 – More debts incurred
 27 – Expected poor harvest / fish catch; 29 – Others, specify _____

6. How do you assess **your level of family income** in San Nicolas / Moncada? (kindly encircle answer)

	1 – Went / Will go up	2 – Same as now	3 – Went / Will go down
6a. Current income level compared to 12 months ago?	1	2	3
6b. Income level in the coming three months?	1	2	3
6c. income level in the coming 12 months?	1	2	3

11. My / My family's perception is that I / we (ONE ANSWER PER ROW ONLY):

	1 – Really avoid risks	2 – Cautious	3 – Between avoiding risks and taking risks	4 – Willing to take risks after getting as many information	5 – A real risk taker
11a. Me / Myself	1	2	3	4	5
11b. My entire family	1	2	3	4	5

12. When you / your family are/is facing risk, what do you rely on? (ONE ANSWER PER ROW ONLY):

	1 – Knowledge	2 – Confidence	3 – Gut feel	4 – Don't know
12a. Me / Myself	1	2	3	4
12b. My entire family	1	2	3	4

13. When you / your family think/s of the word "risk," which word first comes into mind? (ONE ANSWER PER ROW ONLY):

	1 – Loss	2 – Uncertainty	3 – Indifference	4 – Opportunity	5 – Thrill
13a. Me / Myself	1	2	3	4	5
13b. My entire family	1	2	3	4	5

14. Our family members discuss about money and handling money. (CHECK ONE ANSWER ONLY)

- 14a. About money Never Very Rarely Rarely Occasionally
 Very Frequently Always
- 14b. About handling money Never Very Rarely Rarely Occasionally
 Very Frequently Always

D. Financial capabilities – financial literacy and financial access

15. From whom or from what sources do you get ideas regarding managing your finances?

16. On the over-all, what assistance would you need to help you better manage your finances?

17. Is your family used to keeping records of income and expenditures? [ENCIRCLE ONLY ONE ANSWER]

- 1 Yes, we keep records of everything, entering all revenues and all expenditures
- 2 Yes, we keep records of everything, but not all revenues and expenditures are entered
- 3 No, we don't keep records of everything, but we know in general how much money is received and spent during a month
- 4 No, we don't keep records of our family's resources, and we don't even have an idea of how much money is received and spent during a month
- 5 I find it difficult to answer this question

18. How often during the last year your family had any money unspent from previous earnings before the next money arrives to you? [ENCIRCLE ONLY ONE ANSWER/ NUMBER]

1	2	3	4	5	6	7	8
Never							Always

19. [If you have a family member who is a domestic migrant] How often during the last year your family had any domestic overseas remittance unspent from previous earnings before the next moment for new remittances arrived? [ENCIRCLE ONLY ONE ANSWER/ NUMBER]

1	2	3	4	5	6	7	8	9
Never							Always	Not applicable

20. If your family has/have any money left right before the next revenue / income arrives, what would you usually do with it? (check only one answer from all choices)

		20a. Money from all sources of income (wages, pensions, scholarships, benefits, earnings from business, others, etc.)
1	We spend it on consumer goods in San Nicolas/Moncada	
2	We keep it in cash in our house in San Nicolas/Moncada	
3	We deposit it or do not withdraw it from the account	
4	We invest it on savings and investment products by financial institutions in San Nicolas/Moncada	
5	We lend it to friends or relatives in San Nicolas/Moncada	
6	We invest it in our own business in San Nicolas/Moncada	
7	We invest it in gold and jewelry we kept in San Nicolas/Moncada	
8	I find it difficult to answer this question	
9	Other, specify _____	

21. What do you usually do when your family runs out of money, including domestic remittances, before the next income arrives? [ENUMERATOR: ACCEPT EVEN JUST ONE ANSWER: IF MORE THAN ONE ANSWER, ASK THE RESPONDENT TO RANK HIS/HER ANSWERS, '1' BEING THE MOST IMPORTANT]

		Rank (if <u>more than one answer</u>)
1	We cut down expenses and save given our life in San Nicolas/Moncada	
2	We borrow money from relatives, friends, neighbors and acquaintances found in San Nicolas/Moncada	
3	We spend our savings placed in San Nicolas/Moncada	
4	We sell our assets found in San Nicolas/Moncada	
5	We borrow cash on bank credit at a financial institution in San Nicolas/Moncada	
6	We borrow from informal lenders operating in San Nicolas/Moncada	
7	We borrow from microfinance institutions found in San Nicolas/Moncada	
8	We borrow from cooperatives operating in San Nicolas/Moncada	
9	Our friends and relatives in San Nicolas/Moncada give us money free of charge	
10	We withdraw a required amount from our business operating in San Nicolas/Moncada	
11	Other, specify _____	

22. Did your family experience a significant reduction of your income over the last three years?

1 Yes [IF YES, ANSWER Q22a and Q22b] 2 No [Proceed to Q34]

22a. If so, what was the reason? _____

22b. How did your family manage to make ends meet when your income suddenly dropped?

23. What phrase given below describes best your individual life insurance situation?

- 1 My life is already insured for the required amount
- 2 My life is insured for some amount but the level is lower than what I believe is necessary
- 3 I need to insure my life but it is too expensive
- 4 I need to insure my life but I don't believe that insurance companies will pay the claim in case of my death
- 5 I don't need life insurance actually

24. What affects you when you make decisions related to money? [ANSWER ALL THAT APPLY]

- 1 Changes in the prices of houses / lots / properties in San Nicolas / Moncada
- 2 Changes in the prices of land in San Nicolas / Moncada
- 3 Changes of interest rates on deposits at financial institutions in San Nicolas/Moncada where we placed money
- 4 Changes of interest rates on loans we borrowed at financial institutions in San Nicolas/Moncada
- 5 Changes in the inflation rate in San Nicolas / Moncada (inflation: general prices of goods/commodities)
- 6 Changes in the level of public pensions, benefits and tax exemptions
- 7 Changes in the prices of oil and basic commodities (e.g. fish, meat, rice, sugar) in San Nicolas/Moncada
- 8 Other, specify _____
- 9 _____

25. A financially literate person is one who knows how to budget, save, invest, and manage funds. Do you have knowledge about handling money? (Choose only one answer)

- | | | | |
|---|-----------------------------------|---|-------------------------------------|
| 1 | No knowledge and skills | 2 | Unsatisfactory knowledge and skills |
| 4 | Satisfactory knowledge and skills | 4 | Good knowledge and skills |
| 5 | Excellent knowledge and skills | | |

26. Let us assume you deposited P100,000 in a bank account placed at a financial institution operating in San Nicolas / Moncada for two years. You were given an 8 percent interest rate for two years. How much money will you have in your account in two years if you do not withdraw from this account, or add any money to this account?

- | | | | |
|---|--------------------|---|---|
| 1 | More than P108,000 | 2 | Exactly P108,000 |
| 3 | Less than P108,000 | 4 | I cannot come up with even a rough number |

27. Imagine that you have deposited money in a bank account of a financial institution operating in San Nicolas / Moncada, at 8 percent interest rate, while the annual inflation rate was 10 percent. Do you think the money from your account can buy more or less, or the same amount of goods and services on average now as a year ago?

- | | | | |
|---|----------------------|---|-----------------------------------|
| 1 | More than a year ago | 2 | The same |
| 3 | Less than a year ago | 4 | I cannot estimate it even roughly |

28. You have a loan with a cooperative in San Nicolas / Moncada. You took a loan worth P10,000, to be paid back during a year in equal monthly payments. The interest rate your cooperative gave you is P600. Give a rough estimate of the annual interest rate on your loan.

- | | | | |
|---|-----------|---|------------|
| 1 | 3 percent | 2 | 6 percent |
| 3 | 9 percent | 4 | 12 percent |

29. Let's assume that in addition to your regular income (from the remittance of your breadwinner working in another place in the Philippines), you got some additional money worth P50,000. What would you do with this money most likely? [CHOOSE ONLY ONE ANSWER]

- 1 I'll spend it on the purchase of household goods (furniture, clothes, appliances, etc.)
- 2 I'll try to add money (through borrowing, for example) and buy a plot of land, a car, etc. in my hometown
- 3 I'll make long-term savings to accumulate money for more expensive things (a house, an apartment, expensive car, etc.) that will be used in San Nicolas / Moncada
- 4 I'll reserve some money in case of any unexpected event, for special occasions, for the rainy day, etc.
- 5 I'll repay my earlier debts I incurred to formal and informal lenders in San Nicolas / Moncada
- 6 I'll spend it on entertainment, on travel or vacation
- 7 I'll invest it in my own business operating in San Nicolas / Moncada
- 8 I'll spend it on education and the development of my children
- 9 I'll spend it on upgrading my skills or training for a new profession / vocation
- 10 I'll spend it on my medical treatment and that of my close family members
- 11 I'll buy an insurance policy for myself or the family, spend it on voluntary pension (through SSS)
- 12 I'll buy gold, jewels and the like
- 13 I'll invest it in the bank deposit at an interest rate, with the bank operating in San Nicolas / Moncada
- 14 I'll buy shares, buy government bonds, and the like

30. People save or invest for different reasons. What are your family's personal reasons to save or invest? [MULTIPLE ANSWERS ARE ALLOWED]

- 1 For the rainy day, for unexpected expenses
- 2 For retirement, hopefully in San Nicolas / Moncada
- 3 To get income in the form of interest, increased market value of your assets (example: land), etc.
- 4 To leave something for my children to inherit
- 5 To increase my living standards in the future, in San Nicolas / Moncada
- 6 I like saving rather than spending money
- 7 To be independent and be able to make choices
- 8 To speculate on the stock exchange (if you invest in the Philippine Stock Market)
- 9 Saving or investing is a family tradition
- 10 Another reason, specify

31. What types of financial services by financial institutions in your rural hometown would you like to know better or get additional information about? [MULTIPLE ANSWERS ARE ALLOWED]

- 1 Consumer loans in San Nicolas / Moncada
 - 2 Current account in San Nicolas / Moncada
 - 3 Savings account in a bank in San Nicolas / Moncada
 - 4 Savings account in a cooperative in San Nicolas / Moncada
 - 5 Savings account in a microfinance institution operating in San Nicolas / Moncada
 - 6 Credit card
 - 7 Mortgage loan
 - 8 Life and non-life Insurance policies
 - 9 Investments in the stock market
 - 10 Financial instruments such as mutual funds, unit investment trust funds, bonds, etc.
 - 11 Private pension funds
 - 12 Social Security System's (SSS) / Government Service Insurance System's (GSIS) pension fund
 - 13 Health insurance, whether public (e.g. PhilHealth) or private (e.g. Medicaid)
 - 14 Other financial service you have in mind, specify
-

E. Financial well-being (taken from the US Consumer Financial Protection Bureau)

32. How well do the statements below describe you or your situation? [LIKERT SCALE]

	1 – Completely	2 – Very well	3 – Somewhat	4 – Very little	5 – Not at all
32a. I could handle a major unexpected income.	1	2	3	4	5
32b. I am securing my financial future.	1	2	3	4	5
32c. Because of my money situation, I feel like I will never have the things I want in life.	1	2	3	4	5
32d. I can enjoy life because of the way I am managing my money.	1	2	3	4	5
32e. I am just getting by financially.	1	2	3	4	5
32f. I am concerned that the money I have or will have won't last.	1	2	3	4	5

33. How often does this statement apply to you? [LIKERT SCALE]

	1 – Always	2 – Often	3 – Sometimes	4 – Rarely	5 – Never
33a. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month.	1	2	3	4	5
33b. I have money left over at the end of the month.	1	2	3	4	5
33c. I am behind with my finances.	1	2	3	4	5
33d. My finances control my life.	1	2	3	4	5

F. Income, Expenditure, Enterprise and Savings

[ENUMERATOR: PERIOD OF REFERENCE FOR ANSWERS HERE IS LAST 12 MONTHS]

Now we would like to discuss some details about your household income and expenditure, all done in your rural hometown. Please be assured that we will treat this information confidentially and these will be used only for research purposes.

F1. Incomes and Expenses

Let us talk about your income/s and expenses.

34. [Here is a list of all relevant household expenditures. Can you please estimate how much you spend for each expense item? [

[ENUMERATOR TO ASK "IF THIS AMOUNT IS YOUR WEEKLY OR MONTHLY BUDGET..."]

