INCENTIVIZING MIGRANT WORKERS TO SEND REMITTANCE THROUGH FORMAL CHANNELS

A study conducted as a part of the Daayitwa Nepal Public Policy Fellowship 2023, together with the Ministry of Finance (MoF)

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Sincerely yours,
Bisheshta Shrestha
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Abbreviations

AML/CFT :	Anti-Money Laundering/Combating the Financing of Terrorism
BFIs :	Bank and Financial Institutions
BOP:	Balance of Payment
DoFE :	Department of Foreign Employment
FY :	Fiscal Year
GDP :	Gross Domestic Product
GoN :	Government of Nepal
GCC :	Gulf Cooperation Council
ILO :	International Labor Organization
IMF:	International Monetary Fund
IOM :	International Organization of Migration
KII :	Key Informant Interview
MoF :	Ministry of Finance
MoLESS :	Ministry of Labour, Employment and Social Security
NRB :	Nepal Rastra Bank
RSPs :	Remittance Service Providers
STR :	Suspicious Transaction Reporting
TIA :	Tribhuvan International Airport
UAE :	United Arab Emirates
UNESCO :	United Nations Educational, Scientific and Cultural Organization
USD :	United States Dollars
WB :	World Bank

Abstract

The main objective of the research was to understand what factors and aspects contributed to the use of formal or informal remittance channels. This research was conducted in collaboration with the Ministry of Finance after learning that there is a huge gap in evidence for policy making around formalization of the remittance channel.

Literature review was conducted on the first phase of the research which has supported in giving direction to this research. According to the findings from the secondary data, even before moving forward with any other aspects of remittance the definitions of it were found to be dominated by the definition of the formal remittance channel. When investigating further during literature review, it was further found that there is no definition of informal remittance channels. The understanding of the informal channel was synonymous with *hundi/hawala.* Majority of the literature was focused on the impacts of remittance inward flow in Nepal and also on the productive and unproductive uses of remittance inflow of cash. From these literatures what was found was that remittance has played a significant role in eliminating poverty in Nepal, as well as it has supported families to gain access to quality education, nutrition and health care provisions. Apart from it, a huge gap was found in terms of finding literature around the use of formal and informal remittance channels.

The literature closest to the formalization of the informal channels was around the governance system, such as laws and acts which have been devised to eliminate money laundering in Nepal also other than that how formal remittance channels are provided with license. Other than that, there was no information around why labour migrants opt for informal or formal remittance channels to transfer back money to their country of origin. Hence the literature is supported in understanding that there is a gap in basic information and this study will fill the existing gap in literature by informing why are the labour migrants using certain remittance channels. After the literature review, the research objective and question were derived. The primary objective of the research is ***"To study different remittance channels currently being used by the migrant workers from different destinations to send the money back to Nepal."*** This research aimed at studying the challenges and barriers being faced by the migrant workers to use the formal remittance channel and to study the necessary policy actions that the GoN can take to remove these barriers and uplift the use of formal channels by the migrant workers. Likewise, the primary research question of the study is

"***What are the various informal channels opted to send remittance by migrant workers?"***

For the purpose of this study 14 informants from the remittance ecosystem, all of the interviews have informed the findings and analysis of the research. The major findings of the research were that there is no definition of informal remittance channel. Apart from *hundi/hawala* acts there are also other informal channels of remittance but it is saying that nobody talks of other forms of informal channel as it is heavily dominated by the notion of *hundi/hawala.* Likewise, the remittance senders hold the utmost decision-making authority when it comes to which remittance channels to use to remit. The labour migrants' education and economic status played a great role in selection of the remittance channels. Likewise, one of the outstanding findings was that the formalization of the remittance channels was shouldered by the private sector whereas we saw the lack of support from the government authorities. There are no tool kits, manuals or training in place which supports the laborers' migrants to be informed of the formal and informal remittance channels.

1. Background and Problem Statement

International migration has become an integral part of Nepali society and has touched almost every Nepali family due to the large number of Nepalis being engaged in transnational migration, primarily for work and education (IOM 2019a; Sharma et al 2014). According to the Census of 2021 a total of 2,190,592 persons from 1,555,961 households (23.4%) are absent and living abroad. Out of the total absentees living abroad, 1799,675 (82.2%) are male and 390,917 (17.8%) are female. In 2011 the Census recorded 1,921,494 persons from 1,378,678 (25.4%) households were absent of which males were 87.6% and females were 12.4% (National Statistics Office, 2023). The data procured by the National Census Bureau in 2011 and 2021 closely shows that the out flow of Nepalese living abroad has increased, and it is directly proportional to the increase of remittance inflow.

Labour migration in Nepal dates to 300 years ago, the agreement between the colonial British government in India and Nepal in May 1815 which formally opened up the avenues for Nepalese to be employed overseas. As an aftermath of it, annually Gorkha soldiers were recruited by the British Armed force (Banjara et al., 2020). Ever since then, Nepalese have been migrating to North-East India in search of employment in various areas such as coal mining and agriculture sectors (Banjara et al., 2020). Likewise, labour migration from Nepal increased drastically with the liberalization of migration policies in the 1990s, which also coincided with the growth and the shortage of labour in the countries of the Gulf Cooperation Council (GCC) (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) (Sharma et al., 2014).

Likewise, the decade-long civil war of Maoist Party became one of the push factors for Nepalese to migrate abroad from 1996 to 2006 (Sharma et al., 2014). According to the data procured by Ministry of Labour, Employment and Social Security (MoLESS) total of 623,841 Nepalese are working abroad, the top ten destinations for Nepali Labour Migration are the six GCC countries, Malaysia, Romania, Jordan and Croatia as they comprise 614,534 (98.5%) of the workers leaving Nepal (refer Table 1.) (MoLESS, 2022).

Table 1: Number of Migrant Workers Based on Labour Demand by Destination

Country	2021/2022	Rank
UAE	164731	1st
Saudi Arabia	133777	2nd
Malaysia	95252	3rd
Kuwait	86861	4th
Qatar	86442	5th
Bahrain	16510	6th
Romania	12805	7th
Croatia	7560	8th
Oman`	5922	9th

Jordan	4674	10th
Total	**614534**	

Source: MoLESS, Nepal Labour Migration Report 2022

According to studies, one of the major migration routes for Nepalese is the Nepal-India corridor. The study has stated that a large number of Nepalese migrate to India seeking employment, for business purposes, taking advantage of the open border between India and Nepal (Bashyal, 2020). Although the everyday flow of Nepali workers to and from India is found unrecorded, a national survey from 2017/18 estimated that almost a million Nepali migrant workers were employed or seeking employment in India. However, the number of Nepalese involved in the cross-border movement in search of jobs or other economic opportunities is believed to be higher as the national census and surveys do not take into account seasonal migration to India (Bashyal, 2020a). Likewise, the Government of Nepal (GoN) has approved 111 countries for labour migration through recruitment agencies albeit with temporary restrictions applicable in the case of Afghanistan, Iraq and Libya (MoLESS, 2022, 60). Nepalese are also allowed to go to other countries after obtaining individual labour approvals. In 209/20 - 2021/22, Nepalese migrated to 150 countries with approval from the Department of Foreign Employment (DoFE) (MoLESS, 2022, 60).

As stated earlier, with the tremendous growth of Nepalese migrant workers leaving the country it has been attributed to the inflow of remittances and also growth of Nepal's Gross Domestic Product (GDP). For instance, in 2021 Nepal received USD 9.29 billion in remittance which equaled 22.8 percent of Nepal's GDP (World Bank, 2022). Through this data it is clear that labour migration and the inflow of international remittances are directly related, and it has been attributed to the social and economic benefits to the country and also to the families of migrants. Remittance has gained significant traction in the national discourse as it has become one of the integral sources of external finance in Nepal. The inward flow of remittance helps reduce poverty, improve standard of living, and attain higher levels of education at the household level, and increases the prospect of job opportunities and income via entrepreneurship and investment at the macro level. Nepal's economic growth is estimated to moderate to 4.1 percent in fiscal year (FY) 2023, down from an estimated growth of 5.8 percent in FY 2022 (ADB, 2023). As per the Nepal Rastra Bank (NRB), remittance inflows increased by 27.1 percent to Rs. 689.88 billion from mid-July to mid-February 2022/23 (NRB, 2023). According to the data procured from the World Bank (WB) 22.7 percent of the remittances constitutes the GDP of Nepal in 2022 (World Bank, 2022). In general, remittance inflows, over the last two decades, showed a positive trajectory in terms of share of GDP on average.

