Sending Money Home in Conflict Settings: Revisiting Migrant Remittances
Daivi Rodima-Taylor

Vast amounts of money are transferred around the world through remittances—contributions that migrants send to their families, relatives, and friends in their countries of origin. Remittance flows have continued to be resilient during the COVID-19 pandemic, with officially recorded volumes reaching $548 billion for low and middle-income countries in 2020. While remittances associated with economic migration have attracted significant attention, less is known about such money transfers in conflict-affected settings. Violent conflict and poverty contribute to each other, often blurring the boundaries between economic migration and forced displacement. Conflicts may be accompanied by displacement of large numbers of population within a relatively short time, posing challenges to remittance transfer systems between the countries of origin and destination. Refugees often end up in displacement camps and other protracted situations of uncertainty that may further impair their ability to remit. Despite the challenges, remittances frequently remain a primary source of economic support for those left behind, as well as for national development of post-conflict countries. Therefore, situations in the wake of recent conflicts are known for heightened remittance flows. As a large share of the remittance flows in conflict settings occurs through informal channels, the importance of remittances in these economies has often been underestimated.

The centrality of remittances in forced displacement situations
Displacement is a growing trend, particularly affecting the poorest populations of the Global South. By the end of 2020, 82.4 million people were forcibly displaced worldwide as a result of persecution, conflict, violence, or human rights violations. The crisis has been heightened by the COVID-19 pandemic as the forcibly displaced were among the hardest-hit social groups. Food and environmental insecurity emanating from climate change added to the vulnerability. Insecurity and repeated cycles of violence have become primary obstacles to development in many parts of the world. Recently, conventional war between nation-states has been replaced by a more chaotic and complex dynamic of violence, including criminal activities, trafficking and terrorism, and chronic civil unrest. As a result, there has been growing attention to sustainable institution-building in conflict-affected countries. A focus on broader settings that can provide security, justice, and economic sustenance to individuals and communities affected by the crisis has been reflected in the human security approach to post-conflict development.

Remittances can be central to fighting poverty—by diversifying household income sources, providing capital for productive investment and facilitating local markets, and funding education, health, and other social expenses. Remittances can contribute to post-conflict recovery in the long term. At the wake of armed conflict there is often an increase in vulnerable populations, and emergency international relief for those living war zones tends to be insufficient. Due to their relative independence from economic cycles, remittances can be more stable...
than private investment or foreign development assistance. They can improve countries’ sovereign creditworthiness and, therefore, access to international capital markets. Most importantly, remittances are a primary mechanism for rebuilding family ties and kin connections in war-torn settings: “the commitment to family remains at the core of these flows.” While migrant remittances can be significant in conflict-affected situations, they are also private resource flows. Their volumes and transfer pathways can therefore be considerably under-reported. The private nature of remittances also complicates the visions of “harnessing” remittances for national development—from logistical as well as ethical standpoints.

In conflict-affected contexts, it is more difficult to promote uses of remittances for development due to the absence of financial institutions and functioning governments. It is also more challenging to provide financial literacy training or channel remittances towards micro-credit projects. Refugees can be affected by restrictive labor market barriers, including withholding permission to work or uncertainties with their legal status. Immigration regimes affect the length and permanence of the stay of conflict-induced migrants in the host countries and impact their capacity to remit.

Remittances are not only material in nature but include transfers of new skills, values, behaviors, and technologies. These “social remittances” are particularly relevant for post-conflict reconstruction. Migrants can also send collective remittances through hometown associations, investment groups, or national development groups. More attention has been recently on “political remittances” that constitute multidirectional flows of political ideas and influence the organization of community life, freedom of expression and association, and citizenship policies and practices. Diaspora can thus be a democratizing and peace-building force, and a source of alternative information and ideas to their countries of origin.

On the other hand, the support provided by migrants can also contribute to sustaining conflict and violence. The existence of an extensive diaspora has been noted as a risk factor for a prolonged violent conflict. Diaspora remittances to war-torn Somalia, for example, have funded warring factions and clan conflicts, in some cases “helping armed factions and precarious local administrations survive without delivering much to the people.” Horst has shown that among the Somali diaspora in Norway, most political engagements do not occur through state institutions but take place on sub-national levels, including individual and group money transfers and certain humanitarian initiatives. Somali diaspora members mediate with clan leaders and elders who can contribute to reconciliation processes through customary mechanisms such as compensatory payments, but as noted above, such involvement can also sustain continued warfare.

