

The Impact of Remittance Inflows on Economic Growth: Evidence from Asian Countries

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JEL Classification:

F24

O11

C23

E31

Received: 12 March 2026

Revised: 16 May 2026

Accepted: 20 May 2026

Available online: August 2026

Published regularly: September 2026

ABSTRACT

Research Originality: The originality of this research stems from its extended observation period, the inclusion of detailed macroeconomic control variables, and the analysis of both immediate and sustained effects of remittances on economic growth.

Research Objectives: This study aims to analyze the impact of remittances on economic growth in 22 Asian countries over the period 2004–2023.

Research Methods: This study employs a panel data approach using the Generalized Method of Moments (GMM) to address econometric issues such as endogeneity and unobserved heterogeneity, while incorporating variables including foreign direct investment, inflation, population growth, education, household consumption, government expenditure, and exports.

Empirical Results: The findings indicate that remittances have a positive effect on economic growth in both the short- and long-run. However, the short-run impact is not always statistically significant. Exports and inflation show positive effects, whereas foreign direct investment and education show negative effects in some specifications.

Implications: These results suggest that remittances play an important role as a complementary source of development financing in Asian economies, and policymakers should encourage their productive use to strengthen sustainable economic growth.

Keywords:

international migration; external financing; macroeconomic stability; human capital development; investment activity

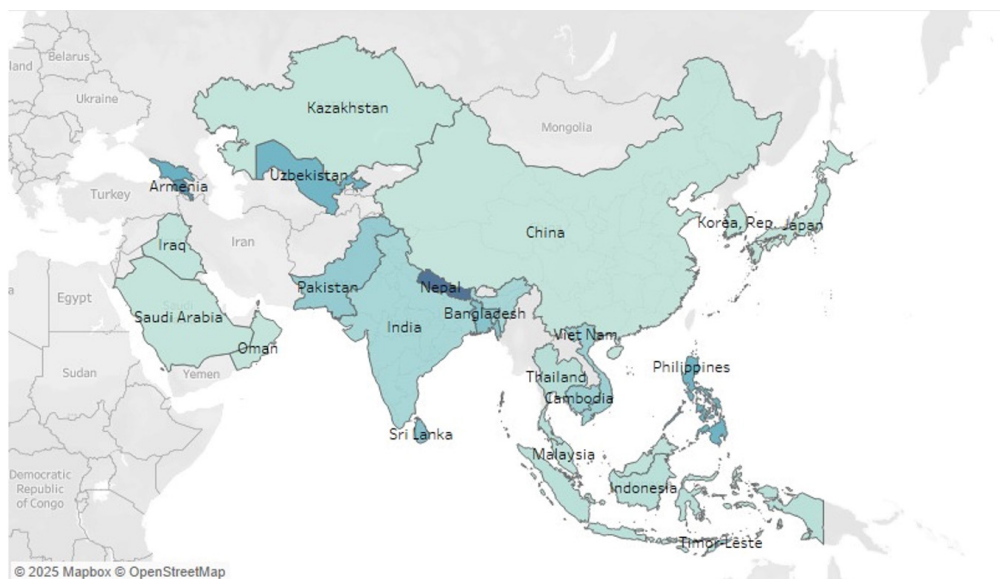
How to Cite:

Budiyanto, V., Wasiaturrahma., & Wibowo, W. (2026). The Impact of Remittance Inflows on Economic Growth: Evidence from Asian Countries. *Signifikan: Jurnal Ilmu Ekonomi*, 15(2), 407-xx. <https://doi.org/10.15408/sjie.v15i2.50455>.

INTRODUCTION

Remittances, defined as financial transfers sent by migrant workers to their families in their home countries, have become an important source of external finance for many developing economies. In recent decades, remittance inflows in several countries have even exceeded foreign aid and foreign direct investment. This trend is particularly evident in Asia, especially in South and Southeast Asia, including India, the Philippines, Nepal, Pakistan, and Indonesia. Asia is currently the largest recipient of remittances globally. For example, India received more than USD 87 billion in remittances in 2023, making it the world's largest recipient. Similarly, the Philippines and Bangladesh rely heavily on remittances to support household welfare and maintain economic stability. In extreme cases, remittances account for a very large share of national income; for instance, in Tajikistan, remittance inflows exceeded 49% of GDP. Meanwhile, emerging market economies such as Indonesia, Pakistan, and Vietnam have also experienced significant increases in remittance inflows. Indonesia alone received more than USD 12 billion in remittances in 2022. However, in many cases, remittances are primarily used for household consumption rather than productive investment (Mills, 2023).