Despite the growth in terms of remittance through formal channels, inward remittance flows from informal channels such as *hundi/hawala* are still present (MoLESS, 2022). Directing such flows to formal channels can augment national income, ease foreign currency restrictions, increase national savings and investments, improve macroeconomic stability, and strengthen the balance of payments (BOP). Remittances can and have generated a positive effect on the economy of Nepal. Through savings, investment, growth, consumption, and poverty and income distribution remittance has been able to contribute to the economy of Nepal. Workers' remittances flow in as a component of foreign savings and as such complements national savings by increasing the total pool of resources available for investment (Pant, 2019). As stated earlier, remittances assist in augmenting national income by providing foreign exchange and raising national savings and investment. Further by providing hard currency to finance essential imports hence curtailing any BOP crisis. Since remittance bears no interest, it doesn't have to be repaid, and their utilization is not tied to specific investment projects with high import content, they have a more positive effect on BOP than other monetary flows such as direct investments or loans (Pant, 2019). For instance, Adams (1997) has demonstrated that in Pakistan while external remittances have a positive and significant impact on the accumulation of land, internal remittances have a significant and positive effect on the accumulation of agricultural capital. DeWind and Holdaway (2005) have also made a comprehensive analysis on the importance of internal remittances. Similar is the case in Nepal as well. Likewise, in Nepal there is not much literature which focuses on the importance of formalization of remittance channels in Nepal. Hence, the Ministry of Finance (MoF) recognizes the need to incentivize migrant workers to send remittance via. formal channels. As a consequence, it is imperative to understand why migrant workers choose informal channels instead of formal channels and understand what types of incentives drive people to send money through formal channels.

2. Literature review

For the purpose of this research a literature review was conducted which has been focused on empirical study findings, policies and acts, larger research conducted by Nepal Rastra Bank (NRB), the data and knowledge procured by the World Bank, European Union, United Nations, IMF, Ministry of Labour, Employment and Social Security (MoLESS), International Labour Organization, International Organization for Migration and other various research studies which attributes to this research.

2.1. Lack of Informal Channels Definition in Remittance

While conducting literature review there were various definitions of remittance, the International Organization of Migration (IOM) defines remittances as personal monetary transfers that migrant workers make to their relatives back in their country of origin. Likewise, the International Labor Organization (ILO) defines remittances as migrant workers' earnings sent back from the country of employment to the country of origin. Whereas another literature referred to it as the money and goods that are transmitted to households by migrant workers working outside of their origin communities, either in urban areas or abroad (H & JR, 2011). All the definitions provide the essence of remittance, that is the transfer of goods or earnings sent back to their country of origin but these definitions only attributes to the remittance sent via formal channels and not the amount of goods transferred using informal channels.

The Nepal Rastra Bank Remittance Bylaw, 2010 defines remittance, remitter, remittance transaction, principle, agent, and subagent, and elucidates information on license, functional requirements and responsibilities of organizations that collect inward remittance. No definition was found inclusive of informal channels but according the to Migration Report procured by MoLESS in 2022 stated that informal means of remitting money include personal networks, agents and hawala/hundi, and remittances in the form of consumer items either brought by the workers themselves or or sent with someone, among others (MoLESS, 2022).

During the literature review a lot of ambiguity around informal channels definition as well as methods were found. Since the remittance definitions only consisted of the use of formal channels, labour migrants who carry the money with them during their visit back home or sending goods (such as phones or laptops) do not fall into the category of formal remittance. This might contribute towards the formalization of the remittance channels.

2.2. Remittance in Nepal and It's Governing Bodies/Acts/Bylaws

The Nepal Rastra Bank (NRB), the central bank of Nepal regulates all financial and monetary, including finances related to foreign employment. The NRB manages and regulates remittance related business and outflow/ inflow while keeping records and conducting research on various aspects of remittance such as the socio-economic impact of remittance on different groups of people (NRB, 2022). One of the role and responsibility of NRB is also to encourage migrant workers to remit funds through formal channels and also cooperating with other government agencies to address any transgressions such as the transfers throughs hundi, which is considered money laundering under the Money Laundering Prevention Act, 2008 (Government of Nepal, 2008). Likewise, NRB has published guidelines for Suspicious Transaction Reporting (STR) to assist in the identification of illegal activities pertaining to financial transactions (NRB, 2020). Such suspicious transactions are then reported to law enforcement agencies.

The Public Debt Department of the NRB oversees the Foreign Employment Savings Bond scheme (NRB, 2012). Apart from the stated roles and responsibilities of NRB, it further also extends to looking after the foreign investments from migrant workers, where they analyze the relationship between remittances and economic factors for instance poverty and purchasing power, formulate financial laws and policies on the basis of the findings. In regard to the data collection of flow of remittance it is sourced from banks and formal financial institutions/businesses working on remittance transactions, the data is then amalgamated by NRB. The NRB reports the informal remittance amount, it is based on the estimation which takes into account the different variables at play and vice versa remittances, especially from India. The governance of remittance in Nepal begins by identifying various players and channels involved in the process of sending and receiving the remitted amount.

The formality or informality of the remittance transfer is defined by the legal structure of a country (IMF, 2009). Nepal's Foreign Exchange Act, 1962 mandates any individual, firm, company, or organization seeking to make foreign exchange transactions, including remittance transfer, to obtain a license from NRB. The Bank and Financial Institutions Act, 2017 allows Class 'A' banks to remit or transmit money within and outside Nepal through instruments like bills of exchange, cheques or other financial instruments. Class 'B' banks can carry on transactions of remittance with prior approval of NRB (Government of Nepal, 2017). The Asset (Money) Laundering Prevention Act, 2008 governs Nepal's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime and criminalizes money-laundering which includes informal remittance mechanisms like *hundi* (Government of Nepal, 2008).

In 2019, the government introduced a new policy that required migrant workers to have a bank account or one in the name of their nominee in order to formalize their monetary transactions, including sending money from abroad. Following NRB's Monetary Policy of 2021/2022, an additional interest rate of one percent is paid on remittance deposits (NRB, 2021). This policy is meant to encourage Nepalis to send remittances through formal channels and encourage savings. The federal budget for the fiscal year 2022/23 also mentions the arrangement of a fee/tariff exemption of 50 percent during renewal of labour approvals and passports, and consular services for Nepali migrant workers who remit money through formal channels but is yet to be implemented (MoF, 2022). MoLESS has also formed a task force with the mandate to study and make recommendations to the ministry to enhance the flow of remittance through formal channels.

Bilateral Agreements also have provided a governance mechanism that has assisted in the formalization of remittance. Remittance transfers from Saudi Arabia is one of the outstanding cases, the introduction of formal transfer mechanisms between the two countries has resulted in an increment of remittance inflows by 15 times from 2012 to 2013 (Gurung, 2019). Another important aspect is the channeling of remittances into productive sectors. The Foreign Employment Policy, 2012 mentions mobilizing remittances for human development and in the manufacturing sector and calls for training financial institutions involved in remittance. The Fifteenth Periodic Plan (2019/20-2023/23) recognises the importance of remittances and strategies formulating policy and institutions for domestic capital formation through savings from remittance income channeled through the formal banking system.

The supervision and inspection of the remittance regime is done through the recently formulated Nepal Rastra Bank Remittance Transaction Supervision and Inspection Regulations, 2022 (NRB, 2022). The aim of this framework is to make remittance transactions safe and reliable. This includes collection and analysis of data of remitters, identifying and managing existing risks associated with remittance transfer, and undergirding the quality of the supervision regime of remittance throughout the country.