No	EXPENSES	34a. Weekly or monthly budget?	34b. Amount	34c. Remarks
1	Food and beverage			
2	Transportation			
3	Utilities, i.e. electricity, water, gas, etc.			
4	Household operations, e.g. househelp, etc.			
5	Personal care and effects			
6	Clothes, shoes and other apparel			
7	Education			
8	Communications			
9	Recreation			
10	Medical Care			
11	Non-durable household items			
12	Durable furniture and equipment			
13	Rent			
14	Household maintenance and minor repairs			
15	Taxes			
16	Special occasions of family expenses			
17	Misc. gifts and contributions to others			
18	Monthly payments (e.g., amortizations, premiums, etc.)			
19	Gambling / Lottery			
20	Alcoholic beverages			
21	Cigarettes			
22	Other expenses, specify			
	TOTAL HOUSEHOLD EXPENSES			

35. What are your other sources of income? Can you indicate the amounts of these incomes?
[IF REFUSED, ASK PERCENTAGES]

Source/s of income	Check what is / are applicable	35a. To whom does the income come from?	35b. Amount (Pesos)
Remittances from other areas of the Philippines			
Salaries and wages, specify employment and who is the HH member			
Business and consultancy, specify type and HH member [IF THERE IS AN ANSWER HERE, ANSWER SECTION F5]			
Occasional Employment			
Interest/ Dividends from savings/current account or time deposit			
Interest/ Dividends from other investments			
Interest from loans			
Rental Income			
Pension and retirement			
Cash gifts and other forms of assistance and gifts from relatives and friends from the Philippines			
Other sources, specify			
Other details			

F2. Financial capabilities – financial functionings (INVESTMENTS)

36. Is your family enrolled in the following? [ENCIRCLE IF ENROLLED IN ANY OF THESE] [ANSWER CHOICES

Life insurance plan	1	Non-life insurance plan (vehicle, land, house, etc.)	2
Pension plan (private)	3	Educational plan	4
Health Card (private)	5	SSS / GSIS	6
PhilHealth insurance	7	Pag-Ibig Fund (housing)	8
Others, specify _____	9		

37. If you are not enrolled in any of the above, why not? **[PROBE]**

38. Do you have investments in San Nicolas/Moncada? 1 Yes **[ANSWER Q38a]** 2 No **[ANSWER Q39]**

38a. If yes, what are these investments in San Nicolas / Moncada? **[PROBE ANSWER/S]**

AFTER RESPONDENTS ANSWERED THE QUESTION ABOVE, GET BACK TO THEM AND ASK THEIR VIEWS ABOUT INVESTMENTS.

THIS TIME, THE ENUMERATOR WILL HAVE A SHOWCARD TO SHOW TO RESPONDENTS EXAMPLES OF INVESTMENTS SUCH AS AGRICULTURAL LAND, FISHPEN, PIGPEN, POULTRY FARM, HOUSE, EDUCATION, ETC. AND THEN PROBE FURTHER]

ANSWER CHOICES FOR Q38A AND Q40A. MULTIPLE ANSWERS ALLOWED.

	Types of investments in San Nicolas/Moncada	Remarks / Specify
1	Agricultural land	
2	Lot for a house/s	
3	Fishpen / s	
4	Farm/s	
5	Pigpen	
6	Poultry farm	
7	Business – Farming	
8	Business – Fishing	
9	Business – Manufacturing	
10	Business – Services	
11	Business – Retail Trade	
12	Business – Other, please specify	
	Types of investments in San Nicolas/Moncada	Remarks / Specify
13	Health of family members	
14	Education of children who live in the rural hometown	
15	Savings / investment in a rural bank	
16	Savings / investment in a cooperative	
17	Savings / investment in a microfinance institution	
18	Others, please specify _____	

39. If you are not investing in your hometown, may we know why? **[PROBE AND GET EXPLANATION]**

40. Do you have investments in the Philippines but outside of San Nicolas / Moncada? 1 Yes **[ANSWER Q40a]** 2 No **[PROCEED TO SECTION F3]**

40a. If yes, what are these investments outside of San Nicolas / Moncada? **[SEE ANSWER GRID ABOVE; PROBE]**

F3. Financial capabilities – financial functionings (SAVINGS)

This time we talk about your savings and investments.

[ENUMERATOR: THESE ARE PARTLY VALIDATION QUESTIONS TO EARLIER QUESTIONS]

41. Do you have household savings? / Are you able to save? 1 Yes **[ANSWER Q42, Q43 & Q44]** 2 No **[ANSWER Q45]**

42. **[IF YES TO Q41]** Why can you save? _____

43. **[IF YES TO Q41]** About how much are you able to save monthly? _____

44. **[IF YES TO Q41]** Where do you keep your savings? Specify name of the formal financial institution if you placed savings there _____ **[ANSWER ALSO Q44a]**

44a. Is your savings account in a financial institution *in your rural hometown*? 1 Yes 2 No

45. Do you have a savings account? ___ Yes **[ANSWER 45A AND 45B ITEMS BELOW]** ___ No

45a. If so, where? Specify name of institution and its location (MULTIPLE ANSWERS ALLOWED)

45a1. Commercial bank	Name:	Location (Branch):
45a2. Thrift bank	Name:	Location (Branch):
45a3. Rural bank	Name:	Location (Branch):
45a4. Cooperative	Name:	Location (Branch):
45a5. Microfinance	Name:	Location (Branch):

45b. How many savings account/s do you have? [PLS ENCIRCLE]

1 One account 2 Two accounts 3 Three accounts
4 Four accounts 5 Five accounts 6 More than 5 accounts

46. If NO to Q41, why can't you save? _____

F4. Financial capabilities – financial functionings (INVESTMENTS – VALIDATION QUESTIONS)

[Q47 IS A VALIDATION QUESTION]

47. Do you have investments in the Philippines but are outside of your hometown? 1 Yes 2 No

48. Do you have investments in San Nicolas / Moncada? 1 Yes 2 No
[IF YES, ANSWER Q49 AND Q50] [IF NO, ANSWER Q51 and Q52]

49. If yes, what are these investments in San Nicolas / Moncada? [SEE ANSWER GRID; PROBE]

50. [IF THE RESPONDENT INVESTED] Who made the investment decisions?

50a. In San Nicolas / Moncada? _____
50b. Outside of San Nicolas / Moncada? _____

51. If you are not investing in your rural hometown, what is the major reason? [PROBE]

52. If you haven't invested in San Nicolas / Moncada, how likely will you invest there in the next two years?

5 Very likely 4 Likely 3 Neither likely nor unlikely
2 Unlikely 1 Very unlikely

53. If your answer to Q52 is 4 or 5, what kind of investment in your rural hometown would you choose if you had the possibility to do so or if you wanted to?

[NOTE TO ENUMERATORS; ITEMS BELOW FOR CLASSIFICATION AFTER GIVING ANSWER FOUND ABOVE]

2 Developing a business in
__ 1a. Farming/fishing __ 1b. Manufacturing __ 1c. Services __ 1d. Retail & trade
2 Shares in someone else's business
3 Real property
4 Savings instruments of various kinds
5 Others, specify _____

F5. Financial capabilities – financial functionings (BUSINESS OR ENTREPRENEURSHIP)

54. Do you, or do your family, own any business? 1 Yes 2 No
[IF YES, ANSWER Q56, Q57, Q58 and Q59] [IF NO, ANSWER Q55 THEN PROCEED TO SECTION **F6**]

55. If NO, why don't you / your family want to engage in business?

56. If answer to Q54 is YES, please narrate [ASK WHEN, WHAT BUSINESS, WHAT HAPPENED / IS HAPPENING] _____

[THE QUESTIONS THAT FOLLOW ARE FOR THOSE WITH *EXISTING ENTERPRISES/BUSINESSES*]

57. How many enterprise/s does you or your family currently own?

1 One 2 Two 3 Three 4 More than three

58. Kindly answer the following details

58a. What is the name and nature of the enterprise?	58b. This enterprise has a business permit locally.	58c. If it is registered, where is the enterprise registered?	58d. What is the respondent's role in the enterprise?	58e. What is the ownership type of enterprise? 1 – Sole proprietorship (one owner only) 2 – Partnership (2-15 owners) 3 – Corporation (more than 15 owners)	58g. How much is the capital of the enterprise? 1 Amount _____ 2 I forgot 3 I don't know	58h. How many employees?	58i. Is this enterprise your primary enterprise (i.e. the one with the most earnings) [ONLY ONE ANSWER]
	3 Yes 4 No						
	3 Yes 4 No						
	1 Yes 2 No						

59. On your **primary business**: is that the business you really like to manage?

1 Yes
2 No [PROBE]. Why?

G. Human capabilities and development in your hometown

61. Who are the members of your immediate family? How old are they, and are they still alive? For each immediate family member, up to what level of schooling did they achieve?

Q61a Educational attainment	Q61b Current age	Q61c If family member died, how old was s/he?	Q61d Where does family member live?
--------------------------------	---------------------	--	--

Family members 25 years old and above

Respondent

Spouse

Child: _____

Child: _____

Child: _____

Family members for children 24 years old and below, including children who are still in school

Child: _____

Child: _____

Child: _____

Answer guides

Q61a		Q61d	
Graduate / Masters	9	In San Nicolas / Moncada	1
College / Undergraduate	8	Outside San Nicolas / Moncada (but within the Philippines)	2
Some College	7		
High School	6		
Some High School	5		
Elementary	4		
Some elementary	3		
Vocational / Technical	2		
None	1		

62. What assets does your household own?

HH ownership in San Nicolas / Moncada	Answer	
62a. Radio / radio cassette / Stereo / Stereo set	1 Yes	2 No
62b. Television	1 Yes	2 No
62c. Electric fan	1 Yes	2 No
62d. Air conditioner	1 Yes	2 No
62e. Flat iron	1 Yes	2 No
62f. Refrigerator and/or freezer	1 Yes	2 No
62g. Water purifier / dispenser	1 Yes	2 No
62h. LPG gas stove / range	1 Yes	2 No
62i. Microwave oven	1 Yes	2 No
62j. Personal computer (desktop)	1 Yes	2 No
62k. Laptop / notebook	1 Yes	2 No
62l. Cellphone (pre-paid)	1 Yes	2 No
62m. Cellphone (post-paid)	1 Yes	2 No
62m. Landline telephone	1 Yes	2 No
62o. Paid Internet / Internet connection	1 Yes	2 No
62p. Sala / sofa set	1 Yes	2 No
62q. Dining set	1 Yes	2 No
62r. Car / High AUV (action utility vehicle)	1 Yes	2 No
62s. Jeepney / Tricycle / Other AUV	1 Yes	2 No
62t. Sewing machine	1 Yes	2 No
62u. Washing machine	1 Yes	2 No
62v. Own faucet using community's water system	1 Yes	2 No
62w. Water-sealed, sewer septic tank, used exclusively by the household	1 Yes	2 No
62x. Savings / Current account at a bank / cooperative / microfinance institution in San Nicolas/Moncada	1 Yes	2 No
62y. Time deposit account at a bank / cooperative / microfinance institution in San Nicolas/Moncada	1 Yes	2 No
62z. ATM card at a bank in your hometown	1 Yes	2 No
62aa. Credit card	1 Yes	2 No
62ab. Land (agricultural)	1 Yes	2 No
62ac. Land (residential)	1 Yes	2 No
62ad. Land (commercial)	1 Yes	2 No

H. Demographics about the respondent

63. 1. Gender: Male 1 Female 2 64a. Age _____ 64b. Birthplace _____

64c. Civil Status Single 1 Married 2 Widow/er 3 Separated 4

65. Religion _____

66. Educational attainment

66a. The respondent _____

66b. The spouse, if any _____

67. Monthly household income (encircle only one)

P8,000 and below	1	P100,001 to P250,000	7
P8,001 to P15,000	2	P250,001 to P500,000	8
P15,001 to P30,000	3	P500,001 to P750,000	9
P30,001 to P50,000	4	P750,001 to P999,999	10
P50,001 to P75,000	5	P1 million and above	11
P75,001 to P100,000	6		