Figure 1. Distribution of Remittances in Asian Countries, 2025



Source: author's calculation

Remittances have become a key source of income for many developing countries. The 2017 United Nations Migration Report highlights that most migrants come from Asia and Africa. For many developing economies, remittances are a vital source of external financing, often surpassing other income sources (Barkat et al., 2024). South Asian and Southeast Asian countries are among the top recipients of remittances worldwide. According to World Bank research, these remittances play a crucial role in supporting household welfare and economic stability in developing nations. Barnadi et al. (2025) emphasize the importance of remittances for the economy, while Ojeyinka & Ibukun (2024) show that they serve as

a key mechanism to reduce income inequality, enhance living standards, combat poverty, and promote economic growth in Central Asia. In 2023, Nepal received around USD 8.5 billion in remittances, accounting for over 30% of its gross domestic product (GDP) (World Bank, 2025). In Nepal, most remittances are used for household consumption, education, and healthcare.

Data from Bank Indonesia and the World Bank show a steady rise in remittance inflows to Indonesia. In 2022, the country received about USD 12.3 billion in remittances, up from USD 11.3 billion in 2021 (World Bank, 2025). Most of these remittances are used for daily expenses, education, and healthcare. They account for roughly 1–2% of Indonesia's GDP, highlighting their importance in boosting household purchasing power and enhancing living standards (Cahyanti & Sugiharti, 2022). Empirical research indicates that remittances are generally linked to economic growth in many developing nations. A study by Huay et al. (2019) examining several developing countries, including India, Indonesia, the Philippines, Nigeria, and Kenya, shows that remittances significantly boost economic growth, especially where dependence on remittance inflows is high. Similar results are found by Mangkornpant (2021) among ASEAN countries, highlighting that remittances promote growth, with the Philippines experiencing the largest effect and notable impacts in Indonesia, Thailand, and Vietnam.

Research from Latin America also supports this, suggesting that remittances stimulate economic growth by boosting household spending and increasing domestic investment (Ehberger, 2026). Findings from Sub-Saharan Africa also align with this pattern. Dalessa et al. (2024) demonstrate that remittances positively influence growth in various African nations, particularly those heavily reliant on inflows. Similar insights are evident in studies of South and Southeast Asia, which show that remittances can drive economic development by increasing consumption, investment, and macroeconomic stability (Rahman et al., 2019; Azizi et al., 2023). Overall, the literature suggests that remittances are a vital source of development funding for emerging economies.

Most prior research focuses on specific countries or regions, yielding mixed conclusions about whether remittances reliably boost economic growth. For instance, Okara et al. (2010) demonstrate that remittance inflows significantly increase per capita GDP growth in African nations. Similarly, Meyer and Shera (2017) find that remittances positively influence economic growth in Southeast Balkan countries. Additionally, Oladipo (2020) states that workers' remittances positively affect Nigeria's economic growth in both the short and long term, although the effect's elasticity is relatively modest. However, some studies present different findings. Pradhan (2016), analyzing BRICS countries, reports that remittances significantly hinder economic growth in Brazil, Russia, and India, whereas they have a positive impact in China.

Additionally, Islam (2022) suggests that remittances could heighten domestic inflationary pressures. Moreover, Hassan et al. (2017) observe that remittance inflows generally increase with higher levels of education among the population, but may decrease when lower-income groups attain higher levels of education. Matuzeviciute and Butkus (2016) conclude that remittances alone are insufficient to ensure long-term economic development or to address

structural issues such as political instability. Despite the growing literature on remittances and economic growth, previous empirical studies still yield inconsistent findings across countries and regions. Several studies report that remittances positively contribute to economic growth by increasing household consumption and investment and reducing poverty. In contrast, others find insignificant or even negative effects due to inflationary pressures, exchange rate appreciation, and inefficient allocation of remittance funds.