2.3. Remittance's Impact on Economic/Social Development of Nepal

As stated in the above section, remittance and labour migration has become the backbone of Nepal's economy, as the GDP of the country is highly reliant on remittances sent by the migrant workers. Numerous research papers have stated the positive and negative aspects of remittance in Nepal. Remittance has an impact within the community of Nepal, one of the major outcomes of remittance inflow apart from contributing to GDP is the poverty reduction and creation of economic security for the household/community (Pant, 2019). Further the inflow of remittances within households has yielded quality education, access to better health care systems, quality nutrition and housing facilities (Pant, 2019).

According to Byanjankar and Sakha (2021), the research concluded stating that remittance receiving households are 2.3 percent less likely to get caught in poverty as compared to remittance non-receiving households. The probability of households plunging into poverty decreases by about 1.1 percent with every 10 percent increase in remittance inflow (Byanjankar & Sakha, 2021, 14). The study further concluded that about 2 percent of total remittance inflow in Nepal contributes to capital formation (Byanjankar & Sakha, 2021, 15). Another research study has shown that remittance receiving households have been encouraged to enroll their children in primary level education. The study showed that the remittance is not being effective in significantly reducing malnourishment due to the investment of the larger proportion of remittance in children's education and socio-economic background to those who migrated (Adhikari, 2021, 48).

Likewise, various research has stated and concluded that remittance has a positive impact on the developing countries economy just like Nepal's as they support the country's economy through various channels such as savings, investment, growth, consumption, and income distribution. For instance, at community level remittance has created impacts in the domestic economy by producing employment opportunities and spurring new economic and social development. Especially where effective structures and institutions have been set up to pool and direct remittances (Pant, 2019, 2). Due to the positive impact of the remittance in flow through labour migration, Nepal has been promoting overseas employment and mobilizing remittances so as to maximize the benefits from these transfers. In response to it, on March 29th 2022, NRB started to grant licenses to private sector organizations who were interested in remittance-transfer business (Pant, 2019, 12). There are currently 42 licensed remittance service providers (RSPs) operating in Nepal (NRB, n.d.-a). In terms of banks, Class A commercial banks, a few of the development banks (Class B banks) and other financial institutions are allowed to remit money within and outside Nepal (Government of Nepal, 2017, 49).

Data on remittance inflow disaggregated by country for the first four months of the fiscal year 2019/20 indicates that remittances received from the GCC countries accounted for 50 percent of all transfers. Qatar was the source of the highest share of remittances received in Nepal (17.7 percent) followed by India (14.2 percent) and Malaysia (9.7 percent). Remittance inflow from the USA (8.3 percent) is the highest for any western nation although it must be noted that this could be the result of remittances sent from other countries being rerouted via US-based remittance agencies (MoLESS, 2020). The inflow of remittances in Nepal is through both formal and informal channels. The formal channels of remittance consist of banks and financial institutions, domestic and international RSPs. According to the Ministry of Labour, Employment and Social Security (MoLESS) study, RSPs received 60 percent of the remittances while banks and other financial institutions account for the rest (Dahal, 2019).

Even though there is no systematic data on remittance inflow through informal means, it is believed that informal channels account for a considerable proportion of the total remittance received in Nepal (Dahal, 2019). For example, of the total Rs. 128.5 billion (ca. USD 1 billion) remitted to Nepal from India in 2018/19, an estimated Rs. 38 billion (ca. USD 295 million) (29.6 percent) was transferred through informal means. This is estimated by NRB due to the porous nature of India’s and Nepal’s border informal channels are frequently used for which an official database does not exist (Dahal, 2019). Despite all the rules and regulations in place for usage of formal channels, the share of remittances incoming through the official channel has been going up. For instance, in 2000/01, out of total remittance income of Rs. 47.2 billion, just about 20 percent flowed into the country through the official channel and 80 percent is estimated to have come through the unofficial channel. In 2004/05, on the other hand, out of total remittance income of Rs. 65.4 billion, 67 percent entered through the official channel and 33 percent is estimated to have flowed in through the unofficial channel (Pant, 2019).

There is a need to formalize the informal channels of remittance or derive policies which supports the usage of the formal channels by the labour migrants as without the accurate data on informal remittances, the remittance market’s full size cannot be established. For example, informal remittance flows into developing countries may range between 35 to 75 percent of official formal remittances (Freund & Spatafora, 2005). The significant size of these flows obscures the actual size of the remittance market as it impacts various economic indicators that feed into broader policymaking and financial product innovations (UNCDF et al., 2023). Hence it is necessary to learn the thought process behind the sender and receiver of remittance channels. It is necessary to formalize the remittance channel for the economic growth of Nepal in the long run, hence this research focuses on understanding why formal or informal channels are opted by the senders (migrant workers). But there is a gap in knowledge of why the labour migrants (in this study the senders) are using the informal channels to remit and not the formal channels. This research will focus on studying the gaps and pain points from the sender's perspective as well as the banks and financial institutions. This will support in informing and devising more rigorous policies which further engage in formalization of the informal channels of remittance in Nepal.

2.4. Identified Challenges to Use Formal Remittance Channels/Agencies

One of the major challenges for remitting through formal channels is due to the remittance cost. Likewise, there is a lack of awareness programs and tools on remittance channels, investments and incentives for the migrant workers. Since remittance sent by labour migrants play a vital role in regulating the economy of the country, the issue of reducing remittance costs has gained a lot of attention globally. The 2010 G8 and the 2011 and 2014 G20[1] summits are committed to reducing the average remittance cost of sent amount to 5 percent (World Bank, 2021). According to the comparative study conducted on the remittance transfer cost from countries of destination for Nepalese workers have concluded that remitting from India to Nepal is the most expensive (5.29 percent) for USD 200 and 3.01 percent for USD 500 (World Bank n.d.-b). Remitting from Malaysia to Nepal is the cheapest at 2.77 percent for USD 200 (ibid). Also, a closer look at the remittance transfer costs from various countries over the years have considerably decreased from 2017 for all countries but there was a slight increase for four countries - Malaysia, Qatar, and the UAE and the USA- between 2019 and 2020. But costs went down the next year for all countries with the exception of India (MoLESS, 2022).

Informal means of remitting money include personal networks, agents and *hawala/hundi*, and remittances in the form of consumer items either brought by the workers themselves or sent with someone, among others. These means of transfer fall outside the purview of the regulatory framework and operate outside of or parallel to formal channels. Several reasons contribute to the popularity of the informal means of remittance transfer. For instance, *hundi* is faster and cheaper than formal channels and also provides secrecy and anonymity to the parties involved since it does not involve documentation of any kind (Buencamino & Gorbunov, 2002). Migrants using irregular channels are often more likely to remit through informal channels. Low financial and digital literacy among migrant workers and their families along with a lack of migrant-centric products and services have been identified as major barriers to the formalization of remittance inflows (UNCDF, 2021).

With the positive impact in Nepal, remittances also have a negative impact on the country's human resource asset. Due to the glorified impact of remittances on Nepal's economy the darker side of labour migration is not brought under the limelight. The hard reality of the existence of remittances is the fact that the origin country is not able to provide sufficient employment and income for their citizens. Hence, there is higher risk depending on the inflow of remittances moving forward. Apart from it, the other challenges at the present being faced by Nepal is the informal channel usage for the purpose of remittances. One of the research has stated that there are various factors attributing to the usage of informal channels is a) due to monetary policies, such as foreign exchange restrictions or the channeling of all foreign exchange dealings through the central bank or state bank and b) financial sector regulations that impact the availability of outreach of financial services (Pant, 2019).

[1] G20 refers to an inter-governmental forum comprising 19 nations and the EU which work to address issues related to the global economy.

3. Research Questions and Objectives

3.1. Primary and Secondary Objectives

The primary objective of this research is:
"To study different remittance channels currently being used by the migrant workers from different destinations to send the money back to Nepal."

The secondary objectives of the study are:

1. To study the challenges and gaps of migrant channels to send remittance through formal channels.
2. To study the various kinds of informal channels of remittance opted by senders.
3. To study the dependence of remittance money at the receiver end.