68. Member of any group or association in San Nicolas / Moncada?

1 Yes, specify _____ 2 No

69. Number of income earners in your household? _____

70. Is the respondent the head of the household? 1 Yes 2 No

Appendix B Indicators of the Cities and Municipalities Competitiveness Index

Areas and themes	Indicators
	A. Economic dynamism
Size of the economy	A1. Number of annual business registrations (new and renewal) A2. Amount of money in circulation
Growth of economy and investments	A3. Total capital of local businesses (new and renewal) A4. Change in gross sales (total) of registered business (renewal) from past year A5. Change in the number of construction permits and/or occupancy permits approved for business and non-business
Employment	A6. Number of jobs created for new registration
Cost of living	A7. Cost of Living (inflation rate, power and water rates, cost of rental)
Financial deepening	A8. Number of commercial, rural, thrift banks, microfinance institutions, cooperatives and registered lending companies
Productivity	A9. Gross sales over revenue (total) for the past year over number of employment
Business groups and associations	A10. Number of organized business groups in the locality
	B. Government efficiency
Transparency and accountability	B1. Transparency score (according to the Philippines' local government performance monitoring system or LGPMS), with the following indicators at hand: B1.1. Presence of public information office; B1.2. Extent of communicating mediums to update local plans; B1.3. Accessibility of public documents; B2. Economic governance score (according to the LGPMS) on entrepreneurship, business and industry promotion, and with other sub-indicators: B2.1. Capacity to generate resources (% of real estate and business tax to total tax collected by the local government); B2.2. Quality of civil application system to the business sector; B2.3. Processing time of building, business and occupancy permits; B2.4. Quality of direct support services to businesses/enterprises; and B3. Local government's savings / debt as share of the total revenues of the local government.
Public finance	B4. Real estate tax and business tax to total local government revenues.
Recognition of performance	B5. Relevant competitiveness awards conferred unto the local government.
Responsiveness to business	B6. Business registration system for: a) Total new application; b) Renewal permit; c) Construction permit; and d) Presence of an investment promotion unit or office.
Basic government services	B7. Effective local disaster risk reduction and management plan. B8. Crime incidence. B9. Capacity of local secondary schools. B10. Availability of health services.
	C. Infrastructure
Basic infrastructure	C1. Size of local road network as share of total land area C2. Travel time from center to major ports nearest to the local government C3. Percent of annual investment in infrastructure in locality C4. Number of registered vehicles servicing the area (public, private) C5. Percent of households in locality with connection to basic utilities (telephone, water, electricity, Internet) C6. Average hours of availability of electricity and water per day
Technology infrastructure	C7. Number of cellular phone sites
Social and tourism infrastructure	C8. Total number of automated teller machines (ATMs) in locality C9. Ratio of hospital bed per area's population C10. Number of hotel rooms

Source: National Competitiveness Council in Luz and Ang (2013)

Appendix C

Data dictionary for the Probit regression models - San Nicolas and Moncada

Variable names	Description	Moncada		San Nicolas		Min.	Max.
		Mean	S.D.	Mean	S.D.		
OUTCOME VARIABLES							
Business ownership	<i>Binary variable taking the value 1 for households owning a home town business, otherwise 0.</i>	1.63	0.485	1.34	0.477	1	2
Investing	<i>Binary variable taking the value 1 for households who made a home town investment, otherwise 0.</i>	1.64	0.481	1.32	0.466	1	2
Financial inclusion	<i>Binary variable taking the value 1 for households owning savings accounts at a financial institution in the home town, otherwise 0.</i>	1.84	0.369	1.36	0.482	1	2
EXPLANATORY VARIABLES							
Economic prospects							
Household factors							
<i>Household situation</i>	<i>Categorical variable on household's perceived economic and financial situation in San Nicolas/Moncada come the next 12 months. 1 if 'Better;' 2 if 'The same;' 3 if 'Worse.'</i>	1.90	0.396	1.52	0.608	1	3
Locational factors							
<i>Local growth</i>	<i>Categorical variable on household's perceived economic growth of San Nicolas/Moncada come the next 12 months. 1 if 'Better;' 2 if 'The same;' 3 if 'Worse.'</i>	1.50	0.510	1.19	0.390	1	3
Risk taking profiles							
Household factors							
<i>Prospect theory: Best choice</i>	<i>Categorical variable on prospect theory question related to making the best choice. 1 if 'No risk;' 2 if 'Least risky;' 3 if 'Middle risk;' 4 if 'Riskier;' 5 if 'Riskiest.'</i>	1.60	1.175	1.64	1.237	1	5
<i>Prospect theory: Gamble</i>	<i>Categorical variable on prospect theory question related to making gambles. 1 if 'No risk;' 2 if 'Least risky;' 3 if 'Middle risk;' 4 if 'Riskier;' 5 if 'Riskiest.'</i>	1.68	1.402	1.37	0.999	1	5
<i>Risk perception</i>	<i>Categorical variable on taking risks. 1 if 'Really avoid risks;' 2 if 'Cautious;' 3 if 'In between;' 4 'Willing to risks, but with information;' 5 if 'Real risk taker.'</i>	2.44	1.252	2.77	1.337	1	5
<i>Risk reliance</i>	<i>Categorical variable on first thing to rely on when facing risk. 1 if 'Knowledge;' 2 if 'Confidence;' 3 if 'Gut feel;' 4 if 'Don't know.'</i>	1.78	0.802	1.79	0.533	1	5

Variable names	Description	Moncada		San Nicolas		Min.	Max.
		Mean	S.D.	Mean	S.D.		
Family financial socialisation							
Household factors							
<i>Discuss money</i>	<i>Categorical variable on frequency of household discussions about money. 1 if 'Never;' 2 if 'Very rarely;' 3 if 'Rarely;' 4 if 'Occasionally;' 5 if 'Very frequently;' 6 if 'Always.'</i>	4.12	1.521	4.04	1.749	1	7
<i>Discuss handling money</i>	<i>Categorical variable on frequency of household discussions about handling money. 1 if 'Never;' 2 if 'Very rarely;' 3 if 'Rarely;' 4 if 'Occasionally;' 5 if 'Very frequently;' 6 if 'Always.'</i>	4.09	1.518	3.94	1.939	1	7
Trust							
Household factors							
<i>Parents</i>	[<i>Categorical variables on respondent's trust if asked to invest in San Nicolas / Moncada. 1 if 'Very much distrusted;' 2 if 'Much distrusted;' 3 if 'Distrusted;' 4 if 'No comment;' 5 if 'Trusted;' 6 if 'Much trusted;' 7 if 'Very much distrusted.'</i>	5.11	0.942	5.55	1.050	3	7
<i>Siblings</i>		5.32	0.803	5.50	1.135	2	7
<i>Spouse</i>		5.67	1.250	5.84	1.152	1	7
<i>Children</i>		5.91	0.980	5.98	1.062	3	7
<i>Extended relatives</i>		4.71	0.731	4.74	1.164	1	7
Locational factors							
<i>Group membership</i>	<i>Dummy variable equal to 1 if respondent is member of a home town group.</i>	1.55	0.499	1.64	0.480	1	2
<i>Immediate neighbours</i>	[<i>Categorical variables on respondent's trust if asked to invest in San Nicolas / Moncada. 1 if 'Very much distrusted;' 2 if 'Much distrusted;' 3 if 'Distrusted;' 4 if 'No comment;' 5 if 'Trusted;' 6 if 'Much trusted;' 7 if 'Very much distrusted.'</i>	4.30	0.700	4.11	1.026	1	7
<i>Other town mates</i>		3.81	0.790	3.63	1.060	1	7
Institutional factors							
<i>Municipal government</i>	[<i>Categorical variables on respondent's trust if asked to invest in San Nicolas / Moncada. 1 if 'Very much distrusted;' 2 if 'Much distrusted;' 3 if 'Distrusted;' 4 if 'No comment;' 5 if 'Trusted;' 6 if 'Much trusted;' 7 if 'Very much distrusted.'</i>	4.77	0.574	4.94	0.872	2	7
<i>Village government</i>		4.82	0.655	4.90	0.896	2	7
<i>Financial institutions</i>		4.62	0.674	4.43	0.935	2	7

Variable names	Description	Moncada		San Nicolas		Min.	Max.
		Mean	S.D.	Mean	S.D.		
CONTROL VARIABLES							
Demographic and remittance profiles							
<i>Female</i>	<i>Household respondent gender dummy that takes value of 1 if female</i>	1.69	0.463	1.73	0.443	1	2
<i>Civil status</i>	<i>Categorical variable that takes the value: 1 if 'Single;' 2 if 'Married;' 3 if 'Widow/er;' 4 if 'Separated.'</i>	2.07	0.603	2.16	0.587	1	4
<i>Education</i>	<i>Categorical variable on respondent's education. 1 if 'None;' 2 if 'Vocational / Technical;' 3 if 'Elementary undergraduate;' 4 if 'Elementary graduate;' 5 if 'High school undergraduate;' 6 if 'High school graduate;' 7 if 'University undergraduate;' 8 if 'University graduate;' 9 if 'At least a master's / graduate student.'</i>	6.13	1.881	6.41	2.320	1	12
<i>Number of income earners</i>	<i>Continuous variable of migrant household members who earn incomes</i>	2.27	1.310	2.05	1.152	N/A	N/A
<i>Remittance duration</i>	<i>Categorical variable on duration receiving remittances. 1 if 'Less than a year;' 2 if '1-2 years;' 3 if '3-4 years;' 4 if '5-6 years;' 5 if '7-8 years;' 6 if '9-10 years;' 7 if '11-15 years;' 8 if '16-20 years;' 9 if 'Over 20 years.'</i>	5.58	2.628	4.34	2.342	1	10

Variable names	Description	Moncada		San Nicolas		Min.	Max.
		Mean	S.D.	Mean	S.D.		
Financial literacy							
Household factors							
<i>Knowledge on money</i>	<i>Categorical variable on knowledge and skills level on handling money.</i> 1 if 'No knowledge and skills;' 2 if 'Unsatisfactory;' 3 if 'Satisfactory;' 4 if 'Good;' 5 if 'Excellent.'	1.69	0.463	1.73	0.443	1	6
<i>Record keeping</i>	<i>Categorical variable on keeping household financial records.</i> 1 if 'Yes, entering all incomes and expenses;' 2 if 'Yes, but not recording all incomes and expenses;' 3 if 'No, but with general knowledge of incomes and expenses monthly;' 4 if 'No to keeping records and no idea of incomes and expenses monthly;' 5 if 'Difficult to answer question.'	3.61	0.745	3.00	0.729	1	5
<i>Interest rates</i>	<i>Correct answer to objective question on interest rate [answer choice no. 1].</i>	2.20	1.165	2.35	1.180	1	4
<i>Inflation</i>	<i>Correct answer to objective question on inflation [answer choice no. 3].</i>	2.71	0.955	2.86	0.575	1	4
<i>Loans</i>	<i>Correct answer to objective question on loans [answer choice no. 2].</i>	1.79	0.702	1.88	0.735	1	4

1 – Stakeholder key informant interviews**Municipal assessor**

- What local policies do your office abide by in assessing real property? What properties are covered? Kindly specify.
- Based on your records, what are the main sources of real property incomes for your town? Who owns most of these lands?
- Are you aware of overseas townmates owning real property? If so, what are your observations and cite some examples.
- Given the current state of collecting real property taxes in your town, how does your office plan to accelerate collecting real property taxes? Kindly give specific measures. Is new municipal legislation needed on this regard?
- Are you aware of overseas townmates and their families who are investing in real property (lot, house, building, farmland) in your town? Are these overseas townmates and their families' acquisition of real property boosting real property tax collection in your town? To what extent?
- What are the issues and concerns as regards the acquisition of real property by overseas townmates and their families?

Municipal treasurer

- In general, and except for the annual internal revenue allotment, what are the sources of local incomes for your town?
- Kindly give your thoughts and assessments on the current state of tax collection.
- How is the business environment in your municipality? How easy it is to do business in your municipality?
- What is the program and overall strategy of the municipal government to promote entrepreneurship in, and to attract investments to, the municipality?
- Given the current state of local revenue generation in your town, what is the municipal government's plans of accelerating it?
- What elements of your town's investment climate are still needed in order to make your town more attractive to investors?
- How have overseas Filipinos from your hometown helped the local business and investment climate?
- What are the constraints for all types of investors —local and overseas townmates— to invest in your town? Should they invest, what incentives can the municipal government offer them?

Municipal agriculturist

- What is the profile of agriculture and fisheries here in your town? In terms of agriculture, what is your town known for?
- What is the status of agrarian or land reform here in your town?
- What are the programs of the municipal government in terms of agricultural / fisheries production?
- How is agri-business faring in your town? What are the agriculture-related enterprises operating here in your town?
- What are the challenges and issues facing agricultural productivity in your town, and running a municipal-wide program for agricultural development?
- Are you aware of instances in which townmates working or residing abroad are investing in agriculture? Can you give some specific examples?
- Whether the townmate is a local or an overseas-based resident, what are the constraints in their desires to invest in your town's agricultural sector?

Municipal social welfare and development officer

- What is the profile of social services here in your town? What are the programs of the social welfare and development office here in your town?
- What is your office's assessment of the extent of poverty here in your town? What areas in these poor people's socio-economic development need the most help?
- Which stakeholders are operating locally to help address the social welfare concerns of residents?
- Are there instances in which the MSWDO is providing help to OFWs or overseas townmates and their families? Can you cite some specific examples and what services were accorded unto them?
- Are you aware of overseas townmates who are helping your town through social services? Can you cite some specific examples of these groups, and from what countries do they come from?
- Has the municipal government thought about involving overseas your town and their groups / organizations in local governance? How can those overseas townmates and their groups and families be involved in the affairs of your town?