Moreover, most previous studies focus on single-country cases or specific regions, such as Africa, Latin America, or ASEAN, resulting in limited comprehensive evidence for Asian economies as a whole. In addition, a significant portion of the extant literature continues to rely on static estimation techniques, such as Ordinary Least Squares (OLS) and Fixed- or Random-Effects models. These methods, however, are often ill-equipped to mitigate endogeneity biases and the autoregressive nature of economic growth. To address these econometric challenges, this study employs the Generalized Method of Moments (GMM), thereby filling a critical gap in empirical research on dynamic panel estimation and providing broader Asian coverage. Unlike previous studies, this approach provides a unified empirical framework that simultaneously accounts for the dynamic interplay among remittances and key macroeconomic covariates, including FDI, inflation, and human capital.

The literature indicates that the influence of remittances on economic growth varies across countries. Several studies emphasize that economic and institutional contexts shape the effectiveness of remittances. Additionally, remittances tend to have a stronger impact in countries with more advanced financial sectors, as well-functioning financial systems help direct remittances into productive investments and capital accumulation. This is supported by a systematic review showing that remittance effectiveness depends heavily on the quality of the financial system and human capital (Sholehah & Samputra, 2025). To address this gap, our study examines how remittances affect economic growth in 22 Asian countries from 2004 to 2023, using the Generalized Method of Moments for dynamic panel analysis.

The key contributions of this study are threefold. First, it offers comprehensive empirical evidence from Asian economies, drawing on a larger dataset than prior research, which often focused on individual countries or regions. Second, it employs a dynamic panel approach to mitigate endogeneity issues and capture both short- and long-term impacts. Third, it includes a broad set of macroeconomic controls to understand better how remittances influence growth. The main goal is to analyze the short- and long-term effects of remittances on economic growth in these countries from 2004 to 2023, while accounting for factors such as foreign direct investment, inflation, education, household consumption, government spending, and exports. This research aims to contribute fresh insights to the literature on remittances and growth, particularly in the Asian context, using a dynamic panel estimation method.

METHODS

This study investigates how remittances influence economic growth in Asian countries. It analyzes data from 22 Asian nations from 2004 to 2023, using panel data

to capture both cross-country differences and changes over time. The countries studied include Armenia, Bangladesh, Cambodia, Georgia, Japan, Kazakhstan, Nepal, Oman, Timor-Leste, Uzbekistan, Vietnam, Malaysia, India, Iraq, the Philippines, Saudi Arabia, Pakistan, Indonesia, Thailand, Sri Lanka, South Korea, and China. The chosen data span from 2004 to 2023 for several reasons. First, data from 2004 onward are more reliable and consistent across these countries, especially for key variables such as remittances, education, and household consumption, and are sourced from the World Development Indicators database, since earlier periods have many missing observations. Second, this timeframe captures significant structural changes in global and regional economies, including rapid growth in international migration and remittance flows, as well as key events like the 2008 global financial crisis and the COVID-19 pandemic, which are pertinent to understanding remittances' impact on growth. Third, this period offers sufficient variation across countries and over time to support dynamic panel analysis, allowing examination of both short- and long-term macroeconomic effects of remittance inflows while addressing potential econometric issues such as endogeneity and unobserved heterogeneity. Overall, the 2004–2023 timeframe enables a balanced and thorough empirical investigation.

This study focuses on economic growth as the main dependent variable, measured by the GDP growth rate. The primary independent variable analyzed is remittance inflows. Additionally, several control variables are incorporated to reflect broader macroeconomic factors, including foreign direct investment (FDI), inflation, the productive-age population, education levels, household consumption expenditure, government spending, and exports.

