THE USV ANNALS OF ECONOMICS AND PUBLIC ADMINISTRATION | VOLUME 19, ISSUE 1(29), 2019

THE IMPACTS OF REMITTANCES TO SOUTHEAST ASIAN COUNTRIES

Nghiêm Xuân KHOÁT
Faculty of Economics and Business Administration, West University of Timisoara, Romania
Viet- Hung University of Industry, Vietnam
nghiemxuankhoat@gmail.com

Nguyễn Thị Huyền TRANG
Viet- Hung University of Industry, Vietnam
huyentrang.vt2427@gmail.com

Lê Thị THOA
Faculty of Economics and Business Administration, West University of Timisoara, Romania
lethoa3008@gmail.com

Abstract:

Developing countries are heavily influenced by international financial flows: remittances, foreign direct investment (FDI), and official foreign aid (ODA). According to the World Bank (2016), in developing countries, remittances are becoming an important source of external funding, surpassing that of official development assistance (ODA). Thus, the article addresses the impact of remittances on a number of Southeast Asian countries with high remittances (Philippines, Vietnam, Thailand and Indonesia) on both positive and negative aspects. Thereby, we suggest some ideas to increase the efficiency of using remittances in the development of social life in general as well as in economic development in particular.

Key words: remittance, international payment balance, economic growth, poverty reduction, investment

JEL classification: A10

1. INTRODUCTION

Southeast Asia, comprising 10 member countries, is considered as a dynamic and potential economic region in the world. However, the level of development and scale of their economies is quite different. Among the country with the largest GDP is Indonesia with $ 1,005.268 billion, with the country with the smallest GDP of Brunei $ 14.695 billion (approximately 68 times). With a total regional population of 650 million and a combined GDP of $ 2.891,02 billion (Nominal GDP), the ASEAN community is playing an important role in the Asian economy as well on the world.

As noted above, in the ASEAN region, the level of economic development of these countries is unequally represented by the average GDP per capita per year calculated in terms of purchasing power parity equivalent (2017), as shown in table below.

Table 1. GDP per capita / year ASEAN countries (By purchasing power parity equivalent)

STT	Nation	GDP (PPP) per Capital USD	Asia Ranking	World ranking	GDP (PPP) Billion USD
1	Singapore	93.905	3	9	556,219
2	Brunei	78.196	9	31	35,456
3	Malaysia	29.041	18	70	999,835
4	Thailan	17.856	22	87	1.323,209
5	Indonesia	12.377	27	118	3.495,420
6	Phillipin	8.315	29	129	956,030
7	Lao	6.871	31	134	53,912
8	Vietnam	6.423	32	136	707,265
9	Myanmar	6.244	33	157	359,107
10	Cambodia	4.012	34	159	70,265

Source: Statisticstimes economy in asian countries by GDP per capita and synthesis of the author

This uneven development has led to a marked division between nations. One consequence of this is the process of migrating and exporting labor from underdeveloped nations in ASEAN to developed countries, which do not meet the labor demand of the workers or have jobs low income.

The migration and labor export process provides countries with significant remittances, which are remitted annually to contribute to economic development, poverty reduction and social stability..

According to World Bank statistics: Global remittances in 2017 amounted to $ 613-billion, up 7% from 2016 ($ 573-billion). Of the nine countries with the largest remittances in the world, two are located in Southeast Asia.

Table 2. Top recipient countries of remittances (in billions of US dollars)

	National	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
1	India	66.82	69.97	70.97	72.20	62.70	69.00
2	China	57.99	59.49	61.49	63.90	61.00	64.00
3	Phillipines	24.61	26.67	27.90	29.80	29.90	30.00
4	Mexico	23.37	23.02	24.50	25.70	28.50	31.00
5	Nigeria	20.63	20.89	20.88	20.89	19.00	22.00
6	Pakistan	14.01	14.65	17.80	20.10	19.80	20.00
7	Egypt	19.24	17.83	19.83	20.40	16.60	20.00
8	Vietnam	10.00	11.00	11.80	12,30	13.40	14.00
9	Bangladesh	14.24	13.86	15.10	15.80	13.70	13.00

Source: https://en.wikipedia.org/wiki/Remittance

In 2017, the amount of remittances transferred to the Philippines reached US $ 30 billion, accounting for 9.04% of GDP; Vietnam reached US $ 14 billion, accounting for 5.79% of GDP; Thailand reached 6.27 billion US dollars, accounting for 1.28% of GDP; Malaysia was 1.58 billion US dollars, accounting for 0.46% of GDP. With a high proportion of GDP and low per capita incomes, remittances have a significant impact on the economic and social life of these Southeast Asian nations. Next, the authors will focus on analyzing and assessing the effects of remittances on the economies of some asean countries on both positive and negative aspects.