3.2. Research Questions

The primary research question for the study is "***What are the various informal channels opted to send remittance by migrant workers?"***

The secondary questions which will guide to collect data for the primary question are:

1. What are the various channels opted by migrant workers?
2. Why are they using the various channels to send money to their family?
3. How often do they use formal or informal channels?
4. What are the challenges faced by migrant workers to access formal channels to send money?

The questions have been derived to support the primary objective of the research which is ***"To study different remittance channels currently being used by the migrant workers from different destinations to send the money back to Nepal."*** Through this study we aim to learn of various informal channels opted by the migrant workers to send money to their country/family. By understanding and studying the various channels (formal or informal channels) we will be able to understand the pain points which the Ministry of Finance can focus on deriving an effective policy for the formalization of remittance channels.

4. Methodology (method/area/plan)

For this qualitative research we will be using various different tools and approaches, each of which will contribute to the primary objective and primary research question.

4.1. Approach

For this research we will be using intersectionality as an approach and also, we will be using a participatory approach.

a) ***Intersectional Approach:*** The Intersectional Approach is a research methodology that examines how various social identities (such as race, gender, class, sexuality, and ability) intersect and interact with one another to produce unique oppression and privilege experiences. The Intersectional Approach would necessitate taking into account how their social identities interact to create unique experiences and also if it attributes to opting for formal or informal remittance channels. This approach specifically is used during sampling target audiences. What this means is that, during the sampling selection process for this research we aimed to approach different gender, ethnicities, caste, sexuality, and ability. Using an intersectional approach, we argue that heterogeneity markers such as gender, race, class, and levels of transnational engagement determine the choice between different types of arrangements and incase of this study on the selection of the remittance channels (Lafleur & Romero, 2018)

b) ***Participatory Approach:*** The Participatory Approach is a research methodology that emphasizes research participants' active involvement in the research process. The Participatory Approach would necessitate involving members of these communities in the research process, as co-researchers or participants, for a study on usage of formal or informal channels for the purpose of remittance in Nepal. This method acknowledges that research participants are experts on their own experiences and can provide useful insights into the research topic. The Participatory Approach entails engaging research participants in a collaborative and respectful manner, as well as ensuring that their voices and perspectives are heard and valued throughout the research process.

4.1. Primary Methodology

a) ***Desk Review:*** For this research a desk review was conducted. Desk review of existing literature on empirical study findings, policies and acts, larger research conducted by Nepal Rastra Bank (NRB), the data and knowledge procured by the World Bank, European Union, United Nations, IMF, Ministry of Labour, Employment and Social Security (MoLESS), International Labour Organization (ILO), International Organization of Migration (IOM) and other various research studies which attributes to this research has been conducted.

b) ***Development of Analytical Framework:*** After the consolidation of literature, on the basis of the desk review an analytical framework has been developed (Figure 1). The main objective of the analytical framework was to provide direction to the research study. It supported in planning field research and analysis of the research. Further it has supported identifying target audience, target locations and in developing questionnaires for the key informant interviews (KII).

c) ***Key Informant Interview (KII) :*** Key informant interviews are qualitative in-depth interviews with people who know what is going on in the community. The purpose of key informant interviews was to collect information from a wide range of people. Keeping in mind the objective and the research question of the research 14 KIIs have been conducted in regard to this research. The KII was conducted with bank and financial institutions (BFIs) to name a few representatives from Siddhartha Bank and Nabil Bank. Likewise, representatives from the Ministry of Finance (MoF), remittance senders (labour migrants) from the top 10 Nepali workers-based destination. These informants, with their particular knowledge and understanding, have provided insights into the nature of problems and give recommendations for solutions. In terms of collecting data, in person interviews were conducted with informants within Kathmandu, Lalitpur and Bhaktapur districts whereas virtual interviews were conducted using a zoom platform for the informants residing in the target locations.

4.2. Secondary Methodology (Sampling and Tools)

a) ***Sampling:*** Based on the research objective and questions 15 informants have been selected for this research. Since the main aim of the study is to "***study different remittance channels currently being used by the migrant workers from different destinations to send the money back to Nepal."*** The informants were likewise selected. The KIIs was conducted with Class A banks (Siddhartha Bank and Nabil Bank), RSPs (Western Union and MoneyGram), 8 senders from the top 10 countries where Nepali labour migrants are residing in respectively and 2 receivers. The criteria of selection is stated below in table 2.

Selection Criteria		
KII Informants	**Criteria for Selection**	**Total number of Informants**
BFIs	Class A and Class B banks in accordance to Nepal Rastra Bank archives	3
RSPs	Need to have the license and be registered in accordance to Nepal Rastra Banks Bylaws	2
Labour Migrants	Need to be residing in Dubai, Qatar and Malaysia Need to have labour permit from Department of Foreign Employment	8
Receivers	Anyone who is receiving remitted amounts from formal or informal channels	2
Total number of KII		**15**

b) ***Snowballing :*** Snowball sampling is a non-probability sampling method where new units are recruited by other units to form part of the sample. Snowball sampling can be a useful way to conduct research about people with specific traits who might otherwise be difficult to identify (e.g., people with a rare disease). For the purpose of this research, during sampling and reaching out the labour migrants and receivers has been used. In case of reaching out banks, personal contacts have been used to start with and from then onwards snowball sampling has been used for BFIs as well.

4.3. Analysis and Report Development

a) ***Thematic Analysis :*** Thematic analysis is a method for analyzing qualitative data that involves reading through a set of data and looking for patterns in the meaning of the data to find themes. It is an active process of reflexivity in which the researcher's subjective experience is at the center of making sense of the data. The data collected via KII has been transcribed and further analyzed using the thematic analysis methods for the purpose of this research. Thematic analysis data has been presented in the below sections of findings and analysis in detail.

b) ***Report development :*** The research findings report has entailed all of the research approaches and methodology applied, analytical framework, literature review and the findings from the research conducted.

4.4. Target Audience and Location

a) ***Target Location*** **:** The target locations selected for this study comprises 3 districts which are Kathmandu, Lalitpur and Bhaktapur. The districts have been identified due to the limitation of time and also as these 3 districts are reachable through internal commute. These districts are applicable for BFIs and RSPs. Incase of senders, labour migrants from Qatar, Dubai and Malaysia have been selected. This has been selected on the basis of the top 10 countries that the Department of Foreign Employment have provided labour permits (refer table 1).