To examine the relationship between remittances and economic growth, this study employs the System GMM estimator developed by Arellano and Bover (1995) and Blundell and Bond (1998). This approach is particularly advantageous for dynamic panel data because it effectively mitigates pervasive econometric issues, including endogeneity, autocorrelation, and unobserved cross-country heterogeneity. By incorporating lagged dependent variables, the GMM framework accurately captures the persistence of economic growth over time. Furthermore, the System GMM variant improves estimation efficiency and circumvents weak-instrument problems by simultaneously estimating equations in both first differences and levels.

$$\begin{aligned} \text{LnGDPPER}_{it} = & \alpha + \beta_1 \text{LnGDPPER}_{it-1} + \beta_2 \text{REM}_{it} + \beta_3 \text{FDI}_{it} + \beta_4 \text{INF}_{it} + \beta_5 \text{POP}_{it} + \beta_6 \text{EDU}_{it} + \beta_7 \text{HFC}_{it} \\ & + \beta_8 \text{GEX}_{it} + \beta_9 \text{EXP}_{it} + \varepsilon_{it} \end{aligned}$$

The variables used in this study are defined as follows. GDPPER represents gross domestic product per capita, an indicator of economic growth. LnGDPPER_{it-1} denotes the lagged natural logarithm of GDP per capita, included in the model to capture the dynamic effect of past economic performance on current growth. REM denotes workers' remittance inflows received by a country. FDI represents foreign direct investment inflows, while INF indicates the inflation rate. POP refers to the productive-age population, which represents the potential labor force contributing to economic activity. EDU represents the percentage of the population that has completed primary education, serving as a proxy for human capital. HFC refers to household final consumption expenditure, GEX denotes

government final expenditure, and EXP represents exports. These variables are included to capture key macroeconomic factors that may influence economic growth (see Table 1).

Table 1. Operational Variables

Variables	Definition	Data Source	Measurements	References
Gross Domestic Product	The total value of goods and services produced within an economy, measured at constant 2015 US dollars.	World Development Indicators (World Bank)	GDP (constant 2015 US\$)	Adow, 2025
Remittance	Personal transfers received from migrant workers abroad, measured in current US dollars.	World Development Indicators (World Bank)	Personal remittances, received (current US\$)	Adow, 2025
Foreign Direct Investment	Net inflows of investment from foreign entities into the domestic economy, measured in current US dollars.	International Monetary Fund, World Bank	Foreign direct investment, net inflows (current US\$)	Adow, 2025
Inflation	The annual percentage change in consumer prices, reflecting the general price level.	International Monetary Fund, International Financial Statistics	Inflation, consumer prices (annual %)	Adow, 2025
Population	Total population aged 15–64, representing the working-age population.	World Development Indicators (WDI)	Population ages 15–64, total	Adow, 2025
Education	The percentage of the population aged 25 and above who have completed at least primary education.	UNESCO Institute for Statistics (UIS), World Development Indicators (WDI)	Educational attainment, at least completed primary, population 25+ years (%)	Khan et al., 2025
Household Final consumption expenditure	Total household spending on goods and services, measured at constant 2015 US dollars.	World Development Indicators (WDI)	Household final consumption expenditure (constant 2015 US\$)	Kajtazi & Fetai, 2022
Government final consumption expenditure	Total government spending on goods and services, measured at constant 2015 US dollars.	World Development Indicators (WDI)	General government final consumption expenditure (constant 2015 US\$)	Kajtazi & Fetai, 2022
Export	The total value of goods and services exported, measured in current US dollars.	World Development Indicators (WDI)	Exports of goods and services (current US\$)	Kajtazi & Fetai, 2022

RESULTS AND DISCUSSION

The empirical findings show that remittances positively influence economic growth in Asian countries both in the short and long term. The System Generalized Method of Moments (Sys-GMM) results also indicate that exports, inflation, and population growth support economic growth, whereas foreign direct investment and education may have negative impacts in some models. Overall, these results highlight the significant role of

remittances as a supplementary form of external funding and domestic economic aid in Asian economies. Table 2 presents descriptive statistics summarizing the characteristics of the data used in this study, including the mean, standard deviation, minimum, and maximum values. The dataset consists of panel data covering 22 Asian countries, with a total of 440 observations, drawn from cross-country and time-series data. The variables analyzed include economic growth (LnGDPP), remittances (REM), foreign direct investment (FDI), inflation (INF), population growth (POP), education (EDU), household consumption (HFC), government expenditure (GEX), and exports (EXP).