While the role of diaspora in post-conflict reconstruction efforts can be significant, diaspora can also remain an “under-utilized resource” whose strong emotional connection to their home country is offset by unstable institutional environments. Weak formal institutions and regulatory frameworks may offer little systematic support for entrepreneurship development, which is constrained by high transaction and compliance costs. Informal institutions and cultural attitudes remain important in the post-conflict assimilation of returning migrants who bring with them beliefs and understandings from their countries of settlement, resulting in hybrid norms and institutions. Many forcibly displaced and returning migrants may also lack properly transferable professional skills. The transfer of social and political remittances does not always signify “diffusion of democracy”—the effects of returning migrants to democratization depend on their experience of political mobilization as migrant workers, as well as on the status of democratic values in the political order of the host country, among other factors.

Changing perspectives on conflict-affected remittances
Remittances became central in the migration scholarship only in the 1990s, when the analytical focus shifted from migration as a result of
Decision-making of rational individuals towards a more nuanced view of the role of households, social networks, and community in migration processes. More recently, the neoliberal celebration of remittances as a “new development mantra” of the 2000s has been modified by critical approaches to migration highlighting its transnational and processual dimensions, roles of gender and identity, and relational and infrastructural perspectives. Feminist approaches foreground the embeddedness of migration in power relations and politics, disrupting the views of migrants as autonomous, male, rationally calculating individuals.

More recognition is afforded to the role of emotional factors and affective ties. Non-material aspects of remittances have been especially foregrounded in ethnographic studies focusing on forced migration. The concepts of debt and obligation animating remittance transfers can be culturally conditioned and depend on the social construction of family and personhood. Lindley has shown that for Somali migrants in London, remittance sending can constitute “an intense form of relational work,” geared towards maintaining affectionate social relations between people separated by distance. Remitting practices can be related to a quest for social personhood: Fioratta describes Fulbe migrants in Guinea who migrate to neighboring Senegal as part of their pursuit “to be responsible members of the communities they leave behind.”

Sending remittances shows one’s ability to mobilize resources and prepare for marriage that remains significant in transitions to social adulthood in environments of economic uncertainty.

Displacement economies that entail some form of forced dislocation or confinement are on the rise in the Global South, foregrounding a changing valuation of materials and bodies, shifting dynamics of production, and the emergence of new political relations and spaces. Even in the absence of functional state structures, these alternative economies are often characterized by highly routinized forms of organizing. Attention is therefore increasingly called to the transnational dimensions of migration. This enables a broader view than simply seeing migrants as part of distinct geographical entities and migration as a linear movement between origin and destination.

This also implies revisiting our perspectives on remittance transfers and adopting a more holistic view of these money flows and their social embeddedness. Reaching beyond the boundaries of nation-states, migrant debts are extended through the space-time of migration with its local and transnational credit networks and cycles. In these debt ecologies, formal and informal as well as market and non-market debts intersect, thereby reconstructing social institutions, subjects, and practices. Attention is suggested to the ways in which debt as a “financial, social, moral and emotional relation” shapes migration, as people and institutions are distributed across multiple sites. Low-income, underbanked migrant communities are frequently forced to practice various forms of fringe finance, such as payday lending, subprime mortgages, and high-interest credit cards. Especially with the rise of online platforms, informal financial practices become increasingly vulnerable to these intrusions of institutionalized, predatory credit, inscribing abstract financial relationships further onto people’s daily lives.

Informal methods of funds mobilization proliferate in migrant communities. For instance, due to their exclusion from formal finance, Haitian migrant women in large cities of Canada create informal financial cooperatives along the lines of rotating savings clubs that they know from their native cultures. Rotating credit associations — *kommittis* — are used for mobilizing funds for sending remittances in South East Asian migrant communities in the United Kingdom. Cameroonian migrants in the United States have been observed to simultaneously utilize multiple rotating savings groups in their countries of origin and destination for saving and borrowing. Transnational saving-credit groups have flourished especially with the rise of digital technology — social media sites such as WhatsApp are increasingly used to mobilize rotating savings groups at a distance.
Financial technology and remittance transfer infrastructures

Cross-border payments tend to be slow and inefficient, and remittance costs are still the highest for the poorest regions of the world. Transnational remittance transfers often have to transect multiple banking networks, each with its own protocols and fees, thereby adding to the cost and expense of money transfers and making compliance more challenging. Remittance fees continued to average above 6.5 percent in Q4 2020, which is more than double the target of 3 percent by 2030 as outlined in the United Nations Sustainable Development Goals. As usual, remittance cost was the highest for Sub-Saharan Africa, at 8.2 percent. Despite the high costs, remittance flows have remained strong during the pandemic crisis, with “migrants’ desire to help their families” as the foremost driver behind this resilience.40