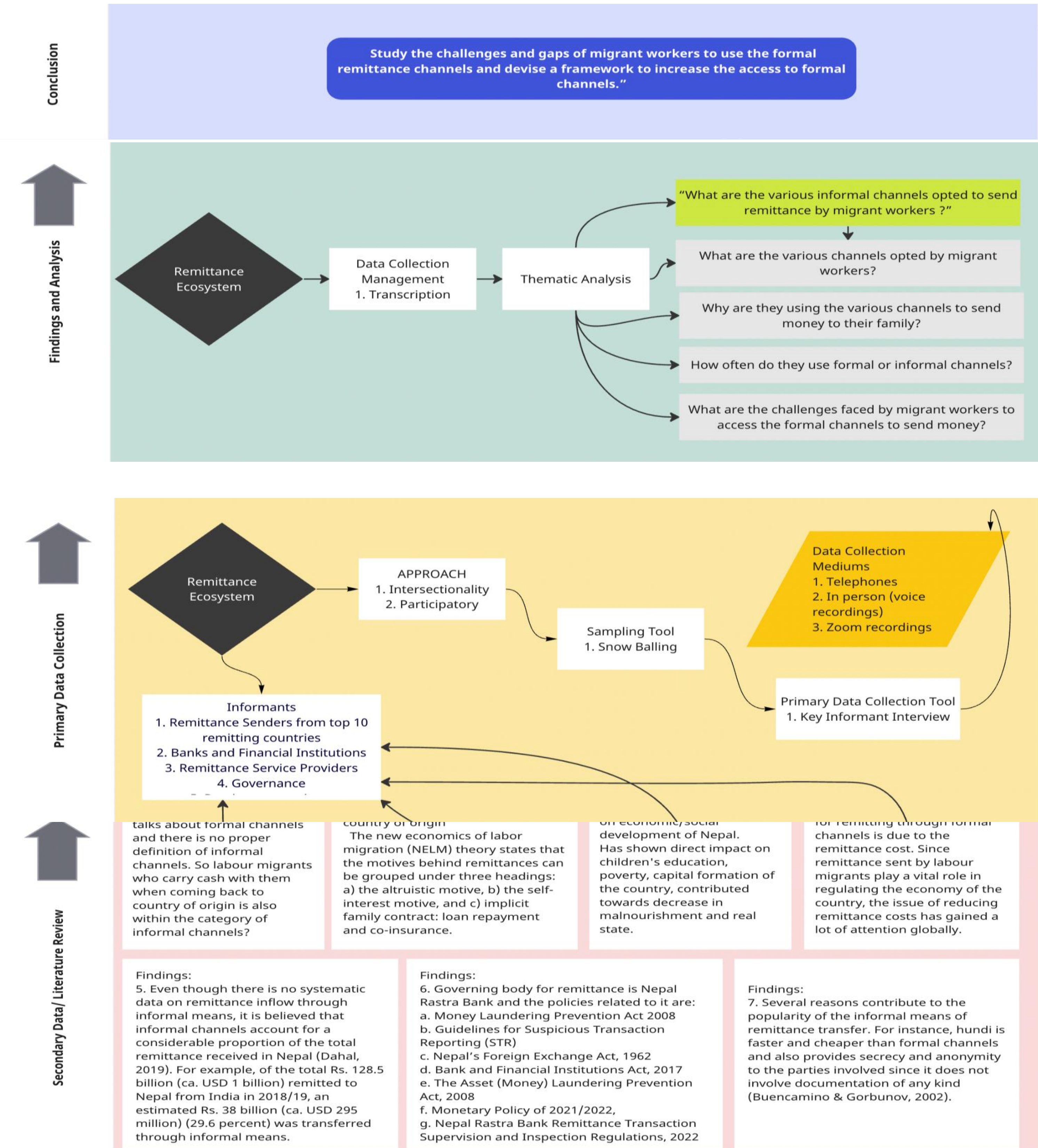
b) ***Target audience :*** The target audience for this project are a) BFIs, b) RSPs, c) labour migrants who remit and d) receivers of the remitted amount.

4.5. Limitations of the Research and Challenges

One of the major limitations of the research is time limitation, since within such a short period of time this research needed to be conducted. Hence due to the time constraint, lesser informants have been interviewed. Likewise, initially the concept report consisted of 15 informants with remittance receivers being one of the informants but due to time constraint as well as since the receivers were not being able to access their voices are lacking in this report. In future, if this research gets more grants to move ahead, they will be made part of it.

Another limitation was conducting research with the labour migrants residing abroad, since they could not allocate time, this has hampered the timeframe of the research. In the future it is to make notes while conducting interviews internationally to allocate more time and to match the time with their present residing country. Since the informants were residing abroad communications was a challenge as well as the collection of the data was delayed due to their time availability and technical issues were faced.

5. Analytical Framework



The secondary data has been conducted using desk review which focused on understanding the labour migration trend in Nepal, remittance in flow through formal or informal channels and furthermore learning who are the main actors in the ecosystem of remittance. On the basis of the findings the analytical framework has been conceptualized which is presented above. The desk review has clearly stated that remittance plays a great role in the social and economic development of the country. The findings state that the probability of households plunging into poverty decreases by about 1.1 percent with every 10 percent increase in remittance inflow (Byanjankar & Sakha, 2021, 14). The study further concluded that about 2 percent of total remittance inflow in Nepal contributes to capital formation (Byanjankar & Sakha, 2021, 15). Another research study has shown that remittance receiving households have been encouraged to enroll their children in primary level education. The study showed that the remittance is not being effective in significantly reducing malnourishment due to the investment of the larger proportion of remittance in children's education and socio-economic background to those who migrated (Adhikari, 2021, 48).

Further the desk review findings have stated that the inflow of remittance is directly proportional to the outflow of labour migrants. Likewise, the inflow of remittance accounts for one fourth of the total country's GDP. Hence, literature has supported building the research objective and the research questions. Before jumping into the objective or the research question of this study, one of the things derived from the literature was that there is an ecosystem for remittance where various actors play various roles in formalizing the remittance channels. For instance, the major role in the remittance ecosystem is played by the labour migrants, as the formalization of the remittance channels depends upon their choice or decisions on selecting which remittance channel would they want to opt for to send their remittances back to their countries. Likewise, the second actor within the remittance ecosystem are the BFIs and RSPs as through their strategies and efforts Nepal has been able to formalize the remittance. Last but not least is the governance, the governing bodies and policies which supports the development of the remittance ecosystem.

After the identification of the remittance ecosystems actors the research questions and the objective of the study was derived which is ***"Study the challenges and gaps of migrant workers to use the formal remittance channels and devise a framework to increase the access to formal channels."*** The primary research question for this study is "***What are the various informal channels opted to send remittance by migrant workers ?"*** Once it was derived then the research approach, tools, sampling tools, research methodology amongst others have been put in place which supports the objective of the study. For this particular study intersectionality and participatory approach has been applied, both of the approaches have supported bringing forward diverse voices which have contributed to the findings, analysis and recommendations of the report.

The remittance ecosystem has been given utmost importance while sampling the target audience for the research. With the help of the analytical framework, for the purpose of the study KII questionnaire has been developed for i) remittance sender ii) receivers iii) BFIs and iv) RSPs. The questionnaire has been derived keeping in mind the research objectives and the research question. Likewise, the analytical framework has directed the development of the final report, the flow of the framework has been followed throughout the research which has supported in procuring in depth data/information. The procured data and information have supported putting forward effective recommendations at the ground level and policy level.

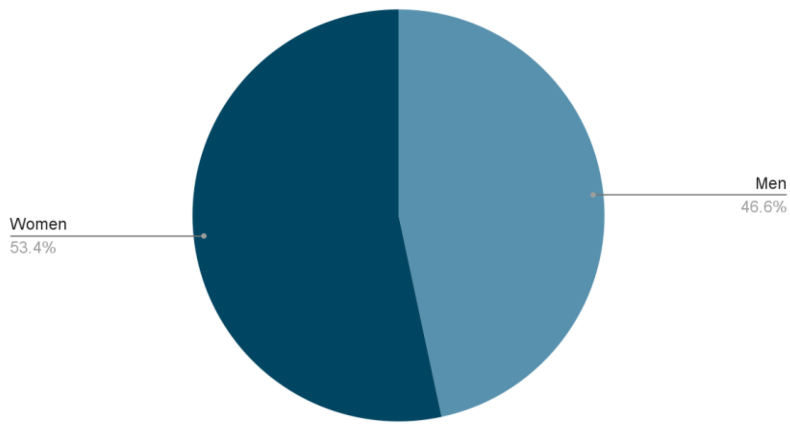
6. Findings and Analysis

The findings have been derived using two sets of data which are secondary data and primary data. The secondary data comprises the literature review which has also been reflected in the above section. Whereas, the primary data is collected from 15 informants who have been mapped out using the analytical framework. Hence in the below section both the data sets have been used to procure the findings of this research.