Table 2. Descriptive Statistic

Variable	Obs	Mean	Std. Dev.	Min	Max
LnGDPP	440	1.505	.914	-9.073	3.978
REM	440	5.186	6.838	.003	62.452
FDI	440	2.584	3.558	-30.26	18.599
INF	440	5.198	4.8	-2.093	49.721
POP	440	1.24	1.456	-2.8	14.225
EDU	440	3.461	1.68	0	12.902
HFC	440	59.905	15.522	26.026	97.425
GEX	440	15.518	13.719	4.809	115.924
EXP	440	35.97	21.808	2.409	115.373

Based on Table 2, the variable LnGDPP has a mean value of 1.505 with a standard deviation of 0.914. The minimum and maximum values are -9.073 and 3.978, respectively, indicating substantial variation in economic growth across countries and over the observation period. This variation reflects differences in economic structures and levels of development among the countries included in the study.

Table 3. Multicollinearity Test

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) REM	1.000							
(2) FDI	0.039	1.000						
(3) INF	0.258	0.128	1.000					
(4) POP	-0.219	-0.125	0.013	1.000				
(5) EDU	0.016	0.016	0.021	0.116	1.000			
(6) HFC	0.660	0.163	0.325	-0.318	-0.151	1.000		
(7) GEX	-0.080	-0.122	-0.049	0.173	0.616	-0.063	1.000	
(8) EXP	-0.353	0.279	-0.223	0.179	0.018	-0.416	-0.184	1.000

The REM (remittances) variable has a mean of 5.186 and a relatively high standard deviation of 6.838. The minimum remittance value is 0.003, while the maximum is 62.452. These figures suggest that remittances contribute considerably across countries. In some countries, remittances are a major source of external income, while in others

they play a relatively minor role. Based on Table 3, the correlation results indicate that most of the correlation coefficients among the variables are relatively low to moderate. There are no correlation values exceeding 0.80, suggesting no strong correlation among the independent variables. Therefore, the research model does not exhibit multicollinearity.

Table 4. Sys GMM

LnGDPP	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]
L.LnGDPP	.064	.186	0.34	.731	-.3	.428
REM	.033*	.017	1.92	.055	-.001	.066
FDI	-.084***	.022	-3.86	0	-.127	-.041
INF	.021**	.009	2.26	.024	.003	.04
POP	.058**	.025	2.27	.023	.008	.107
EDU	-.161***	.054	-2.97	.003	-.267	-.055
HFC	.024*	.014	1.72	.086	-.003	.052
GEX	.008	.007	1.23	.22	-.005	.021
EXP	.017**	.007	2.29	.022	.002	.031
Constant	-.319	.98	-0.33	.745	-2.24	1.602
Mean dependent var		1.489		SD dependent var		0.914
Number of obs		418		Chi-square		258.860

Note: *** p<.01, ** p<.05, * p<.1

The simultaneous effect is indicated by a Wald Chi-square value of 258.860 with a p-value of less than 0.0001, which is smaller than the significance level of 0.05. Therefore, H1 is accepted, indicating that the variables simultaneously have a significant effect on the dependent variable. Based on the estimation results in Table 4, several variables have significant partial effects on economic growth, measured by LnGDPP: foreign direct investment (FDI), inflation (INF), population growth (POP), education (EDU), and exports (EXP). The lagged variable LnGDPP_{t-1} has a positive coefficient of 0.064, indicating persistence in economic growth: growth in the previous period tends to increase growth in the current period. Remittances (REM) have a positive coefficient of 0.033, suggesting that higher remittance inflows contribute to economic growth by increasing household purchasing power and stimulating domestic economic activity.

