

Motivating migrants leads to better savings

March 5 2014, by Mandira Banerjee

More than 200 million workers travel abroad to work as maids, construction laborers and at other low-wage jobs. The money they send back home is often essential to their families' survival and homeland's economy.

A new University of Michigan study found that [workers](#) would save more money and make better financial decisions with their spouses if they attended a motivational talk about personal finance.

"This was a simple one-time talk that had a big impact," said study co-author Dean Yang, U-M associate professor of economics and public policy. "We are just beginning to understand the impact of these simple policies on the workers."

The amount of money migrants sent back home exceeded \$400 billion in 2012. In Asia, many of the workers come from India, Indonesia and the Philippines, while the U.S. attracts a lot of labor from El Salvador, Mexico and other Latin American nations.

Published recently in the *Journal of Development Economics*, the study involved 200 migrant men from India's southwestern state of Kerala who were working in Doha, Qatar. The men, who came from different age groups, education levels and professions, were divided into a control group and a treatment group.

The latter group was given a motivational pep talk about saving by financial guru K.V. Shamsudheen, a Keralite and popular motivational

speaker who runs his own radio show in the United Arab Emirates. He discussed why migrants needed to save more money and make joint decisions with their spouses.

"This was a short and targeted motivational session, unlike a class," Yang said. "Even though there wasn't much technical information, the hope was that the session would motivate the migrants to save more."

Yang and colleague Ganesh Sesan of Georgetown University in Qatar conducted follow-up surveys 13-17 months later to see if the workers were doing better with saving, sending [money](#) home and communicating with their wives.

They said the migrants reported a 30-percent increase in making [financial decisions](#) together with their wives, who also reported a significant increase in seeking out financial education for themselves.

In a subset of families, which had initially reported low savings, the study saw a big increase in savings and sending remittance home.

Provided by University of Michigan

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