The UN Global Compact for Safe, Orderly and Regular Migration (2018) highlights the importance of policy and regulatory frameworks that promote competitive remittance markets through facilitating market access to diverse service providers, enhancing the security of low-value transactions, and developing innovative technological solutions for remittance transfer such as mobile payments.41 New emerging technologies may offer some hope for more efficient and transparent remittance transfers. Mobile money transfer channels that are widespread in many areas of the Global South can contribute to lower costs and faster delivery as well as improved access for remittance recipients.42 They can also be restricted, however, by the uneven availability of providers and regulatory uncertainties. These systems remain of primary importance for domestic remittances. However, with increasing cross-border interoperability, they have also become more central in transnational remittance transfers—particularly as much of refugee migration is South-South in orientation. While the full impact of the COVID-19 pandemic on digital finance is still emerging, the pandemic has accelerated the use of mobile applications to access their finances by customers, especially in emerging economies, and intensified the use of digital payments.43

The new technologies also give rise to the concerns that remittances as private income streams may be appropriated for commercialized profit. Digital financial inclusion frequently relies on various non-bank systems for transferring value electronically. Most of such payment systems are privately owned and depend on non-market driven fees for the use of infrastructure, while profiting from transactional data of the customers.44 The intermediation through financial technology (fintech) platforms increasingly involves consolidating and transforming existing market structures, with developing oligopolies changing the competitive basis of retail finance.45 Fintech has become more central in the financial lives of refugees with recent policy shift from aid and encampment towards refugee entrepreneurial self-reliance.46 Partly due to the reduced capacity of the UNHCR since 2012, refugees in Kenya, for example, increasingly rely on privately owned fintech companies for peer-to-peer lending and microcredit that may subject them to unregulated financial services.47 Proliferating mobile credit apps use nontraditional data to offer near-instant credit decisions for small loans, relying on unverified user information, call logs, and social media activity.48 This may contribute to the financialization of remittances as a source of financial profit for private investors.49 Poorly regulated digital lenders fuel over-borrowing and abusive debt collection practices, further marginalizing the vulnerable.

This highlights the need to examine these developments in more human-centered ways. The evolving remittance systems in the global South are complex and bring together various formal and informal, physical and ‘peopled’ infrastructural elements.50 They are best seen as multi-level and fragmented socio-technical assemblages, mediated at their junction points by social and institutional gatekeepers that may include local mobile money agents, informal savings groups, retail shops, and other actors.51 Various technologies of payment and record-keeping combine in the remittance infrastructures, and informal savings groups feature as...
important “first and last mile” mediators in modern-day remittance systems, as discussed above. The interpersonal money flows traversing those conjoining pathways remain an important realm of the social and affective.

Such a broader, infrastructural view is particularly important for illuminating remittance systems in conflict settings, which bring together fragmented infrastructural pathways, diverse organizational and compliance frameworks, and culturally shaped obligations and expectations. Informal value transfer systems such as hawala remain popular in many conflict-affected areas, particularly in the Middle East, Asia, and Africa, and illustrate the complexity of these socio-technical assemblages. The contemporary hawala is a transnational money transfer system that has adapted age-old principles of reciprocal exchange around ancient trade routes. Its “cash-in and cash-out” business outlets are central to remittance transfers in many areas with underdeveloped financial systems. Its operation presents a somewhat paradoxical combination of personalized trust and quasi-kinship reciprocities between individuals, and anonymous digital flows routed through the global banking system. In some conflict-affected societies, such as Afghanistan and Somalia, hawala has facilitated novel technology-induced diaspora networks. However, the high degree of fragmentation and anonymity of hawala transfers renders them vulnerable to criminal activities, including smuggling, tax evasion, and terrorist financing, and fragile countries such as Somalia are especially at risk.

New digital technologies may be helpful for identity verification and for developing appropriate measures for conducting customer due diligence, thereby counteracting the continued use of informal systems such as hawala. At present, many market entrants using new technologies remain constrained by compliance regulations and de-risking practices with banks denying accounts to money transfer operators, according to a recent World Bank report. While some countries have issued regulations to allow e-onboarding to comply with know-your-customer laws, risk-based approaches to small-value remittances are not widely adopted yet. This may push remittances further into the informal realm. As remittances rely mostly on money transfer bureaus and cash, money transmitters have been seen as a “weak link” in efforts to combat money laundering and the financing of terrorism. The Financial Action Task Force (FATF), an intergovernmental organization founded in 1989 on the initiative of the G7 and in charge of developing policies to combat money laundering and financing terrorism, has called upon states to require licensing or registering informal remittance businesses, but also highlighted the need for a nuanced approach to informal money transfer services and a functional definition of informal remittance systems. These issues are particularly relevant for conflict-affected countries where formal banking systems may have broken down and where supervisory capacity of the state may have diminished. Compliance issues around the “last mile” of remittance transfers have remained especially challenging as identification in countries such as Somalia still largely occurs through clan membership and community contacts.