However, foreign direct investment (FDI) has a negative coefficient of -0.084, indicating that higher FDI inflows are associated with lower short-run economic growth. Inflation (INF) has a positive coefficient of 0.021, implying that moderate inflation may still support economic growth by boosting aggregate demand. Population growth (POP) also has a positive coefficient of 0.058, suggesting that a larger population can expand the domestic market and labor supply. Meanwhile, education (EDU) has a coefficient of -0.161, indicating that improvements in education do not immediately translate into short-term economic growth due to the time lag in the development of human capital. Household consumption (HFC) shows a positive coefficient of 0.024, reflecting the important role of domestic consumption in driving economic growth. Government

expenditure (GEX) has a positive coefficient of 0.008, indicating a relatively small but positive contribution to economic growth. Finally, exports (EXP) have a positive coefficient of 0.017, suggesting that higher export performance contributes to economic growth by increasing national income and strengthening integration with global markets.

Table 5. Long-Run Sys GMM

Y	Coefficient	Std.err	z	P>z	[Lower 95% CI]	[Upper 95% CI]
REM	0.035	0.018	1.900	0.058	-0.001	0.071
FDI	-0.090	0.012	-7.390	0.000	-0.114	-0.066
INF	0.023	0.009	2.510	0.012	0.005	0.041
POP	0.062	0.030	2.060	0.040	0.003	0.120
EDU	-0.172	0.072	-2.400	0.016	-0.312	-0.031
HFC	0.026	0.017	1.520	0.127	-0.007	0.059
GEX	0.009	0.006	1.420	0.157	-0.003	0.021
EXP	0.018	0.006	2.780	0.005	0.005	0.031

Based on the estimation results presented in Table 5, five variables show a significant long-run partial effect on economic growth measured by LnGDPP at a significance level of $\alpha < 0.05$, namely foreign direct investment (FDI), inflation (INF), population growth (POP), education (EDU), and exports (EXP). The long-term estimation results show that a one-unit increase in remittances (REM) is associated with a 0.035 increase in LnGDP, indicating that remittances positively and sustainably support economic growth. This aligns with previous research emphasizing the role of remittance inflows in boosting household consumption, encouraging investment, and enhancing human capital development (Ltaif et al., 2024). In contrast, foreign direct investment (FDI) has a negative coefficient of -0.090 , indicating it has not yet made an optimal long-term contribution to economic growth. This may be due to weak integration between foreign-invested firms and local industries and significant profit repatriation, as noted by Fazaaloh (2024). Similarly, Ullah (2023) argued that the effectiveness of FDI in fostering economic growth depends heavily on sectoral allocation and regulatory quality in developing countries. Findings from Indonesia by Millia et al. (2023) suggest that the growth benefits of FDI are limited when domestic sectors cannot absorb technological transfer and productivity spillovers. Additionally, Osarumwense and Igor (2023) found that poor institutional quality and limited domestic capacity can diminish the long-term impact of FDI, especially in lower-income nations. Recent studies on South Asian economies also indicate that FDI alone is insufficient to ensure sustainable growth without additional support from domestic investment and human capital development.

Inflation (INF) shows a positive coefficient of 0.023, suggesting that moderate inflation may still stimulate economic activity and support long-run economic growth. This finding aligns with recent studies indicating that low, controlled inflation can encourage production, investment, and aggregate demand without causing substantial macroeconomic instability. For instance, evidence from Indonesia shows that inflation below a threshold may

positively influence economic growth, while excessive inflation tends to hinder performance (Ramadhaniyati et al., 2023). Similarly, Pappas & Boukas (2025) found no strong evidence that moderate inflation negatively affects economic growth in European Union economies. Cross-country evidence by He (2023) further revealed an inverted-U relationship between inflation and growth, implying that moderate inflation levels may still be growth-enhancing before exceeding a harmful threshold. In addition, Azam & Khan (2022) argued that inflation becomes detrimental only when it exceeds a specific threshold, whereas low inflation remains compatible with sustainable growth. Empirical findings from Indonesia also showed that inflation had a positive and significant impact on economic growth during the post-pandemic recovery period (Adelia & Hermana, 2026).

