

Financial support from expats

Annual remittances exceed \$7 billion



Many expats keep the motherland close to their hearts by providing support to their families and investing in their native country. Banking secrecy shields them from the eyes of authorities in their countries of residence, and healthy interest rates help them obtain higher returns. The Financial Support of Expats, a study published last month by the Observatoire universitaire de la réalité socio-économique (Ourse) of the Saint Joseph University (USJ), confirmed that households are heavily dependent on expatriate financial assistance. Not surprising, given that expats send home more than \$7 billion a year. The study found that 61 percent of respondents use these funds for food, 59 percent pays for housing

and about 54 percent pays for utilities, healthcare and education. "The results of this study prove the importance of expats and their remittances to the economy, in light of the weakness of social services," said *Choghig Kasparian*, author of the study, and former Director General of the Central Administration of Statistics (CAS).

PROFILE OF EXPAT HOUSEHOLDS

Households that receive remittances have fewer family members than those who do not receive remittances. One-fourth of recipient family members are 60 or older. This is assumed to mean that the expats are sending money to their parents. It is also a sign of change in the profile of expats compared

to previous years, where parents (usually the father) used to emigrate to support the spouse and children. Households receiving remittances are mostly managed by women. Breadwinners of households who do not receive remittances earn more than those who receive funds from abroad. "Most of the expats are men (two-thirds), but there are more women emigrating," said Kasparian.

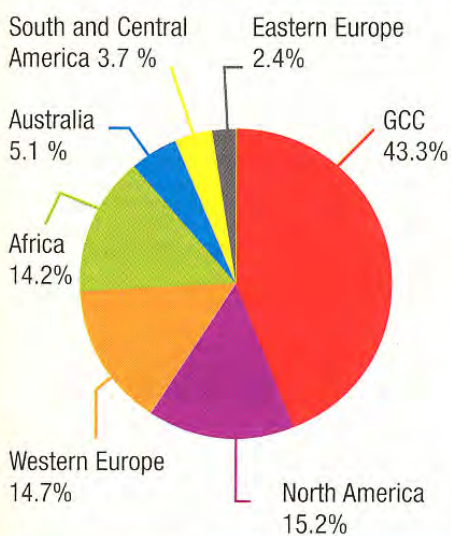
MAJOR CONTRIBUTORS

GCC countries account for 43 percent of expats' remittances, followed by North America, Western Europe, Africa, Australia, South and Central America, and Eastern Europe. The average amount of money sent by an individual expat is estimated at \$5,700, per year. Expats in Africa send the

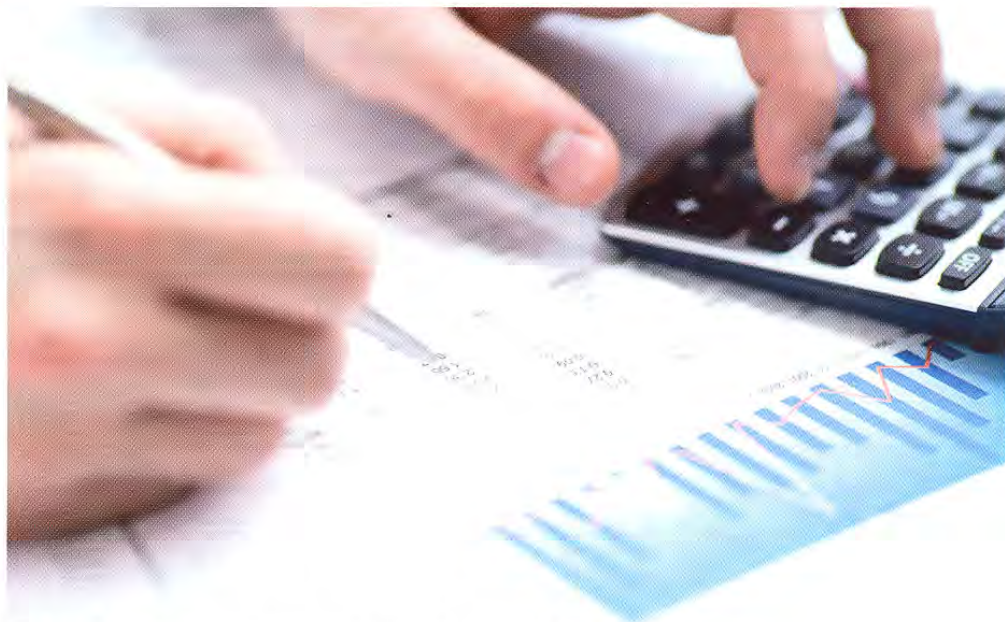
THE FINANCIAL SUPPORT OF EXPATS

The study is based on a survey taken in 2012 and covering 2,000 households, including 7,471 local respondents and 3,356 expats. It considered households receiving remittances and households without remittances, across all regions of Lebanon. Published by the Observatoire universitaire de la réalité socio-économique (Ourse) of the Saint Joseph University (USJ), the study's main goal was to shed light on the characteristics of households receiving remittances from expats, to underline the importance of these funds in improving the living standards of local households. It provided information to clarify the factors that influence money transfers by expats. The study consisted of two main parts: The first included an analysis of figures and tables of the gathered data, while the second consisted of the methodology of the survey, with detailed tables in French and Arabic. The main results of the study focused on four subjects: The characteristics of households and individuals receiving remittances, expats and factors influencing the transfer of remittances, the impact of transfers on recipients' living standards, and the impact of remittances on recipients' revenues and expenses.

BREAKDOWN OF REMITTANCES BY REGION



Source: The Financial Support of Expats Study



Most expats sending remittances are between the ages of 25 and 30

largest amounts (\$9,000), followed by those in the GCC (\$8,100), expats in Europe and the Americas send the least (\$4,300). "Expats between 25 and 30 years old are sending the highest remittances," said Kasparian. "Contribution to remittances is also the highest through expats with a university education," she said. The place of residence of the husband/wife and children of the expat is a factor that influences the transfer of remittances. The study found that 14 percent of expats have children in Lebanon, three-fourth of whom send money home. More than one-third of remittances are sent through banks. Money transfers via specialized companies such as Western Union represent one-fourth of the transfers. More than 25 percent of remittances take place when an expat visits home.

IMPACT ON LIVING STANDARDS

More than 41 percent of households rely on remittances to pay for secondary school fees but more so for university tuition. It is more common for children, mostly boys, from homes that do not receive remittances to drop out of school. Households that receive funds from relatives living abroad tend to purchase private insurance instead of subscribing to the NSSF. Recipients dedicate a large amount of remittances for healthcare expenses.

IMPACT ON REVENUES AND EXPENSES

According to Kasparian, households with remittances are more satisfied with their living standards compared to households without remittances. Receiving remittances does not mean that resident households

More than one-third of remittances are wired through banks

over spend. Both groups spend about the same, LL29 million (\$19,000), per year. Kasparian said: "There is less indebtedness in households receiving remittances compared to others." Food is the primary concern, accounting for 28 percent of the overall expenses of households

with and without remittances. Expenses on housing, including home, electricity, water, and others, represent 18 percent of the overall expenses for households with remittances and 17 percent for households without remittances.

Reported by Leila Rahbani

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