Municipal PESO (Public Employment Services Office) Manager

- What is the profile of employment here in your town? Are there jobs here? Why or why not?
- What are the programs and services of the municipal PESO? Who avails these programs and services for both local and overseas workers?
- What are your observations in terms of how OFWs and their families here utilize their earnings from abroad?
- Does your town facilitate the formation of an organized group of overseas workers and their families in your town? If so, how is this done?
- Does your town have a set of regulations in terms of regulating recruitment activities for overseas work by residents here?
- What does the municipal PESO need to do in order to systematize a program for OFWs and their families in your town, and linking them to economic opportunities in the municipality?

Municipal Chief of Police

- What is the profile of the police force and of peace and order in your town?
- What is your assessment of the peace and order situation here in your town, especially given policy pronouncements from the national police force?
- To what extent is the peace and order situation in your town contributory or not to the conduct of business and investment activities in your town?
- Are there forms of criminality here in your town that are related to the conduct of business and entrepreneurship? How prevalent is this?
- What are the needs of the local police force in terms of sustaining peace and order in your town?

Municipal local government operations officer

- How would you describe the state of socio-economic development of the municipality the past 10-15 years? What contributed in general to the current income classification of your municipality (as either first or second class)?
- What is your assessment of the 10-to-15 year local development plan?
- Is the local government progressive in terms of conducting good local governance? If so, kindly give details and examples of this progressiveness of the local government over the years —regardless of who sits as mayor.
- How would you describe the local business climate in the municipality?
- What is your assessment of the overall investment climate of your town? To what extent is the hometown attractive / non-attractive to investors?
- What does the local government think of the overseas Filipino phenomenon? How is this affecting the municipality both positively and negatively? How can the locality capitalize on their resources and hometown empathy for local development?
- What are the constraints for all types of investors —local and overseas townmates— to invest in your town? Should they invest, what incentives can the municipal government offer them?
- Finally, regardless of who are elected into office for three years, what type of local governance is needed for the municipality to progress —and which overseas townmates can trust?

Financial institutions operating in the rural hometown

Constructs	Interview / FGD questions
Residents' sources of credit	<ul style="list-style-type: none"> • For what purposes are their loans for? • Is access to credit by residents —poor and non-poor, entrepreneur or not— limited or abundant? Why? • What are the problems for residents to access credit? • Do you think there is money circulating around your town? Why or why not?
Profile of the financial institution	<ul style="list-style-type: none"> • What is the history of your rural bank / cooperative / microfinance institution? • Why operate a rural bank / cooperative / microfinance institution in this town? • Do residents here have confidence or problems in dealing with the financial institutions here? Why or why not?
Products and services of the rural financial institution, and their access	<ul style="list-style-type: none"> • What are the deposit, loan and investment-related products of the rural bank / cooperative / microfinance institution? • What services of the rural bank or cooperative are related to promoting local entrepreneurship? • If cooperative: How many members do you have? • What is the savings, lending and entrepreneurial profile of the depositors of your rural bank / members of your cooperative?
The rural financial institution and overseas migrants and their families	<ul style="list-style-type: none"> • Are officials of the rural bank / cooperative aware of depositors or members who are current or former overseas townmates, or families who have relatives working or living abroad? • What deposit and loan products are the overseas townmates and their families your rural bank / cooperative / microfinance institution availing of? • Do you have data on how many overseas townmates and their families have deposits / loans in your rural bank, and how much? • What do you notice about the financial behavior of these depositors / cooperative members who are abroad? • What do they fear when accessing the services of your rural bank / cooperative?
Prospects of serving overseas townmates and their families	<ul style="list-style-type: none"> • Does the rural bank or cooperative have a specific program or financial package for overseas townmates and their families? • Should overseas townmates and their families invest their money or set up a business here in your town, what do you think will influence them to seek your services?

2 – Object-centred interviews with migrant households and overseas migrants

Migrant households from the household survey

Constructs	Interview / FGD questions
Migration profiles	<ul style="list-style-type: none"> Household composition, profile of family members who are working / residing abroad?
Remittances and human development	<ul style="list-style-type: none"> What are the biggest benefits of remittances to your family? To what extent have your remittance incomes been used to: a) Improve family members' health conditions? b) Sustain children's stay in school and try out higher levels of education? and c) Increase your incomes from previous levels before a family member migrated?
Financial capabilities (the researcher will refer to the accomplished survey questionnaire of the respondent if the interview respondent was chosen from survey)	<ul style="list-style-type: none"> Where do you get ideas about finance? How did you learn about it? How confident are you that you know how to manage money? Do you have savings accounts? If so, can you enumerate these and where did you place your money? Do you borrow money from a bank, cooperative, or microfinance institution? If so, where? Why do you borrow money? Do you have products like pension, life insurance, etc.? if so, where? How have the remittance incomes from abroad made you have a savings account, borrow money and have financial products? Did they play a role or not? Do you have / plan to make investments or open a business? Kindly give details.
Family financial socialisation, part 1: Personal and family characteristics to family interaction and relationships	<ul style="list-style-type: none"> What are the roles of family members in the immediate household? If you have relatives (extended family members) living in your house, what are their roles? How do family members interact in regard to the finances of the household? Kindly cite examples. What are the values family members live by when it comes to money?
Family financial socialisation, part 2: Personal and family characteristics to family interaction and relationships, and to purposive financial socialisation	<ul style="list-style-type: none"> Does your family have a financial goal? If yes, kindly explain what it is. If there is no goal, kindly explain why there is no family financial goal. Now that an immediate family member is abroad, how do family members conduct their roles and duties when it comes to handling the family's finance (including remittances from abroad)? To what extent these roles changed? Does your family have a ritual or practice when it comes to family finance? Kindly share to us your story. Is this practice being continued even with a family member is living or working abroad already?
Auxiliary theme to part 2: Strategies in sending, receiving and sharing remittances	<ul style="list-style-type: none"> Prior to the overseas migration of your family member, how do family members communicate matters when it comes to family finance? Give examples.
Family financial socialisation, part 3: Family interactions and relationships and financial attitudes, as well as purposive financial socialization, to knowledge and capabilities	<ul style="list-style-type: none"> How are decisions reached when it comes to your family's finances? What are the steps your family makes before reaching a financial decision? How is trust built and destroyed between and among family members when it comes to the family's finances? Cite examples and share stories. What about is extended family members are present? Cite examples and share stories. If ever conflicts arise within the family surrounding family finance and financial decisions, how are these handled? Cite examples and share stories. What burdens does your family carry when it comes to family finance? How are these handled? Cite examples and share stories.
Family financial socialisation, part 4: Financial attitudes, knowledge and capabilities to financial behavior	<ul style="list-style-type: none"> Before you were invited to be a respondent of this research project, does your family have savings or investment or business? Why did you (not) have these? If your family has savings or investment or business, how and why was this decided? How were the earnings from abroad used in your family's savings, investments and business? How did you explain to your family member abroad how the project can

Family financial socialisation, part 5: Financial behavior to financial well-being

help the family's finances?

- Before you were invited to be a respondent of this research project, and over the years that your family member is abroad, what have been your family's patterns when it comes to spending, saving, investing and doing business?
- Currently, how are family members dealing with financial matters within the family? What about relatives living with you?
- What does it mean to you that family members are socializing about family finance while you have a family member working or living overseas? Why?

Next set of questions applicable if the migrant household has an existing enterprise

Idea about entrepreneurship in general

- Before you / your family became an entrepreneur, what was your idea about entrepreneurship or doing business?
- Why will you / did you engage in entrepreneurship? Can you give three top reasons and then explain each reason? (Anecdotes are allowed to substantiate answers)

Ideas and motivation about doing business in the hometown

- Prior to engaging into business, how will you describe your rural hometown as an area for business or entrepreneurship?
- For you, when you say doing business in the rural hometown, what businesses come to mind? Why?
- Since you have an existing business in the rural hometown: Why did you decide to do business in the rural hometown? What business and non-business related factors led to that decision to do business in the rural hometown?
- Who or what motivated you to engage in entrepreneurship?
- Where did the motivation come from? In the rural hometown? In the Philippines? Abroad? Others?
- Were financial reasons (positive or negative) a push for you to go into entrepreneurship? What were those reasons? Why those reasons?

Description of the business or enterprise

- What is the nature of the business?
- Who are the target clients or markets of your enterprise?
- Where in the hometown is the enterprise / business operation? Why operate in that location?
- How long has it been existing?
- If applicable, how many employees? Who are involved in the enterprise?
- Were you trained on doing business? By whom? When? How were you trained?
- How is the business being managed and financed? Who manages and finances the business/enterprise?
- If the enterprise still operates to this day, how has it grown?

Overseas migration-related experiences and motivations that prompted the engagement into entrepreneurship

- What experience related to your being an overseas Filipino prompted you to engage in entrepreneurship?
- *If you / your migrant relative is/are still active as a land-based migrant worker or active as a seafarer or is a permanent resident abroad: Why do business in the Philippines? Why do business in the rural hometown?*
- Is your decision to do business in the rural hometown related to:
 - Sensing that your venture can be profitable back home? Why or why not?
 - Showing your success as an overseas migrant? Why and why not?
 - Proving that your overseas migration experience was successful? Why and why not?
 - Proving that even though I am abroad, I still belong to this rural community? Why or why not?

Overseas migrants

Constructs	Interview / FGD questions
Migration profiles	<ul style="list-style-type: none"> • Migration history (work, destination country/ies, years as a migrant, visa status) • How long have you been sending remittances? How much do you send and how frequent? • Who receives your remittances? What are the uses of the remittances being sent? • What are your financial goals as a migrant vis-à-vis the dreams of your family member?
Remittances and human development	<ul style="list-style-type: none"> • What are the biggest benefits of remittances to your family? • To what extent have your remittance incomes been used to: a) Improve your and your family members' health conditions? b) Sustain your children's stay in school and try out higher levels of education, or you getting advanced education and training? and c) Increase your incomes from previous levels before you migrated?
<p>Financial capabilities (the researcher will refer to the accomplished survey questionnaire of the respondent if the interview respondent was chosen from the survey sample)</p> <p>Family financial socialisation, part 1: Personal and family characteristics to family interaction and relationships</p> <p>Family financial socialisation, part 2: Personal and family characteristics to family interaction and relationships, and to purposive financial socialisation</p> <p>Auxiliary theme to part 2: Strategies in sending, receiving and sharing remittances</p> <p>Family financial socialisation, part 3: Family interactions and relationships and financial attitudes, as well as purposive financial socialization, to knowledge and capabilities</p>	<ul style="list-style-type: none"> • Where do you get ideas about finance? • How confident are you that you know how to manage money? • Do you have savings accounts? If so, can you enumerate these and where did you place your money? • Do you borrow money from a bank, cooperative, or microfinance institution? If so, where? Why do you borrow money? • Do you have products like pension, life insurance, etc.? if so, where? • How have the remittance incomes from abroad made you have a savings account, borrow money and have financial products? Did they play a role or not? • Do you have / plan to make investments or open a business? Kindly give details. • What are the roles of family members in the immediate household? If you have relatives (extended family members) living in your house, what are their roles? • How do family members interact in regard to the finances of the household? Kindly cite examples. • What are the values family members live by when it comes to money? • Does your family have a financial goal? If yes, kindly explain what it is. If there is no goal, kindly explain why there is no family financial goal. • Now that an immediate family member is abroad, how do family members conduct their roles and duties when it comes to handling the family's finance (including remittances from abroad)? To what extent these roles changed? • Does your family have a ritual or practice when it comes to family finance? Kindly share to us your story. Is this practice being continued even with a family member is living or working abroad already? • Prior to the overseas migration of your family member, how do family members communicate matters when it comes to family finance? Give examples. • How are decisions reached when it comes to your family's finances? What are the steps your family makes before reaching a financial decision? • How is trust built and destroyed between and among family members when it comes to the family's finances? Cite examples and share stories. What about is extended family members are present? Cite examples and share stories. • If ever conflicts arise within the family surrounding family finance and financial decisions, how are these handled? Cite examples and share stories. • What burdens does your family carry when it comes to family finance? How are these handled? Cite examples and share stories.

Family financial socialisation, part 4: Financial attitudes, knowledge and capabilities to financial behavior

- Before you were invited to be a respondent of this research project, does your family have savings or investment or business? Why did you have or why did you not have these?
- If your family has savings or investment or business, how and why was this decided?
- How were the earnings from abroad used in your family's savings, investments and business? How did you explain to your family member abroad how the project can help the family's finances?

Family financial socialisation, part 5: Financial behavior to financial well-being

- Before you were invited to be a respondent of this research project, and over the years that your family member is abroad, what have been your family's patterns when it comes to spending, saving, investing and doing business?
- Currently, how are family members dealing with financial matters within the family? What about relatives living with you?
- What does it mean to you that family members are socializing about family finance while you have a family member working or living overseas? Why?