Population growth (POP) has a positive coefficient of 0.062, suggesting that an expanding population can boost domestic demand, increase the labor force, and enhance production capacity over time. This aligns with endogenous growth theory, which highlights the importance of human capital and labor force expansion for sustainable economic development. Recent empirical research supports this, showing that population growth can positively impact economic performance when coupled with improvements in human capital, labor productivity, and institutional capacity. For example, studies from Nigeria demonstrate that population growth, combined with human capital development, contributes to long-term economic growth through higher labor force participation and productivity (Adebayo et al., 2024). Similarly, research in Ethiopia indicates that population increases can stimulate economic growth by expanding the labor supply and domestic production (Alemu & Zegeye, 2024). A study from Indonesia emphasizes that investments in human capital and labor quality significantly support economic growth within the endogenous growth framework, where productive population growth is a key driver of long-term output (Suparman & Muzakir, 2023). Evidence from ASEAN countries also shows that a larger working-age population boosts economic growth through increased labor participation, investment, and productivity gains (Trong et al., 2024). Additionally, recent analyses of endogenous growth models highlight that sustained economic development remains strongly linked to labor quality, innovation, and human capital accumulation, even amid demographic changes (Strulik, 2024).

The education variable (EDU) shows a negative coefficient of -0.172 , indicating that increases in educational attainment do not lead to immediate economic growth. This likely reflects the time lag in human capital development, in which the benefits of education take time to manifest as higher productivity, better labor market integration, and more specialized skills. In line with Hanushek & Woessmann (2010), the growth effects of education depend not just on years of schooling but also on the quality of cognitive skills, institutional quality, and the labor market's ability to absorb new skills. In many developing countries, the short-term impact of education is often limited by structural issues such as skill mismatches, educated unemployment, and a lack of productive employment opportunities (Semenova et al., 2023). Additionally, the long-term impact of education on economic growth is greatly enhanced when combined with technological innovation and improvements in human capital quality (Goczek et al., 2021).

Household final consumption (HFC) shows a positive coefficient of 0.026, highlighting its role as a key driver of economic growth through increased aggregate demand. This result supports recent empirical studies indicating that strong household spending boosts the economy by spurring production, investment, and employment—especially in emerging markets reliant on consumption (Kim & Park, 2024). Additionally, post-pandemic research underscores that resilient household consumption enhances economic stability and speeds up recovery by generating multiplier effects on domestic industries and stabilizing overall demand (Chen et al., 2024).

Government expenditure (GEX) shows a modest positive coefficient of 0.009, suggesting that public spending positively affects long-term economic growth. This aligns with recent empirical research indicating that productive government expenditure—especially in areas like infrastructure, education, and public services—can boost economic performance by encouraging investment, increasing productivity, and supporting overall demand (Nguyen et al., 2023). Finally, exports (EXP) have a positive coefficient of 0.018, indicating that improved export performance encourages economic growth by boosting national income, foreign exchange earnings, and integration into global markets. This finding supports the export-led growth hypothesis, which posits that increased exports enhance productivity and economic efficiency, particularly in developing and emerging economies (Rahman & Kashem, 2022).

CONCLUSIONS

This study examines the impact of remittances on economic growth in 22 Asian countries from 2004 to 2023, using the System GMM (Sys-GMM) estimator. The findings indicate that remittances have a positive effect on economic growth in both the short and long run, though the short-run effect is not always statistically significant. In the long run, remittances contribute positively and consistently to economic growth by supporting household consumption, investment, and overall economic stability. In addition, exports, inflation, and population growth contribute positively to economic growth, while foreign direct investment and education exhibit negative effects in certain model specifications. This study contributes to the literature by providing updated empirical evidence from Asian economies using a dynamic panel estimation framework and a comprehensive set of macroeconomic control variables. The findings confirm that remittances play an important role as a complementary source of external financing for developing economies.

Based on these findings, several policy recommendations can be proposed. Governments in Asian countries should encourage the productive use of remittances by strengthening financial inclusion, expanding access to formal banking services for migrant workers and their families, and promoting investment-oriented remittance programs. Policymakers should also support the development of small and medium-sized enterprises (SMEs) and productive sectors capable of absorbing remittance-based investments. In addition, improving the quality of education, labor market capacity, and digital financial infrastructure is important for maximizing the long-term economic benefits of remittance inflows. While this study offers valuable insights, its scope is constrained by the available data and the countries covered.

Future research should consider including variables such as institutional quality, financial development, governance, and technological innovation to deepen the understanding of how remittances influence economic growth.

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