2. CONTENT

2.1 ASSESS THE POSITIVE IMPACT OF REMITTANCES

a. Contributing impellent to economic growth

In developing countries, in addition to self-mobilized capital, in order to speed up development, these countries often have to use external resources through foreign direct investment and Official development assistance. However, these two funds will be paid by developing countries in the future and bear the interest of the investing countries (in the form of interest and return on investments). Meanwhile, remittance is the limited investment capital of two sources of ODA and FDI.

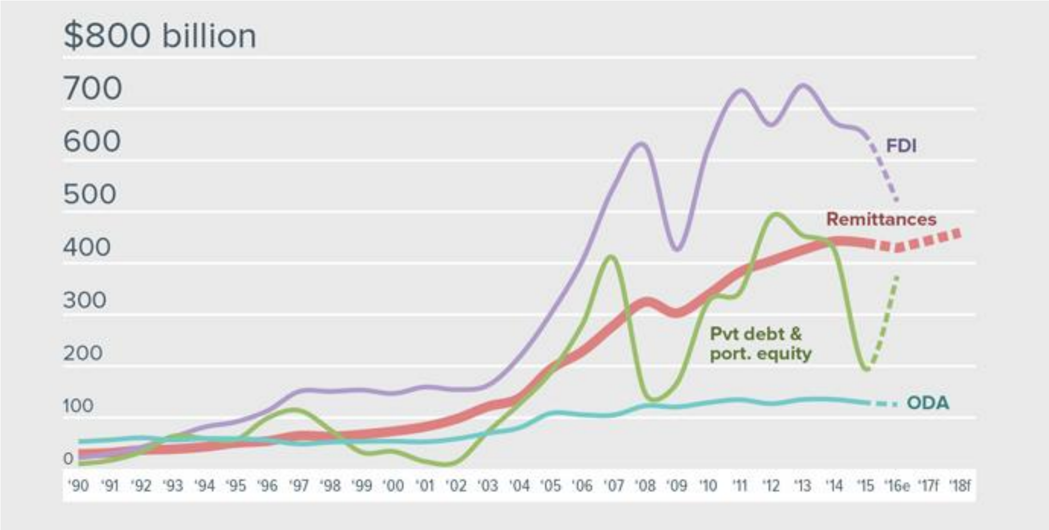

Figure 1. Comparing the amount of remittances and other sources of investment during the period 1990-2019

Nguồn: Report "Trends in Migration and Remittances 2017" – The World Bank

With a share of 9.04% of GDP in the Philippines and 5.79% of Vietnam's GDP, it is easy to see that the contribution of remittances to their economic growth is not small.

In developing countries, remittances are an important source of income, larger than any official development aid received by them, and the gap between these two funds is growing, At the same time, remittances are also more stable than individual funds (World Bank, 2017).