Next set of questions applicable if the migrant household has an existing enterprise (micro, small, medium and large-scale enterprise)

Idea about entrepreneurship in general (**if respondent has an enterprise**)

- Before you / your family became an entrepreneur, what was your idea about entrepreneurship or doing business?
- Why will you / did you engage in entrepreneurship? Can you give three top reasons and then explain each reason? (Anecdotes are allowed to substantiate answers)

Ideas and motivation about doing business in the hometown

- Prior to engaging into business, how will you describe your rural hometown as an area for business or entrepreneurship?
- For you, when you say doing business in the rural hometown, what businesses come to mind? Why?
- Since you have an existing business in the rural hometown: Why did you decide to do business in the rural hometown? What business and non-business related factors led to that decision to do business in the rural hometown?
- Who or what motivated you to engage in entrepreneurship?
- Where did the motivation come from? In the rural hometown? In the Philippines? Abroad? Others?
- Were financial reasons (positive or negative) a push for you to go into entrepreneurship? What were those reasons? Why those reasons?

Description of the business or enterprise

- What is the nature of the business?
- Who are the target clients or markets of your enterprise?
- Where in the hometown is the enterprise / business operation? Why operate in that location?
- How long has it been existing?
- If applicable, how many employees? Who are involved in the enterprise?
- Were you trained on doing business? By whom? When? How were you trained?
- How is the business being managed and financed? Who manages and finances the business/enterprise?
- If the enterprise still operates to this day, how has it grown?

Overseas migration-related experiences and motivations that prompted the engagement into entrepreneurship

- What experience related to your being an overseas Filipino prompted you to engage in entrepreneurship?
- *If you / your migrant relative is/are still active as a land-based migrant worker or active as a seafarer or is a permanent resident abroad: Why do business in the Philippines? Why do business in the rural hometown?*
- Is your decision to do business in the rural hometown related to:
 - Sensing that your venture can be profitable back home? Why or why not? Can you see that profitability even while you are abroad?
 - Showing your success as an overseas migrant? Why and why not?
 - Proving that your overseas migration experience was successful? Why and why not?
 - Proving that even though I am abroad, I still belong to this rural community? Why or why not?

1 - Household survey

Project title	<i>Saving and Investing for the Development of San Nicolas, Ilocos Norte and Moncada, Tarlac H-2018-</i>
Human Research Ethics Committee Approval Number	
Principal investigator	Dr. Yan Tan
Student researcher	Mr. Jeremaiah Opiniano

Dear **Participant**,

Greetings. You are invited to participate in the research project described below.

What is the project about?

This research project seeks to determine how can residents of San Nicolas, Ilocos Norte and Moncada, Tarlac improve their economic lives given their incomes coming from Philippine sources and from abroad. The project's aims to find out how local residents and families use their incomes to achieve human development and to save and invest in their home communities.

Who is undertaking the project?

This project is being conducted by Filipino student Mr. Jeremaiah Opiniano. This research will form the basis for the degree of Doctor of Philosophy at The University of Adelaide in Australia, under the supervision of Dr. Yan Tan (primary supervisor) and Dr. Dianne Rudd (co-supervisor).

Why am I being invited to participate?

You and your household are being invited since you reside in San Nicolas, Ilocos Norte / Moncada, Tarlac and know the conditions and way of life here.

What am I being invited to do?

You and your household are being requested to answer a survey questionnaire.

1. This survey will be asked of you through a face-to-face interview. The researcher will read out the questions and will write down your answers in the questionnaire. Questions include:
 - a) Your knowledge about money and finance;
 - b) Your prospects about saving, investing and doing business in San Nicolas/Moncada;
 - c) Your sources of incomes and your estimated monthly expenses;
 - d) Your efforts to save, invest and do business in San Nicolas/Moncada; and
 - e) How does your family discuss, decide and act about money.
2. You will answer the survey at the privacy of your own residence in San Nicolas / Moncada.
3. The researcher will also invite you to answer follow-up questions at a later date.

How much time will my involvement in the project take?

The survey will be for 45-60 minutes, just within one day. *If necessary*, the researcher will then conduct one follow-up visit—at a time of your convenience, still in your private residence—if there are unclear or missing answers from the first interview.

Are there any risks associated with participating in this project?

We understand that the time you will be granting us to conduct this key informant interview may be an inconvenience from your end, and we humbly appreciate your generosity should you agree to this request.

Be assured there are minimal risks for your participation in this study. Nevertheless, you may be asked questions that are sensitive, that could upset you, or that may discomfort you.

Should you feel too concerned of these minimal risks, the respondent is free to say these concerns to the researcher. In the event of an incident or adverse event, the researchers will address the situation and report the case to the University of Adelaide Human Research Ethics Committee.

What are the potential benefits of the research project?

There are no direct benefits to you and to other prospective research interviewees and subjects, except that the question-and-answer session will make you reflect. But the research project—given the questions to be asked to you—may provide lessons to your family on how can you improve (further) your financial knowledge, how to handle money, engage in business, and save and invest in your hometown.

Can I withdraw from the project?

Participation in this research is voluntary. You have the right to withdraw anytime or refuse to participate entirely without jeopardy to your standing in the community. Should you decide to withdraw your participation after or in the middle of the interview, the researcher will not include your answers to the survey questionnaire we used on you.

What will happen to my information I shared?

Confidentiality and anonymity: All personal information you will be providing in the survey questionnaire will be made confidential. Please be assured that any identifying information about you will not be revealed in written reports (anonymity).

All accomplished survey questionnaires will be kept in a secure location and only those directly involved with the research will have access to them. After this research is completed, the accomplished survey questionnaires will be securely retained according to the regulations of the Australian Code of Conduct for Responsible Conduct in Human Research.

Storage: The paper questionnaire where your answers are found will be stored in a secure filing cabinet in Manila. Once your answers are encoded in a computer, the computer files of all survey respondents will be kept in a secure computer owned by the researcher, and in an online system owned by The University of Adelaide (for example, Figshare—a website where research data are securely stored, to be accessed only by the principal researchers of this research project). These records will be kept for a maximum of five years.

Publishing: A written thesis as well as individual research papers to identified journal publications will be the outputs of this research project. Only summary data, with answers coming from all survey respondents, will be published. Participants will not be identified in these publications.

Sharing: You are given access to know your answers to our survey upon your request. If you like a summary of our study's findings when our research project is completed, kindly put your email address / mobile number in the questionnaire.

Your information will only be used as described in this participant information sheet and it will only be disclosed according to the consent provided, except as required by law.

Future use of research data that contains your answers

When this research project is finished, the researchers may use data in future research papers outside of the theme of this project. Nevertheless, your identification and answers will be kept confidential in these succeeding uses of data as future research papers.

Who do I contact if I have questions about the project?

If you have questions about the research project, you can contact:

(Ms.) Dr. Yan Tan (Primary Contact)	Project manager / Primary supervisor	+61-
(Ms.) Dr. Dianne Rudd	Co-Supervisor	+61-
Mr. Jeremaiah Opiniano	Researcher	+63-

What if I have a complaint or any concerns?

The study has been approved by the Human Research Ethics Committee at the University of Adelaide (approval number H-2018-xxx). This research project will be conducted according to the National Statement on Ethical Conduct in Human Research (2007) of Australia's National Health and Medical Research Council (NHMRC). If you have questions or problems associated with the practical aspects of your participation in the project, or wish to raise a concern or complaint about the project, then you should consult the Principal Investigator.

If you wish to speak with an independent person regarding concerns or a complaint, the University's policy on research involving human participants, or your rights as a participant, please contact the Human Research Ethics Committee's Secretariat on:

Phone: +61 8

Email: hrec@adelaide.edu.au

Post: Level 4, Rundle Mall Plaza, 50 Rundle Mall, ADELAIDE SA 5000

You can also directly reach kindly reach Filipino researcher Mr. Jeremaiah Opiniano at +63-

Locally, you can forward a complaint to the Municipal Planning and Development Coordinator of San Nicolas (+63-) or Moncada (+63 or 06, local / ext.).

Any complaint or concern will be treated in confidence and fully investigated. You will be informed of the outcome.

If I want to participate, what do I do?

If you want to participate in this survey, just give your consent and the survey will be conducted in your residence. The interview will be done at a date and time of your convenience — upon you being first approached privately at your residence; if the date and time will be on another day, arrangements will be made with you via a mobile phone correspondence.

If you say yes to participating, kindly return the answered questionnaire and a signed *Informed Consent Form* to the researchers and their collaborators. You will get one signed copy of the *Informed Consent Form* while you keep a copy of this *Participant Information Sheet*.

We are interested to know your confidential views on how San Nicolas / Moncada and its residents based locally and overseas can contribute to further economic development in your municipality. In advance, we thank you for your generosity in sharing your views.

***Thank you very much (English) | Maraming salamat po (Filipino/Tagalog) |
Dios ti agngina (Ilocano)***

3 – Object-centred interviews and stakeholder key informant interviews

Project title	<i>Saving and Investing for the Development of San Nicolas, Ilocos Norte and Moncada, Tarlac H-2018-</i>
Human Research Ethics Committee Approval Number	
Principal investigator	Dr. Yan Tan
Student researcher	Mr. Jeremaiah Opiniano

Dear **Participant**,

Greetings. You are invited to participate in the research project described below.

What is the project about?

This research project seeks to determine how can residents of San Nicolas, Ilocos Norte and Moncada, Tarlac improve their economic lives given their incomes coming from Philippine sources and from abroad. The project's aims to find out how local residents and families use their incomes to achieve human development and to save and invest in their home communities.

Who is undertaking the project?

This project is being conducted by Filipino student Mr. Jeremaiah Opiniano. This research will form the basis for the degree of Doctor of Philosophy at The University of Adelaide in Australia, under the supervision of Dr. Yan Tan (primary supervisor) and Dr. Dianne Rudd (co-supervisor).

Why am I being invited to participate?

You are being invited since you reside in San Nicolas, Ilocos Norte / Moncada, Tarlac and know the conditions and way of life here.

What am I being invited to do?

You are being requested to participate in a key informant interview.

1. This interview will be done face-to-face. The researcher will read out the questions and will write down your answers in the questionnaire. Questions include:
 - a) Your knowledge about money and finance;
 - b) Your prospects about saving, investing and doing business in San Nicolas/Moncada;
 - c) Your efforts to save, invest and do business in San Nicolas/Moncada; and
 - d) How does your family discuss, decide and act about money.
2. You will answer the survey at the privacy of your own residence in San Nicolas / Moncada.
3. The researcher will also invite you to answer follow-up questions at a later date.

How much time will my involvement in the project take?

The key informant interview will be for 60-75 minutes, just within one day. *If necessary*, the researcher will then conduct one follow-up visit —at a time of your convenience, still in your private residence— if there are unclear or missing answers from the first interview.

Are there any risks associated with participating in this project?

We understand that the time you will be granting us to conduct this key informant interview may be an inconvenience from your end, and we humbly appreciate your generosity should you agree to this request.

Be assured there are minimal risks for your participation in this study. Nevertheless, you may be asked questions that are sensitive, that could upset you, or that may discomfort you.

Should you feel too concerned of these minimal risks, the respondent is free to say these concerns to the researcher. In the event of an incident or adverse event, the researchers will address the situation and report the case to the University of Adelaide Human Research Ethics Committee.

What are the potential benefits of the research project?

There are no direct benefits to you and to other prospective research interviewees and subjects, except that the question-and-answer session will make you reflect. But the research project—given the questions to be asked to you—may provide lessons to your family on how can you improve (further) your financial knowledge, how to handle money, engage in business, and save and invest in your hometown.

Can I withdraw from the project?

Participation in this research is voluntary. You have the right to withdraw anytime or refuse to participate entirely without jeopardy to your standing in the community. Should you decide to withdraw your participation after or in the middle of the interview, the researcher will immediately throw away the survey questionnaire we used on you.

What will happen to my information I shared?

Confidentiality and anonymity: All personal information you will be providing in the survey questionnaire will be made confidential. Please be assured that any identifying information about you will not be revealed in written reports (anonymity).

All accomplished survey questionnaires will be kept in a secure location and only those directly involved with the research will have access to them. After this research is completed, the accomplished survey questionnaires will be securely retained according to the regulations of the Australian Code of Conduct for Responsible Conduct in Human Research.

Storage: The paper questionnaire where your answers are found will be stored in a secure filing cabinet in Manila. Once your answers are encoded in a computer, the computer files of all survey respondents will be kept in a secure computer owned by the researcher, and in an online system owned by The University of Adelaide (for example, Figshare—a website where research data are securely stored, to be accessed only by the principal researchers of this research project). These records will be kept for a maximum of five years.