6.1. Demographic representation of the informants

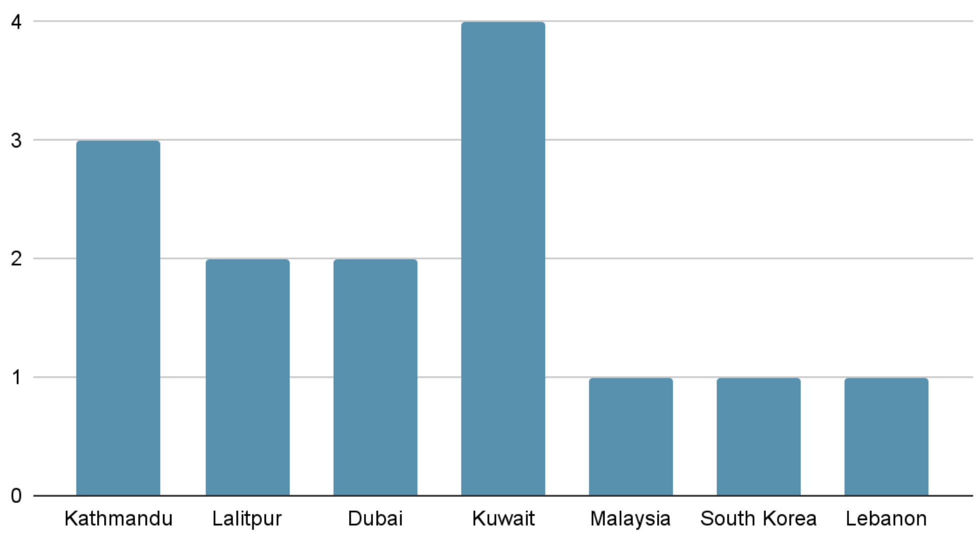
As stated earlier for this research 15 informants have been interviewed. The gender ratio of the informants is stated below:

Figure 2: Gender Ratio of the Informants



Since we applied an intersectionality approach, the approach was applied in maintaining the gender ratio of the informants where men comprised 46.6 percent and women 53.4 percent. Likewise during the interview, LGBTIQ+ community members were not interviewed. Since all of the informants were selected using snowball sampling and stratified sampling during the selection process LGBTIQ+ community members were not able to access but nevertheless the male to women ratio was maintained throughout the research.

Figure 3: KII Informants Number by Destination



The highest number interviewed by destination for the purpose of this research was labour migrants from Kuwait, whereas an intersectionality approach was applied while selecting KII informants for remittance senders. Labour migrants from Kuwait, Dubai, Malaysia, South Korea, and Lebanon were interviewed for the purpose of this research. Likewise, while selecting informants their "jobs/positions' ' were also taken into consideration as to help gain perspective on the impact of their jobs on selecting their remittance medium. The deeper findings and analysis is presented in the thematic headings below.

6.2. Types of remittance channels opted by remittance senders.

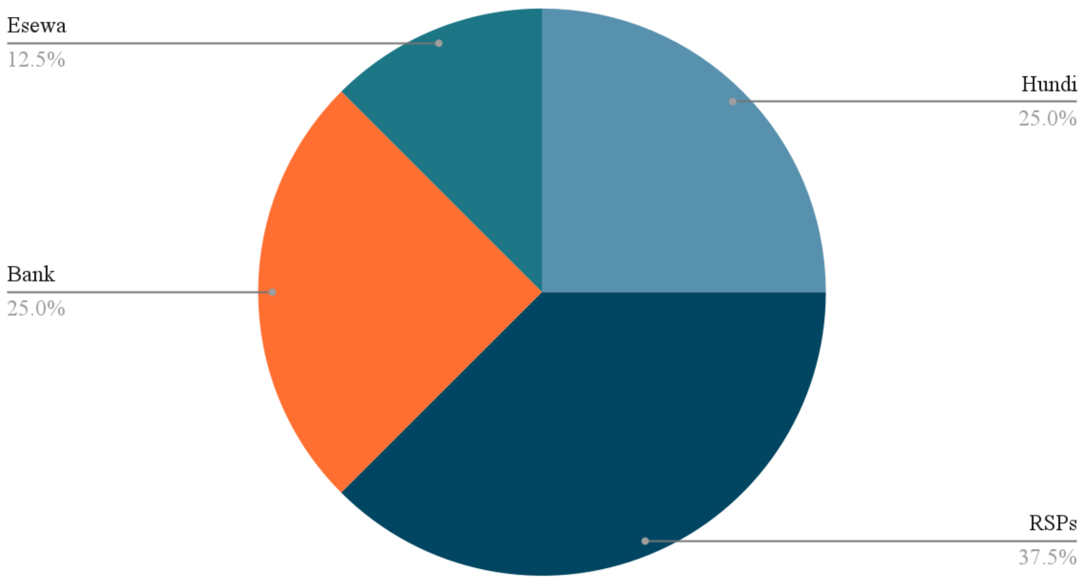


Figure 4:Type of remittance channels opted by remittance sender.

According to the key informant interviews conducted (figure 5), out of 8 informants 3 informants used RSPs (37.5%), 2 informants used *hundi* (25.0%), 2 informants use banks (25.0%) and 1 informant uses ESEWA (12.5%) to remit money. Likewise, when the informants were asked if they have traveled back to their country of origin (Nepal) and during that time how did they remit, all the informants responded stating that they all have traveled back home and during that time they have carried the amount of money with them.

6.3. Remittance cost and exchange rate attributed to selection of remittance channels.

During the interview one of the questions which the interview focused on was on the cost and charges while remitting through various channels. Since the highest number of informants were from Kuwait, one of the findings was that in Kuwait the remittance has increased before they used to be charged 1 Kuwaiti Dinar (NPR.432.35) now the charges have increased to 1.250 Kuwaiti Dinar (NPR. 540.44). Hence the charges to remit have increased in Kuwait. Likewise, the informants mentioned that if they took out money from a

bank which is different from their banks around they were charged 100 to 200 Fil (NPR. 50 to 90). So the total charges amounted to around NPR. 583 to 630.
Majority of the informants did not know the charges, especially informants who were in senior positions in their companies. The charges did not matter to them much as they mentioned that small charges did not matter to them. In Dubai, the informant mentioned that every time they used the money transfer service they were charged 10 to 25 Dirham (NPR 361 to NPR 903). Likewise, informants using digital platforms such as ESEWA charge flat NPR.15 to transfer money from Kuwait to Nepal.

For the informants who opted for informal channels, they stated that various factors contributed to their decision to send money through informal channels. One of the main factors was that to send money through a bank required a lot of documents and process, the second factor was that the bank transfer took 20 to 25 days to transfer the remitted amount to the country of origin. Also the charges and exchange rate provided by the *hundi and hawala* business providers were more than the RSPs or banks exchange rates.

> *"I sent money from South Korea; it took almost 20 to 25 days to transfer the amount. In 2000's there were no RRSPs in South Korea so there were only two options to remit money back home which were banks and hundi. So before I opted for hundi, I transferred money using the bank. It took almost 2 to 3 weeks to transfer the money. Secondly, when I transferred around 16 lakhs south Korean won back home, then NPR. 100000 was deposited in my Nepali account. But when I transferred using hundi, the process was very simple. Within a day or two the amount was deposited in the bank account and when I transferred 13 to 14 lakh south Korean won NPR.100000 was deposited in the Nepali bank. Since I received better exchange rates and fast transfer services, I used the hundi channel."*
>
> - *RS_7_South Korea*

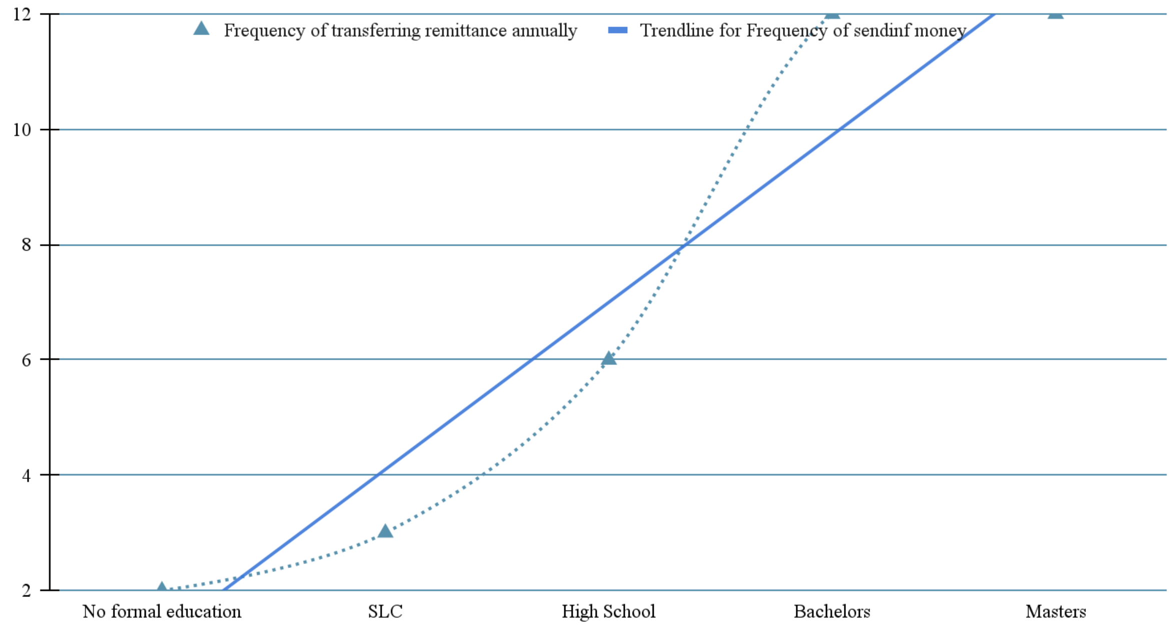
As in the above case we can see that the exchange rate and the convenience of services attributed to the labour migrants' preference to use the informal channels. Also, it is necessary to make note that some of the labour migrants had been working abroad for more than 15 years at that time RSPs and banks did not provide remittance services. So even after all these years, they still use the informal channels for the same reason and because they do not have access to information regarding formalization of the remittance channels.