Towards human-centered remittance governance

A broader conceptualization of the human dimension in post-conflict development would therefore entail the challenge of reconciling the technological, cultural, and power differences embedded in formal and informal remittance transfer pathways and institutions. Remitting is a complex social relationship involving more than the immediate family and kin. Absent this broader conceptualization, much of remittance
flows has been imperfectly measured, overlooking the role of in-kind remittances, resources moving through community networks, the intergenerational transmission of debt, and post-disaster remittance flows channeled through nonprofits and hometown associations. While this is true also for economic migration, these broader resource flows, networks, and practices are particularly significant in conflict-affected settings. Remitting in such contexts exacerbates many of the dimensions associated with economic remittances—including a more acutely perceived need for assistance from those left behind, deeper emotions surrounding the attempts to retain ties with one’s forcibly separated family and relatives, and greater instability of money transfer infrastructures. Large shares of remittances flow through informal channels, enhancing the danger of crime and money laundering. Possibilities of eventual return to one’s home country are fraught with uncertainty. Situations of prolonged displacement and confinement are frequent, rendering people easy targets to predatory lenders and exorbitant charges of money transfer companies.

There is a need to reimagine conflict-related remittances with a new recognition that transnational remittance flows are based on diverse collectivities, loyalties, and entitlements. This would entail learning from the vernacular institutions that people use for money pooling and transferring, and seeking collaboration with a wide range of local institutions of financial inclusion and with attention to local practices of mutual support. While investment opportunities are often lacking in war-torn contexts, building on local innovative initiatives can facilitate the productive use of remittances. Diaspora organizations and networks play a significant role in remitting, but are also shaped by broader immigration policies and regimes. New approaches are also needed to recognize the growing significance of mobile technology in refugee remittances. Challenges include accommodating new technologies and nonbank entrants in remittance markets while preserving financial stability. Regulatory attention is needed around the rapidly spreading digital money lenders who may victimize vulnerable customers caught in situations of protracted displacement.

A new conceptualization of transnational remittance flows as based on broader affinities and obligations would also foreground the potential role of remittances in funding continued warfare through ethnically-based organizations and militant networks, as well as uncover new collaborative areas for peacebuilding and highlight the complex role of political remittances. Enhancing sustainable institution-building and human security around conflict-affected remittances is a matter of collaboration between a wide range of stakeholders, including remittance senders and receivers, humanitarian organizations, regulators, and the financial industry.

Notes
1. This was a modest decline by only 1.7 percent from the previous year, despite the global recession due to the pandemic. In 2021, remittance flows to low- and middle-income countries are projected to reach $587 billion, a 7.1 percent increase from 2020; The World Bank, Migration and Development Brief 35 (Washington, D.C.: November 2021).
4. This compares with 79.5 million forcibly displaced by the end of 2019, and 70.8 million by the end of 2018. More than one per cent of the world’s population, or 1 in 95 people, is now forcibly displaced—compared with 1 in 159 in 2010; see UNHCR, *Global Trends*, 2018; 2019; 2020.
6. The human security approach to post-conflict rehabilitation and peace-building emerged as an alternative to a territorial security paradigm in the multipolar world at the end of the Cold War when it became evident that the nature and management of violent conflicts had profoundly changed. Calling for a broader, people-centered conceptualization of security, it focuses on a broader set of problems, including environmental, social, and economic causes of vulnerability; see also: UN Trust for Human Security, “What is Human Security?”, The Human Security Unit, accessed April 6, 2022, https://www.un.org/humansecurity/what-is-human-security/.
7. Post-conflict situations characterize a country or region that is emerging from a violent conflict or prolonged social, ethnic, or religious hostilities that have resulted in widespread population displacement and the formation of considerable refugee communities abroad.
22. Ibid.
34. Ibid, 301.
41. It is the first intergovernmentally negotiated agreement to treat all international migration issues in a holistic manner, prepared under the auspices of the United Nations. United Nations General assembly, Intergovernmental Conference to Adopt the Global Compact for Safe, Orderly and Regular Migration, (Marrakech: United Nations, 2018), 28.
42. Technology that allows people to receive, store or spend money using a mobile phone.
47. While the refugee population under UNHCR’s mandate has nearly doubled since 2012, there has been a lack of available funding. In 2020, UNHCR’s budget had a funding gap of 51 percent, with the effects of underfunding affecting all areas of UNHCR’s response (see UNHCR, Consequences of Underfunding in 2020, Sept. 2020: 6).


54. See also Ballard, 2003.


56. Ibid.


58. The FATF currently comprises thirty-seven member jurisdictions and two regional organizations, representing most major financial centers globally. It is focused on combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. https://www.fatf-gafi.org/home/.