Publishing: A written thesis as well as individual research papers to identified journal publications will be the outputs of this research project. Only summary data, with answers coming from all survey respondents, will be published. Participants will not be identified in these publications.

Sharing: You are given access to know your answers to our survey upon your request. If you like a summary of our study's findings when our research project is completed, kindly put your email address / mobile number in the questionnaire.

Your information will only be used as described in this participant information sheet and it will only be disclosed according to the consent provided, except as required by law.

Future use of research data that contains your answers

When this research project is finished, the researchers may use data in future research papers outside of the theme of this project. Nevertheless, your identification and answers will be kept confidential in these succeeding uses of data as future research papers.

Who do I contact if I have questions about the project?

If you have questions about the research project, you can contact:

(Ms.) Dr. Yan Tan (Primary Contact)	Project manager / Primary supervisor	+61-8
(Ms.) Dr. Dianne Rudd	Co-Supervisor	+61-8
Mr. Jeremaiah Opiniano	Researcher	+63-

What if I have a complaint or any concerns?

The study has been approved by the Human Research Ethics Committee at the University of Adelaide (approval number H-2018-xxx). This research project will be conducted according to the National Statement on Ethical Conduct in Human Research (2007) of Australia's National Health and Medical Research Council (NHMRC). If you have questions or problems associated with the practical aspects of your participation in the project, or wish to raise a concern or complaint about the project, then you should consult the Principal Investigator.

If you wish to speak with an independent person regarding concerns or a complaint, the University's policy on research involving human participants, or your rights as a participant, please contact the Human Research Ethics Committee's Secretariat on:

Phone: +61 8

Email: hrec@adelaide.edu.au

Post: Level 4, Rundle Mall Plaza, 50 Rundle Mall, ADELAIDE SA 5000

You can also directly reach kindly reach Filipino researcher Mr. Jeremaiah Opiniano at +63- -

Locally, you can forward a complaint to the Municipal Planning and Development Coordinator of San Nicolas (+63-) or Moncada (+63 or 06, local / ext.).

Any complaint or concern will be treated in confidence and fully investigated. You will be informed of the outcome.

If I want to participate, what do I do?

If you want to participate in this survey, just give your consent and the survey interview will be conducted in your residence. The interview will be done at a date and time of your convenience, to be arranged with you via a mobile phone correspondence.

If you say yes to participating, kindly return the answered questionnaire and a signed *Informed Consent Form* to the researchers and their collaborators. You will get one signed copy of the *Informed Consent Form* while you keep a copy of this *Participant Information Sheet*.

We are interested to know your confidential views on how San Nicolas / Moncada and its residents based locally and overseas can contribute to further economic development in your municipality. In advance, we thank you for your generosity in sharing your views.

***Thank you very much (English) | Maraming salamat po (Filipino/Tagalog) |
Dios ti agngina (Ilocano)***

Human Research Ethics Committee

CONSENT FORM

1. I have read the attached Information Sheet and agree to take part in the following research project:

Title:	<i>Saving and Investing for the Development of San Nicolas, Ilocos Norte and Moncada, Tarlac</i>
Ethics Approval Number:	H-2018-XXX

2. I have had the project, so far as it affects me, fully explained to my satisfaction by the research worker. My consent is given freely.
3. Although I understand the purpose of the research project it has also been explained that involvement may not be of any benefit to me.
4. I have been informed that, while information gained during the study may be published, I will not be identified and my personal results will not be divulged.
5. I understand that I am free to withdraw from the project at any time.
6. I agree to the interview being audio recorded. Yes No
7. I give my consent that the researchers will use data from the interview conducted unto me in future research projects and papers (please check). Yes No
8. I am aware that I should keep a copy of this Consent Form, when completed, and the attached Information Sheet.

Participant to complete:

1. **In general: I agree to be a participant of this research**

Name: _____ Signature: _____ Date: _____

Researcher/Witness to complete:

I have described the nature of the research to _____ (*print name of participant*) and in my opinion she/he understood the explanation.

Signature: _____ Position: _____

Date: _____

***Overseas Remittances, Human Development and Rural Hometown Investing
in San Nicolas, Ilocos Norte and Moncada, Tarlac*****COMPLAINTS PROCEDURE FORM**

Document for people who are participants in the above research project

CONTACTS FOR INFORMATION ON PROJECT AND INDEPENDENT COMPLAINTS PROCEDURE

The University of Adelaide's Human Research Ethics Committee is obliged to monitor approved research projects. In conjunction with other forms of monitoring, it is necessary to provide an independent and confidential reporting mechanism to assure quality in the institutional ethics committee system. This is done by providing you, a research participant, with an additional avenue for raising concerns regarding the conduct of this research of which you are involved.

The following study has been reviewed and approved by University of Adelaide's Human Research Ethics Committee:

<i>Project title:</i>	The effects of overseas remittances on human development and rural investments at hometowns: A case study of two Philippine municipalities
<i>Approval no.</i>	H-2018-169

1. If you have questions or problems associated with the practical aspects of your participation in this research project (being done in San Nicolas, Ilocos Norte / Moncada, Tarlac), or wish to raise a concern or complaint about this project, kindly reach our research project coordinator:

Name: Ms. Yan Tan, Ph.D. (Associate Professor)
Telephone: +61 – 8 –

2. If you wish to discuss with an independent person matters related to: a) Making a complaint; or b) Raising concerns on the conduct of the project; or c) the University's policy on researches involving human participants; or d) Your rights as a participants

Contact the University of Adelaide's Human Research Ethics Committee at +61 – 08 –
and/or at hrec@adelaide.edu.au.

This protocol lists down guidelines on conducting quantitative and qualitative data gathering methods—for the above-mentioned research project—in San Nicolas, Ilocos Norte and Moncada, Tarlac.

1. Training and induction of research assistants (research trainees)

- 1.1. The principal researchers involved in the above project will conduct a *training and induction* to chosen research assistants to help conduct the household survey, and to help conduct the key informant interviews.
- 1.2. The *training and induction* will cover the following items:
 - Terms of reference for research assistance work;
 - Research ethics, as applied to the roles of research assistants;
 - Occupational health safety and environmental protection;
 - Documents to be signed by research assistants;
 - Technical concerns on fieldwork vis-à-vis the requirements of Geography;
 - Adhering to confidentiality, anonymity and privacy in the entire fieldwork process;
 - Mechanisms to addressing complaints and disputes coming from respondents, and from research assistants themselves; and
 - Post-fieldwork assessment.

2. Responsibilities of the principal researcher/s

- 2.1. The principal researcher/s present in San Nicolas, Ilocos Norte and Moncada, Tarlac will be the direct supervisor of the entire research project, overseeing the entire operations of the fieldwork. This person will also primarily ensure the safety and well-being of the research assistants in the course of the fieldwork.
- 2.2. The principal researcher/s present in the two municipalities will:
 - Check, monitor and evaluate the fieldwork performance of research assistants;
 - Provide transportation expenses;
 - Ensure that documentary requirements prior to fieldwork (including permissions to local authorities) are provided and approved;
 - Ensure that the accomplished survey questionnaires, audio-recorded key informant interviews, and observational notes are appropriate and valid;
 - Ensure that research assistants receive appropriate credit for their hard work;
 - Assure that the remunerations of research assistants are provided in a swift, timely manner. (Remunerations for the research assistants, it is assured, are in competitive rates vis-à-vis the minimum wage rates of the Philippine regions where San Nicolas and Moncada are located);
 - Enroll research assistants to micro-insurance products, provided by financial institutions in the Philippines (e.g. pawnshops), during the entire fieldwork period. These micro-insurance products are precisely personal accident insurance;

- Create a happy working environment and cordial relationships with research assistants, including mentorship and providing work-related emotional support;
- Ensure that research assistants adhere to research ethics when they and the principal researcher/s deal with target research participants; and
- Provide certificates to research assistants at the end of the fieldwork as a gesture of appreciation and gratitude.

3. Responsibilities of research assistants

- 3.1. The research assistants are field researchers who are assigned specific research assistance tasks by the principal researchers present in San Nicolas and Moncada.
- 3.2. There will be two types of research assistants:
 - a. The research assistant for the household survey; and
 - b. The research assistant for the key informant interviews with migrant households.
- 3.3. The research assistant for the household survey will primarily help the principal researcher/s seek migrant and non-migrant households in San Nicolas and Moncada to answer a survey questionnaire. This research assistant will aid the principal researcher in administering the survey. They will also have to ensure that an accomplished survey questionnaire is: a) completed *correctly*, with little or no response errors as much as possible (to avoid returning to the respondent for unnecessary follow-up questions); and b) accomplished with the respondent's full consent, as proven by signed informed consent forms.
- 3.4. The research assistant for the key informant interviews with migrant households will assist the primary researcher/s to conduct the structured and semi-structured interviews. This research assistant will have to ensure that: a) s/he recruits target respondents privately and secures their participation upon their full approval; b) logistically assist the primary researcher —as the main interviewer— in the actual key informant interview; and c) jot down observations during the interview between the principal researcher and the respondent household member.
- 3.5. Both types of research assistants must primarily ensure that they approach target respondents cheerfully, respectfully and confidentially. They must also ensure that they are given ample time —prior to conducting the survey or the key informant interview —to read details about the research project from the *Participant Information Sheets*, before they say yes or no to our requests for their participation.
- 3.6. Both types of research assistants must also report to the principal researcher/s any untoward incidents they faced when they approach target respondents, and during the actual survey administration and/or key informant interview. Research assistants, during these instances, may have to exercise tolerance, show a patient resolve, and remain respectful to respondents.
- 3.7. Both types of research assistants must also assist the primary researcher/s in ensuring that all identities of target respondents kept *strictly confidential*, and their eventual answers to survey questionnaires and key informant interviews are *strictly anonymized*. These are measures to protect respondents.
- 3.8. Both types of research assistants will turn over to the principal researcher/s all research materials, documents and electronic recordings used in each and every survey or key informant interview conducted.

- 3.9. Finally, both types of research assistants will help the principal researcher/s invite select participants in a validation session on the final month of the four-month fieldwork in San Nicolas and Moncada.
- 3.10. Selected research assistants will be made to sign a *Work Service Agreement* that outlines the scope of duties and work deliverables. This will be provided by the principal researcher physically present in San Nicolas and Moncada.
- 3.11. *Workload and survey period:* The research assistant for the survey will be targeting one migrant household respondent and one non-migrant household respondent a day on all five days a week. The total survey duration will be for ten weeks (total number of days: 50 days) —from October to December 2018 in San Nicolas and February to April in Moncada.

Workload and key informant interview period: The research assistant for the key informant interview will be targeting one migrant household respondent a day. The total survey duration will be for 15-20 days —from late October to December 2018 in San Nicolas and late-February to April in Moncada.

- 3.12. Research assistants for either the household surveys or the key informant interviews must satisfy the minimum qualifications:
 - Preferably not more than 50 years old;
 - Able to speak the Ilocano dialect;
 - Preferably a college/university graduate, that includes experience in conducting a quantitative and/or a qualitative thesis;
 - Will no existing work contract with other offices/agencies during the two-three month duration of the fieldwork;
 - Having research fieldwork experience for government agencies (e.g. surveys), non-government organizations or university researchers an advantage;
 - With pleasing personality and ability to deal with the public tactfully;
 - A resident of Ilocos Norte and Tarlac —preferably those who are from, or who live near from, San Nicolas and Moncada municipalities;
 - With good moral character; and
 - Preferably with a mobile phone and an email address.

4. Protocol in approaching household respondents

- 4.1. All research assistants will recruit target respondents from the villages (*barangay*) of San Nicolas (N=24) and Moncada (N=37).
 - Survey research assistants will be recruiting respondents in all villages, based on a certain quota of respondents identified per village by the principal researcher/s;
 - Key informant interview research assistants will recruit respondents coming from the respondents of the survey. Identification of these target key informant interviewees will be made by the principal researcher, with recommendations from the survey research assistants.
- 4.2. Before going to the residences of target respondents, the research assistants will *first approach* the village captain (*kapitan ng barangay*) for a courtesy visit. They will show the letter from the principal researcher to conduct surveys and key informant interviews in the barangay, as well as the approval from the Municipal Mayor of San Nicolas / Moncada. Afterwards, they will await the village captain's formal approval to the said request.

If the village captain and/or her/his fellow workers in the *barangay* council offer to accompany the principal researcher and the research assistant/s to the residences of target respondents, kindly express your appreciation and proceed with them. Such gesture to accompany ensures us, especially during the initial stage of our visits to the villages concerned, will help the research team build trust with local residents.