6.4. Remittance senders (labour migrants) hold the decision making power.

One of the first findings from the interviews was that the remittance sender (labour migrants) had the upper hand in making decisions on which mode or medium to opt for remitting the amount back home. As the research dwelled on the methods and mediums used for remittance, it was important to understand who had the authority or power to decide which remittance channel/medium to use to send money back home. So, when we asked the remittance senders, all of the respondents stated that they selected the remittance method or channel. Also when we asked the remittance receivers, they mentioned that they did not have much influence in the selection of methods. They mentioned that, in whichever banks or RSPs they sent it to, they would go there to collect the remitted amount.

6.5. Labour Migrants social and economic and education status influenced the selection of remittance channels.

Figure 4: Interrelation between education, frequency of transferring remittance annually and amount remitted



As you can see from the above in figure 4, the line graph clearly shows that the education level of the informants has a direct impact on the frequency of transferring remittance amount and as well as the amount of remittance. According to the data collected, the informant who had acquired a master's degree sent Rupees one lakh back home every month, while the informant who acquired no formal education sent remitted 2 to 3 times a year.

Further analyzing the data we could see that the socio-economic status of the informant is correlated with the earning of the labour migrant. One of the recent studies conducted by UNESCO has shown that the expansion of higher education is powered by economic growth, by the ambitions of families to advance or maintain social position and of students for self-realization. In contemporary societies, those desires, particularly the hopes of parents for children, have become primarily focused on formal education, which is seen as the privileged pathway to professional work. Along with a growing pool of eligible students, they have a growing middle class with higher occupational aspirations and a regulatory environment that is becoming more stable. They provide funding for educational infrastructure and for salaries and development of teachers, staff, and administrators (UNESCO, 2020).

Hence, we can say that the economic status of the labour migrants have contributed to acquiring higher positions in companies, due to which they are able to remit more amount and also can remit every month due to their position and higher salary bracket. In case of the target audience, this statement stands true as informants who have acquired masters and bachelor degrees were able to get higher positions in corporate companies, their salary in comparison to those who have acquired high school diplomas and below is higher. Likewise, they remit every month double the amount in comparison to informants who have attained high school diplomas and below.

6.6. Accessibility and priority of labour migrants one of the major factors in selection of remittance channels

One of the other findings from the collected information was that the situation/position at work determined the use of formal or informal remittance channels. Each of the informants stated that since their first priority is provided to their jobs, they selected channels/mediums to transfer money back home in terms of accessibility to the channels from their work. Labour migrants who worked in higher positions prioritized their work, so they preferred RSPs or banks which were very accessible to them. They opted for channels which did not demand time from them. Likewise, some of the informants stated that they preferred RSPs which were located closer to their banks' atm, as they did not charge extra while cashing out money from their salary accounts.

Likewise, one of the informants stated that due to lack of access to the market they did not have access to better options for remitting.

> *"Our employer takes us to the market only once a month, that is the only time I have access to the market or the outer world. There is only one remitting office, so every time my employer takes me to the market I remit from the same place. It has become convenient for me as I have built rapport with the remitting office but at the same time, I would like to learn of other channels to send money."*
>
> - *RS_4_Lebanon*

The situation and circumstances created by the work/employer have led to lack of access to the market, which has led to lack of access to information and remittance channels. Some of the informants who especially were working and residing within the property of the employers had less access to information and remittance channels, as the situations kept them bound within the employer's property. Such instances have contributed to the use of remittance channels.

6.7. Lack of awareness on usage of remittance channels and framework

One of the questions to the remittance senders was that if they received any kind of training or awareness program in terms of remittance, all the informants mentioned that they received orientation where they were asked to do their biometrics only. They were not provided with any kind of awareness or training around remittance.

> *"We were given orientation class but when we went there, we were only asked to do our fingerprints. After giving them our fingerprints, we did not get anything else. We were just told what we should do, how we should work and whom to contact if there were any issues but apart from it no information was provided on remittance."*
>
> - *RS_2_Kuwati*

Likewise, when asked about how they learned to remit or transfer money back to their country of origin they mentioned their colleagues and employers informed them about remittance. Here, lack of awareness on remittance and training on how to create bank accounts amongst others is found.

6.8. Role of private banks and RSPs in formalization of remittance channel

One of the other findings from the informants as well as literature was that when deep diving into understanding how the formalization of the remittance channels is taking place, the private sectors such as the private banks and the RSPs have played a major role. They have established offices and also have one of the company representatives placed in the selected countries, their main role is to inform the labour migrants to open remittance accounts and support them with how to remit using the formal channels. When the BFIs and RSPs were questioned if the governing body (Nepal Rastra Bank) has supported them, or have they put forward any guidelines for them in terms of creating awareness packages etc. they mentioned that there is no such information provided by the governing body on remittance. All the efforts so far put forward to formalize the remittance channel has been solely shouldered by the private banks and remittance businesses.

> *"At the moment, we have one company representative in South Korea, Japan, and Malaysia respectively. They reach out to labour migrants through our partner banks or remittance business holders there. They have been trying to raise awareness on remittance accounts and foreign employment savings bonds. Likewise, they also have been supporting the labour migrants to create an account and have been informing them to use banks and RSPs to remit."*
>
> - *BFI_1_Kathmandu*

Also, along with this another finding was that since the private sector is shouldering the access to formal remittance channels to the labour migrants, there is a huge gap from the government side. The government has devised policies and recently NRB has stated that the government will provide 1 to 1.5% interest rate for remittance bank account holders, but this information has not reached the labour migrants. Hence, it is important to note the lack of effort from the government in implementing the policies whereas it is necessary to acknowledge the efforts put forward by the private sectors. Also, from the information gathered, it has been duly noted that the focus of the government on sending labour migrants abroad but not on remittance channels.

6.8. Definition of informal channels dominated by the notion of *hundi/hawala*

One of the findings from the secondary and primary data was that when we discussed it on informal channels the majority of the informants mentioned that it is *hundi/hawala*. Likewise, the wider definition of remittance only comprised formal remittance channels. During the interview a lot of the informants did mention that they carry the amount with them when visiting home or they send it with their friends, but the wider question now which has arisen is that is an informal channel or not? Since there is no definition of informal channel and the understanding of what informal remittance is is dominated by the Money Laundering Prevention Act 2008, where they have mentioned that hundi/hawala are illegal acts.

Likewise, one of the informants mentioned that *"sending money from the bank is hundi, so I used hundi services as well,"* this statement does show that there is a lack of awareness on formal and informal remittance channels.

6.9. What will the labour migrants get by sending and using formal remittance channels?

When the informants were questioned about what the challenges are in regards to remittance all of the informants mentioned that they have not faced any challenges. But when prying into this question deeper the informants mentioned that the exchange rates and the charges are very high.

