Remittances and the Problem of Control: A Field Experiment Among Migrants from El Salvador

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The paper

- Seeks to understand remittance flows
  - How does control (or lack of it) affect the number of recipients, the amounts remitted, and the uses of remittances?
- Attempts to understand conflict between preferences of household members.
- Contributes to understanding the use of financial services by immigrant population in the U.S.

How does it do it

- Implements experiment that offered U.S.-based migrants from El Salvador the opportunity to open bank accounts in home country:
  - In the name of recipient (Treatment 1)
  - In the name of the recipient or jointly owned with recipient (Treatment 2)
  - In the name of the recipient, or jointly owned with recipient, or in the name of migrant with requirement to also open joint account (Treatment 3)
- Explores two types of outcomes: (1) take-up rates of the new products, and (2) impact on savings and remittances.

Findings

- Desire for control over remittances uses is quantitatively large and has influence on financial decision-making by migrants.
- Migrant demand for savings accounts and savings accumulation is higher when migrants have option of being account owners.
- Migrants seek control over savings.
- Large increase in savings outside of partner bank. Authors interpret this as a result of increases "financial literacy" due to project.
- Very large treatment effects: total savings in combined trans-national household increase by 96-136%!!

General comments

- A pleasure to read and difficult to discuss because it is very interesting and very well done.
- Some results are very intuitive while others are less. I find hard to believe that increased savings outside partner bank are an effect of treatments. Could estimations control for what happened to migrants income during the same time period?
- Migrants that took up Treatment 3 offer, did not use the accounts in their names for savings. Then how are they different from migrants that took up Treatment 2? Isn't this the reason why coefficients between both treatments are frequently statistically equal? (does Treatment 3 really imply greater control?)

General comments

- I prefer specifications that estimate impact over total savings summed across sub-types of accounts at partner bank.
- Would results change if dependent variable was defined as a savings rate (% of monthly income put into savings)? I again worry that by considering levels, income is ignored as a determinant of savings..

More specific comments

- Authors find difference between migrants' and households' preferences over allocations of funds. Question: Are preferences more similar across households with similar income levels (is this what explains the differences?)

- Treatment groups differ in migrant's remittances as a share of household income. Authors don't see this as problematic. I wonder if this is a key variable to have balanced, given the object of the evaluation.

- Authors offer interpretations over coefficients that are not statistically different from zero. I think that should be avoided as well as reference to "marginal" significance (for p-values>0.1).

Thank you