- 4.3. When reaching the residence of the target respondent-household, start the discussion respectfully and with a cheerful greeting. The principal researcher and/or the research assistant will orally introduce themselves/oneself, and then say briefly the request that the target respondent participate in the survey and/or the key informant interview.

After this brief introduction, we will show to the respondent a copy of the *Participant Information Sheet*. We have to make sure that the PIS to be shown to them is *precisely* for the survey or for the key informant interview. We will also tell the respondent that s/he can read first the PIS for *five-to-ten minutes* before they say yes or no.

- 4.4. When the target respondent finishes reading the PIS and disagrees participation, we will promptly say thank you to her/him with a smile.
- 4.5. When the target respondent finishes reading the PIS and agrees to participate, we will give the respondent her/his copy of the PIS. Afterwards, we will give the respondent the *Informed Consent Form*, and we have to make sure s/he signs three copies of the said form (one for the respondent, two for the research team for records purposes). We have to make sure also that we collect the research team's copies of the Informed Consent Form right after the respondent signs these.

As we receive the signed Informed Consent Form, we will give the respondent a copy of the *Complaints Procedure Form*.

- 4.6. For survey research assistants: We will ask the respondent if the survey may be conducted on the day that we approached him or her. Whether it is a yes or no, we will show the survey questionnaire to the respondent.

If the respondent says yes that the survey be conducted on that day we approached her/him, we will humbly ask if the survey can be done inside her/his residence. If consent is given to us to enter the respondent's residence, we will follow suit and respectfully start conducting the survey.

If the respondent gives another day and time to conduct the actual survey, we will kindly and promptly ask these details.

Before we formally start the survey, we will kindly inform the survey respondent that s/he can withdraw her/his participation at any time.

- 4.7. For key informant interview research assistants: We will ask the respondent what day and time is s/he available for the key informant interview together with the principal researcher and the research assistant. Meanwhile, we will also show the key informant interview guide to the respondent.

We will then say thank you to the date and time s/he gives for the key informant interview.

On the appointed date and time, the principal researcher and the research assistant will visit the respondent's residence. We will remind her/him of the consent given. And

once the respondent recognizes this and gives consent to enter her/his residence, we will kindly follow suit.

Before the start of the formal key informant interview, kindly inform the interview respondent that s/he can withdraw her/his participation at any time.

- 4.8. Take note that *we will not take pictures* at the time of the survey or key informant interview. Let us adhere to the promise we gave these respondents: that their participation in the survey or key informant interview is strictly confidential.
- 4.9. Research assistants for both the household surveys and/or the key informant interviews will help the primary researcher in translating answers by respondents mentioned from Ilocano to Filipino and/or English.

Survey questionnaires for households will be primarily in Ilocano, with an English version kept by the primary researcher.

Meanwhile, key informant interviews will be done in Ilocano, Filipino and in English. If interview answers are delivered in Ilocano, the research assistant will immediately translate the answer to Filipino or English so that this translation is covered by audio recording.

5. Protocol in approaching household respondents

- 5.1. The conduct of the survey and key informant interviews will take place months before the May 13, 2019 national and local elections.
- 5.2. The conduct of the survey and key informant interviews will also take place in a time when many Filipino households and individuals in rural areas are approached by financial scammers. As you may know, Filipinos from rural areas are easily duped by scammers promising huge, immediate returns on investment (ROIs) to investment products.
- 5.3. Some target respondents —whether they gave their consent to us or not— will say that you or we may be working for some political actor given the May 2019 elections. If that is the case, respectfully (and if needed, profusely) say the research team is *not connected in any way whatsoever —both formally and informally— to any political faction or to a sitting local official*. We will say also that we are *independent, non-partisan researchers*.
- 5.4. Some target respondents —whether they gave their consent to us or not— will say that you or we may be fronting for some financial scammers (be they individually operating or are part of an organization). If that is the case, respectfully (and if needed, profusely) say the research team is *not connected in any way whatsoever — both formally and informally— to these financial scammers*. We will say also that we are *independent, non-partisan researchers*.

Say also respectfully the research team is *not connected in any way whatsoever — both formally and informally— to any financial institution or entrepreneur legally operating within or outside of San Nicolas and Moncada*. Reiterate the *independence* of the research team.

- 5.5. Should we (or the research assistant individually) face incidents related to being mistaken as fronts for political actors, sitting local officials, financial scammers and/or

financial institutions operating in San Nicolas and Moncada, this must be reported to the principal researcher/s.

- 5.6. When the entire survey or key informant interview is finished, the principal researcher and research assistant will thank the respondent. As well, we will also informally ask the respondent if they can be contacted again for a follow-up question or for either a key informant interview request (applicable for survey research assistants) or to participate in a data validation session.

6. Occupational health and safety, and environmental protection

- 6.1. The conduct of surveys and key informant interviews should be done safely and with high regard to our physical well-being.
- 6.2. By agreeing to be a research assistant for this research project, the principal researchers will enrol you into a Philippine micro-insurance product that covers accidents (i.e. accident insurance). This product will cover all three months of fieldwork.
- 6.3. Rains caused by typhoons, low pressure areas (LPA) and even monsoon winds frequent the Philippines. Sometimes, these may hit San Nicolas and/or Moncada. If a day is forecast to induce rain caused by a typhoon, LPA or monsoon winds with bountiful rainfall, the principal researcher will announce a day before if fieldwork for the said day pushes through or not.

Whether there will be rain or sunshine, research assistants are encouraged to bring their own umbrellas during fieldwork.

- 6.4. Principal researchers will give all research assistants their own First Aid kits. They must carry this always during fieldwork (better be prepared than never).
- 6.5. Should physical illnesses occur as a *direct* result of fieldwork-related responsibilities, kindly inform the principal researcher/s.
- 6.6. Should there be areas in San Nicolas or Moncada that are dirty, muddy, dusty, wet, slippery, hot and/or sunny, kindly wear the appropriate protective gear.
- 6.7. We will abide by the regulations and ordinances of San Nicolas and Moncada surrounding vehicular traffic, pedestrian safety and environmental protection (e.g. solid waste management). That is even if we are not residents of these municipalities.
- 6.8. Should research assistants experience health problems that warrant immediate attention while on field, the following medical facilities can be reached:

San Nicolas (September-December 2018)	Moncada (January to April 2019)
The Black Nazarene Hospital 29 Bonoan Street, Barangay 2, San Nicolas, Ilocos Norte +63	Dr. Marcelo M. Chan Memorial Hospital McArthur Highway, Carmen, Rosales, Pangasinan province [Carmen is the next town after Moncada in Tarlac province] +64-
San Nicolas Municipal Health Office San Nicolas Town Hall, National Highway San Nicolas, Ilocos Norte 2901	Moncada Municipal Health Office Moncada Town Hall, McArthur Highway Poblacion I, Moncada, Tarlac 2308

- 6.9. Should research assistants experience peace and order situations that warrant immediate attention while on field, the municipal police force can be reached:

San Nicolas (September-December 2018)	Moncada (January to April 2019)
San Nicolas, Ilocos Norte Police Station + +	Moncada, Tarlac Police Station +6

7. Communication with the principal researcher/s and research team members

- 7.1. The research assistants should send mobile text messages and/or social media messages *daily* to the principal researcher/s.
- 7.2. These mobile text / social media messages should contain updates on:
- Getting respondents (survey, key informant interviews), be these successful or not;
 - Directions on getting to the barangays / villages and the residences of respondents;
 - Occupational health and safety and environmental concerns (refer to section 6);
 - Untoward incidents faced during fieldwork;
 - Kind remarks coming from respondents;
 - Possible complaints coming from respondents; and
 - Personal concerns (e.g. health) that may affect your fieldwork on (a) certain day/s.
- 7.3. The research project adheres to research ethics. As regards to communication with the principal researchers, *honesty, empathy* and *open communication* with each other will ensure a trustful, productive working relationship.
- 7.4. The research team will always strive to create a happy, appreciative working relationship so as to breed honesty, empathy, trust and ethical work performance.
- 7.5. Should research assistants have complaints with either fellow research assistants or with the principal researcher present in San Nicolas and Moncada, the principal researcher will confer with the research assistant/s concerned.
- 7.6. Should research assistants resign in the middle of their contracted period of fieldwork, this has to be discussed first with the principal researcher physically present in San Nicolas and Moncada. The *Work Service Agreement* which the research assistant/s signed will be the reference point to assess final actions surrounding the requested resignation by the research assistant/s.

8. Submission of fieldwork deliverables

- 8.1. All accomplished household survey questionnaires, as well as all audio recordings and written observations during the key informant interviews, will be submitted to the principal researchers. Submissions will happen daily.

- 8.2. For household survey research assistants: Each questionnaire will *be checked and edited first individually*. The purpose of checking and editing is to ensure that respondents for the day answered and completed all applicable question items. If the questionnaire indeed has *no missing applicable question items*, then the principal researcher will give the go-signal to receive the accomplished questionnaire.
- 8.3. For key informant interview research assistants: The audio recording will have to be *checked first individually* to ensure that the entire interview between the principal researcher and the interviewee is recorded. Afterwards, the research assistant will check her/his written observations and notes of the interview. (It is to note that the principal researcher will assign the research assistant specific observations and notes to be jotted down in the course of the interview.)

When both sets of materials —the audio recording and the written observations and notes— are in order per interviewee, these will be turned over to the principal researcher.
- 8.4. Apart from these deliverables, the research assistants will also submit the signed Informed Consent Forms from respondents.
- 8.5. Research team meetings (e.g. weekly) will be announced to monitor the progress of the research fieldwork, and to foster camaraderie among research team members.

9. Addressing complaints from respondents

- 9.1. The Participant Information Sheet (PIS) Informed Consent Forms contain provisions surrounding possible complaints coming from respondents —particularly those who agreed to be respondents.
- 9.2. The research assistant will first receive the complaint and will promptly inform the principal researcher/s present in San Nicolas and Moncada. The principal researcher/s will first address the grievance or complaint by visiting the respondent concerned. (The Philippine mobile number of the principal researcher present in San Nicolas and Moncada will be given to the concerned party, by the research assistant.)
- 9.3. We will kindly tell the party/ies concerned that complaints will be treated in confidence and fully investigated, primarily by the principal researcher present in San Nicolas and Moncada. We will also promptly inform them of the result of the query or investigation.
- 9.4. If respondents with complaints may not be satisfied with the measures done by the principal researcher/s to address their complaints, we will tell them nicely that they can file their complaints formally to the Human Research Ethics Committee (HREC) of The University of Adelaide. The HREC can be reached at hrec@adelaide.edu.au.

These complainants can also formally send their complaints to the Australia-based principal investigator of this research project, Ms. Yan Tan, PhD (associate professor, Department of Geography, Environment and Population, The University of Adelaide). Dr. Tan can be reached at +61–8–8313 9976.

10. Post-fieldwork assessment

- 10.1. Once the assigned duties of the research assistant/s —be it for the survey or for the key informant interviews— are finished, the principal researcher will call for a post-fieldwork assessment meeting. This meeting will discuss the outcomes of the research assistants' performance. The meeting will also discuss research assistants' feedbacks on the supervision provided by the principal researcher/s physically present in San Nicolas and Moncada.
- 10.2. The research assistants are also required to attend the *individual data validation sessions* of the research project for San Nicolas and Moncada. The data validation session is an opportunity for research team members to see the (dis)satisfaction of respondents to how we approached them.
- 10.3. All research assistants will be honoured in gratitude for services rendered to the research project.

Overseas Remittances, Human Development and Rural Hometown Investing**TRANSCRIPT CONFIDENTIALITY AGREEMENT**

Thank you for agreeing to transcribe audio files of key informant interviews doing for the research project mentioned above. This form outlines the purpose of the research and provides a description of expectations about your involvement.

- ***Purpose of the research.*** This research aims to analyse how overseas remittances from townmates working and residing abroad are contributing to human development in San Nicolas, Ilocos Norte and Moncada, Tarlac. The research also aims to determine if overseas townmates and their families are also able to make savings and investments within their own hometowns.
- ***Purpose of the key informant interviews.*** This key informant interview you are transcribing seeks to determine respondents' views on overseas remittances and their role in improving migrant families' lives and that of their rural birthplace through savings and investment.
- ***Clauses of this Agreement.*** The following govern the roles and responsibilities of the person/s transcribing (an) audio file/s:
 1. The researchers under this project have promised key informant interviewees that their real names (and the real names of anyone they refer to) will not be used at any point in the final written report. This is unless we have their written approval to use their real names. All participants will be assigned codes (or pseudonyms) that will be used in all verbal and written records and reports.
 2. We have also promised them that audio files of interviews will be used only for this study and will not be played for any reasons other than to do this study.
 3. The ability of researchers under this research project to accurately convey the statements / answers of our interviewee/s depends largely on your ability to accurately transcribe the audio recordings. If you have any questions about what is being said, kindly indicate it in the transcript by typing '???' (three question marks).
 4. You will transcribe their answers said in Tagalog and Ilocano dialects, and in some English (if respondents gave some English answers).
 5. In agreeing to transcribe the interviews conducted, you agree to strictly abide by this Agreement —most especially to not reveal the contents of the interview/s to anyone.
 6. Finally, after the transcription is finished, the transcriber must: a) Email a soft copy of the transcribed file to the head researcher (_____.@gmail.com) and keep that copy in your email until the research project head instructs to delete the said file; and b) Delete the audio recording file from your desktop/laptop computer and your electronic/mobile device after submitting the written transcript.