> *"The country's economic development and growth is dependent on the money we send back home, but at the same time there is no support from the government. Firstly, labour migrants are looked down upon in Nepal. It does not matter what level of jobs we get or how much we earn, society looks down upon us. The government should support in uplifting the dignity of the labour migrants since we are the ones making the country's economic growth."*
>
> - *RS_1_Dubai*

> *"What are we getting from the country despite the fact we are building the country's economy? What provisions are provided to us? I think the government should devise policies and laws which provide us subsidized loans, if the interest is 13% they should be able to provide us with 10%? That will help us to pay the loan back quicker as well as we will also feel like the country recognizes our efforts and sacrifices we have done for the country."*
>
> - *RS_6_Malaysia*

The above statements provided by the informants show cases that despite being the drivers of economic growth of Nepal they are not accepted by the society and also that there is lack of support from the government.

6.10. Policy of the labour migrants residing country acting as a hindrance to set up formal channels.

Looking at the policy level, the BFIs stated that the formalization of the remittance channels is also hindered by the existing policy of the labour migrants residing in the country. They are not able to establish offices or business directly, they have to partner with banks or businesses in the other country. This has been attributed to limitations of what the BFIs and RSPs could do and achieve in terms of formalization of the remittance channels.

7. Recommendations

a. Nepal needs to devise policies that support sending more remittances through official rather than unofficial mechanisms, increase the levels of remittances by encouraging migrants to hold their savings in financial assets in the country rather than holding them abroad (or spending their savings on consumer goods).

b. A favorable interest rate policy needs to be put in place, a market-determined and realistic exchange rate and limited restrictions on withdrawals are also important. Consistent interest rates should be accompanied by policies to curb inflationary pressure.

c. Also, policymakers should keep in mind that migrants and their families are from diverse social and economic backgrounds hence, policies around remittance should be devised through an intersectional lens.

d. The government and/or the NRB need to facilitate the market and avoid adding tax, over-regulate or otherwise take actions that retard the remittances flow. Along with it improve systems for collecting and reporting remittance market data and help to devise international standards for computing such data, facilitate the mainstreaming of remittances into financial institutions by improving regulatory and financial sector frameworks and arouse awareness of the benefits of savings and other financial products.

e. The Government of Nepal, should plan long efforts to promote formalization of the remittance channels. A few of the immediate approaches can be to create a video advocacy tool which can be played in TIA, in the MoLESS and DoFE offices. Also, one of the immediate approaches could be to mobilize the documentary through mass media. By playing it on National Televisions and radio stations. Further, giving training on how to make an account, how to use ESEWA (online payment methods), how to transfer, and the benefits of transferring through formal channels and saving in the country and not abroad.

f. For the long term approach the MoF needs to allocate a budget in the fiscal year which focuses on building training programs, engaging multiple stakeholders in advocacy and awareness training of the labour migrants, and human resources for the formalization of the remittance channels. The majority of the senders (labor migrants) did not receive any training on banking and money transferring before they went abroad for labour purposes. Hence, if the labour migrants are informed beforehand on formal and informal channels, making the training and workshops mandatory before receiving their approval/renewal letters then formalization of the remittance channels can take place. This recommendation did come forward since few of the migrant workers have been working for 8 to 9 years as well, when they departed to the country of destination there were no formal channels hence till date they have been using informal channels to remit due to lack of information and awareness.

g. The other thing that needs to be done is for the Nepal Rastra Bank to sit with all the Class A and Class B banks along with the RSPs. During this meeting to discuss what kind of policies or things are to be recommended which will support establishing offices and direct businesses in the migrating countries.

h. Nepal Rastra Bank needs to raise awareness of the 1 to 1.5% interest rate provision to remittance accounts. The labour migrants are not aware of the policies as well as the provisions in place for them.

i. Likewise, the majority of the labour migrants take out loans to go abroad and work. Hence since the economy of Nepal depends on the labour migrants remittance inflow of cash, NRB should be able to provide subsidized loans to the migrant workers. This will support formalization by imposing transferring of remittance through a certain bank account only. Although there is a subsidy loan, the loans should be provided to them at a lower rate than for others. A special subsidy loan for the migrant workers through which they are imposed to use a formal channel to remit would be more effective and efficient in formalization of the remittance channel.
j. Likewise, NRB and MoF need to discuss the formulation of definition of what is formal channel and what is informal channels of remittance.

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9. Annex

KII Questionnaire for BFIs, RSPs, Remittance Senders are provided below:

	KII Questions : BFIs	
	Primary Questions	Probing questions
1	What is the process for someone to send the remitted amount?	2.1. For instance if someone in Dubai wants to send back money to their family members back home, what is the process?
2	How much tax/or charge do the banks charge for them to use your remittance services?	Can you provide a step by step process for remittance and how much amount charges do they pay?
3	What is the trend within your bank regarding remittance?	4.1. Has your bank seen any changes in the flow of remittance? Has it increased or decreased? 4.2. Has the flow of remittance increased in recent years? 4.3. How much has been remitted for this year and last year?
4	What is the process of collecting data related to remittance within your bank?	5.1. We do know that NRB does the center collection of data related to remittance apart from other information collection. How is the information provided to them? 5.2. How is the remittance tracked within your bank? 5.3. What are the different policies that are in place within the bank related to remittance
5	Has your bank conducted any training or awareness of using formal channels?	6.1. Can you explain what the training is about? 6.2. How many training sessions have you conducted? 6.3. Do you think it is effective? 6.4. How can you make this training more effective?
6	What do you think is the challenge for labour migrants to send money through formal remittance channels?	
7	What do you think the government should do to formalize the informal remittance channels?	

	KII Questions : RSPs	
	Primary Questions	Probing questions
1	Have you procured a license from the government to start the business?	
2	What is the process for someone to send the remitted amount?	2.1. For instance if someone in Dubai wants to send back money to their family members back home, what is the process?

3	How much tax/or charge do the RSP charge for them to use your remittance services?	
4	What is the trend within your RSP regarding remittance?	4.1. Has the flow of remittance increased in recent years? 4.2. How much has been remitted for this year and last year? 4.3. From where do you receive the remittance the most? 4.4. From which country have you received the least remittance?
5	What is the process of collecting data related to remittance within your business?	5.1. We do know that NRB does the center collection of data related to remittance apart from other information collection. How is the information provided to them? 5.2. How has the remittance been tracked within your business? 5.3. What are the different policies that are in place within the business related to remittance
6	What are the documents the receiver needs to get to collect the remitted amount?	6.1. Has there been an issue in collecting the remitted amount? 6.2. Can you explain the issues a little in detail?
6	What do you think is the challenge for labour migrants to send money through formal remittance channels?	
7	What do you think the government should do to formalize the informal remittance channels?	

	KII Questions: Remittance Senders	
	Primary Questions	Probing questions
1	How do you send money back home? or send goods and transfer money back home?	1.1. WHy have you chosen this mode? 1.2. What other methods or channels have you used other than banks and RSPs? WHY? 1.3. What are the factors you look for in selecting a particular money sending mechanism? 1.4. Which is the most important one? Is it cost or is it a hassle-free procedure?
2	What is the process for someone to send the remitted amount?	2.1. For instance if someone in Dubai wants to send back money to their family members back home, what is the process? 2.2.How much tax/charges do you pay in every step? 2.3. Are there any challenges ?
3	How much tax/or charge do the banks charge for them to use your remittance services?	Let's identify the cost involved in each step for the sender & receiver.

4	Have you used any other methods or channels to transfer money back home?	4.1. Can you explain a little ? 4.2. Who influences you the most to choose a particular remittance mechanism? Is it your peers, or your family members back home?
5	Did you take the banking and financing class which is dedicated to the labour migrants provided by the government?	5.1. Yes or no? 5.2. Was there any topics covered on how to remit? 5.3. What were the topics covered during that training?
6	What do you think is the challenge for labour migrants to send money through formal remittance channels?	Suggest not to use formal/informal as it might make them cautious. Instead we can ask, what GoN, BFIs, RSPs or any other agencies do to help to send your money back home in a hassle-free manner.
7	What do you think the government should do to formalize the informal remittance channels?	What other problems do you face while sending money back home?