Name
 Residence address
 Mobile number and email address
 Signature and date

Form to be accomplished in triplicate



RESEARCH SERVICES
OFFICE OF RESEARCH ETHICS, COMPLIANCE
AND INTEGRITY
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Our reference 33072

09 August 2018

Associate Professor Yan Tan
School of Social Sciences

Dear Associate Professor Tan

ETHICS APPROVAL No: H-2018-169
PROJECT TITLE: The effects of overseas remittances on human development and rural investments at hometowns: A case study of two Philippine municipalities

The ethics application for the above project has been reviewed by the Low Risk Human Research Ethics Review Group (Faculty of Arts and Faculty of the Professions) and is deemed to meet the requirements of the *National Statement on Ethical Conduct in Human Research (2007)* involving no more than low risk for research participants.

You are authorised to commence your research on: 09/08/2018
The ethics expiry date for this project is: 31/08/2021

NAMED INVESTIGATORS:

Chief Investigator: Associate Professor Yan Tan
Student - Postgraduate: Jeremaiah Manuel Opiniano
Doctorate by Research (PhD):
Associate Investigator: Dr Dianne Rudd

CONDITIONS OF APPROVAL: Thank you for the responses dated 28.07.2018 and 08.08.2018 to the matters raised. The revised application provided 08.08.2018 has been approved.

Ethics approval is granted for three years and is subject to satisfactory annual reporting. The form titled Annual Report on Project Status is to be used when reporting annual progress and project completion and can be downloaded at <http://www.adelaide.edu.au/research-services/oreci/human/reporting/>. Prior to expiry, ethics approval may be extended for a further period.

Participants in the study are to be given a copy of the information sheet and the signed consent form to retain. It is also a condition of approval that you immediately report anything which might warrant review of ethical approval including:

- serious or unexpected adverse effects on participants,
- previously unforeseen events which might affect continued ethical acceptability of the project,
- proposed changes to the protocol or project investigators; and
- the project is discontinued before the expected date of completion.

Yours sincerely,

Dr Anna Olijnyk
Convenor

Dr Jungho Suh
Convenor

The University of Adelaide

Opiniano, J 2021, 'The 'new' Philippine future beside the exodus', *Asian Education and Development Studies*, vol. 10, no. 1, pp. 53-68

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The 'new' Philippine future "beside" the exodus

The 'new'
Philippine
future

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53

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Abstract

Purpose – The purpose of this paper is to review the international migration-and-development story of the Philippines, amongst the leading migrant-origin countries.

Design/methodology/approach – Migration and socio-economic development data are used to depict the migration-and-development conditions of the Philippines.

Findings – The Philippines has mastered the management of overseas migration based on its bureaucracy and policies for the migrant sector. Migration also rose for decades given structural economic constraints. However, the past 10 years of macro-economic growth may have seen migration and remittances helping lift the Philippines' medium-to-long term acceleration. The new Philippine future beside the overseas exodus hinges on two trends: accelerating the economic empowerment of overseas Filipinos and their families to make them better equipped to handle the social costs of migration; and strategizing how to capture a "diasporic dividend" by pushing for more investments from overseas migrants' savings.

Research limitations/implications – This paper may not cover the entirety of the Philippines' migration-and-development phenomenon.

Practical implications – Improving the financial capabilities of overseas Filipinos and their families will lead to their economic empowerment and to hopefully a more resilient handling of the (negative) social consequences of migration.

Social implications – If overseas Filipinos and their families handle their economic resources better, they may be able to conquer the social costs of migration.

Originality/value – This paper employed a population-and-development (PopDev) framework to analyse the migration-and-development conditions of the Philippines.

Keywords Migration and development, Overseas remittances, Migrants' rights, The Philippines, Diasporic dividend

Paper type Conceptual paper

Introduction

Since the turn of the new millennium, global interest – even optimism – to international migration and development persists. There is also pessimism in discussing these multifarious, multi-dimensional migration-and-development issues (De Haas, 2010; 2012). Nevertheless, the world now sees migrants' origin and receiving countries becoming more open to try out measures to make migration a win-win solution. The recent signing of the Global Compact on Migration signals a new chapter of the planet's handling of global human mobility.

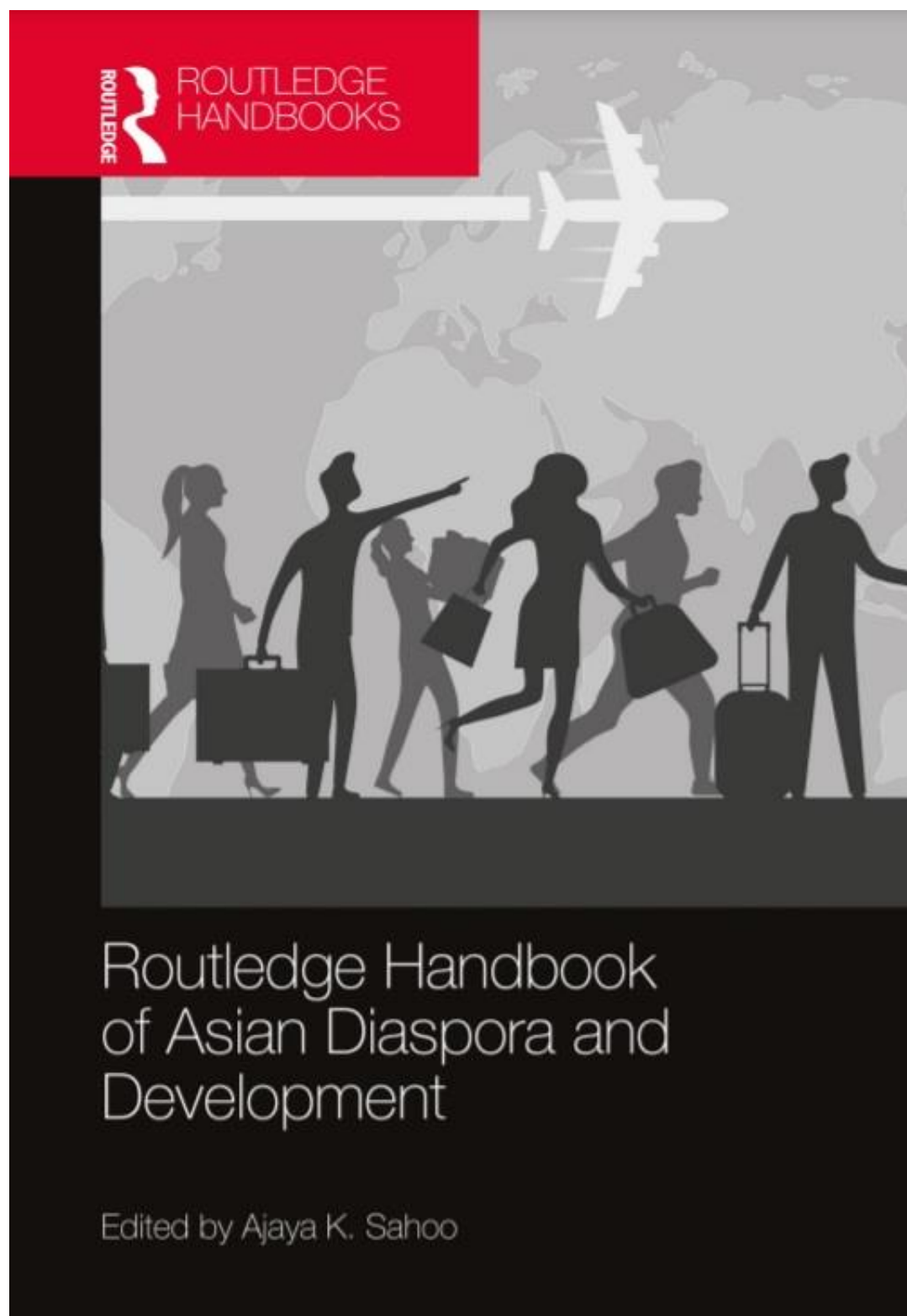
International migration is not complete without discussing the Philippines, a global model of managing the exodus of labour (as well as prospective emigrants for overseas permanent settlement) given policy frameworks and an elaborate state-run bureaucracy (IOM and SMC, 2013). For quite some time, the Philippines has been the global face of certain migration phenomena: brain drain, female domestic work and nurse migration. The Philippines also ranks amongst the top five receiving countries of billion-dollar remittances. The Philippines remains young in implementing initiatives to harness overseas migrants for development,

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8

REMITTANCE OWNERS' FINANCIAL CAPABILITIES

Can these bridge diaspora and development?

Jeremaiah M. Opiniano

Introduction

International remittances have long been regarded as a major source of development finance, especially in developing countries. These dollar incomes to all countries reached a record-high US\$ 714 billion in 2019; about US\$ 554 billion of that total went to low- and middle-income countries (World Bank, 2020). These figures also coincided with the estimates of the world's international migrants, currently at 272 million (UN Department of Economic and Social Affairs, 2019). For developing countries receiving these, foreign remittances are economic lifelines; these monies are even higher than foreign direct investments, foreign portfolio investments and official development aid (World Bank, 2020).

These privately owned remittances represent the hard work and familial sacrifices of international migrants, as well as the economic empowerment that these migrants have maximized in host countries (Bagasao, 2008). Since the international development community had begun recognizing international migrants as this modern world's development actors early in the new millennium (World Bank, 2003), origin and destination countries have launched and sustained various diaspora- or remittances-for-development programs. These programs have harnessed remittances either as philanthropic donations, as development savings deposits, or as investible funds for enterprises (Rispiens-Noel and Opiniano, 2015).

However, luring foreign remittances for productive or developmental purposes is more than just encouraging its owners—migrants abroad and their families at home—to do so. A more contextual form of encouragement must be accounted for: it is cognitive in nature. We speak here of *financial capabilities*, being referred to as “a person's ability and opportunity to act about money and finance in ways that contribute to financial functioning” (Birkenmaier and Huang, 2014; Sherraden and Ansong, 2016). The concept speaks also of the ability to use one's abilities on finance given prevailing socio-economic conditions (World Bank, 2015).

If overseas remittances act as a bridge between international migration and development (Hertlein and Vadean, 2006), financial knowledge, access and actions—the three elements of the concept of financial capabilities (Sherraden and Ansong, 2016)—are important channels for overseas migrants and their families to productively use their remittance incomes.

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Afterword

This doctoral thesis is produced on the tenth anniversary of a mixed methods research tool related to overseas remittances and local development.

This tool is called the **Remittance Investment Climate Analysis in Rural Hometowns** or RICART. This tool was “born” on January 14, 2011 at the Universidad de los Andes in Bogotá, Colombia. During an annual contest organized by the Global Development Network (GDN), the PhD student and a colleague economist, Dr. Alvin P. Ang, won first prize (Japanese Award for Most Outstanding Research in Development) in conjunction with GDN’s annual conference. **RICART** sought to analyse if the rural home town is conducive for remittances-induced investments, and if remittance owners are financially capable to invest back home.

Since 2011, **RICART** had been implemented in eight Philippine rural municipalities: Magarao (Camarines Sur province), Maribojoc (Bohol province), Pandi and Guiguinto (Bulacan province), Dingras (Ilocos Norte province), Bansalan (Davao del Sur province), San Nicolas (Ilocos Norte) and Moncada (Tarlac province). **RICART** would have not been possible without the financial and technical support of the following: GDN and the Japan Ministry of Finance; an anonymous Catholic donor from Europe; the University of California Irvine (UCI) - Institute for Money, Technology and Financial Inclusion (IMTFI); the Japan International Cooperation Agency - Ogata Sadako Research Institute for Peace and Development (JICA-RI); and The University of Adelaide in Australia.

Remittances are a type of financing rooted on people and institutions that have links with origin communities (Ang & Opiniano 2016a). It is these geographic roots of all migration, particularly rural areas, where **RICART** envisions a more economically-efficient migration that contributes to human and local development as well as to community solidarity. [For more information, please see <http://www.gdn.int/rural-hometown-investing>]