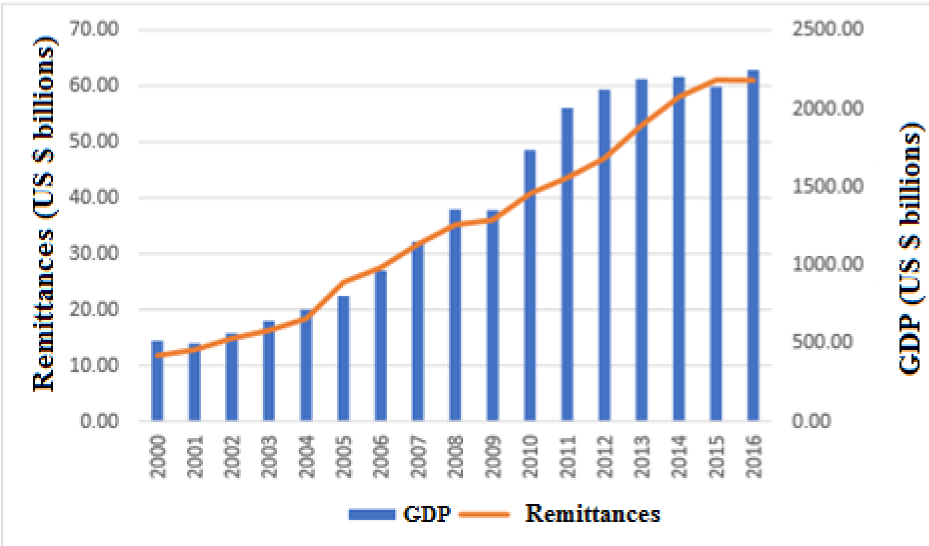

Figure 2. GDP and remittances of some ASEAN countries (2000 - 2016)

Nguồn: World Bank 2017

The amount of remittances when moving to the country. In the early stages, they were used to pay living expenses to family members of the recipient. Consumption is not exhausted, will be invested in the production sector, business or sent to the bank to obtain interest. For their part, banks continue to use this money to lend to businesses to invest in expanding production and business. This contributes to boosting the economy.

In addition, in the process of covering the cost of living, procurement of equipment, living facilities from the source of remittances from households. It has created a demand for the use of goods and services. Therefore, to promote domestic enterprises to produce many kinds of royalties, services to meet the needs of society.

On the other hand, remittances are a stable, non-refundable source of foreign exchange and a source of capital for economic development, not creating a burden of foreign debt on the domestic economy. This capital helps the country mitigate many risks in the process of mobilizing capital, reducing dependence on foreign capital.

Thus, directly or indirectly, the amount of remittances contributes to increasing the total domestic investment, boosting production, trading and consumption of goods, contributing greatly to promoting growth economics of the countries.

b. Helping to eradicate hunger, reduce poverty, create more jobs for laborers

Remittances contribute to poverty alleviation, improving living standards for workers. This capital flows directly into the residential area, thus promoting high private investment, solving employment problems, raising the income level of remittance recipients and beneficiaries from the remittances investment.

Remittances are the direct income of most workers in developing countries, poor countries. So it has the effect of helping the family escape poverty. One study showed that developing countries in the Asia Pacific region, if remittances increased by 10%, would reduce poverty by 2.8% (Ravallion and Chen, 1997). With research applied to low- and middle-income developing countries in Southeast Asia, 10% of migrants are expected to reduce by 1.9% the number of people living on less than $ 1 a day (Adams and Page, 2005).

As mentioned above, remittances will be used by households to pay for the most essential needs such as housing, food and clothing. When the most essential needs are met, families will continue to use for more advanced needs such as procurement of equipment; facilities for life; building and repairing houses; invest in education for children. When essential and secondary needs are met, all households receiving remittances will invest their money in production and business. This will create a large number of jobs for the workers. Especially local workers. Households who receive remittances will usually invest in their own production and business locations, so they will be able to use the local redundant labor force. This process first eliminates hunger and alleviates poverty for the remittance recipients themselves, and then creates jobs for other workers and helps them escape poverty through employment and employment income.

In the Philippines, 23% of households have migrants, many of whom have more than one member working abroad. In general, households with migrants have higher incomes, higher savings, and higher investment in human capital than when there is no remittances..

In Viet Nam, about 6% of households receive remittances, most of which are not low income households. The proportion of poor households among those receiving remittances is only 3%. This low rate may be due to the high cost of migration in Vietnam. Regarding the poverty reduction impact of remittances, the rate of poor households among those receiving remittances decreased by 2%. It is very likely that poor households receiving remittances will escape poverty (ADB, 2016).

In Indonesia, remittances serve as one of the main sources of income for migrant households. The share of remittances in these households is up to 31.2%. This rate is higher for high income households than for low income households.

Thus, it can be said that remittances contribute significantly to reducing poverty and creating jobs for workers.

c. Mutual contribute to international balance of payments

Remittances have the effect of supporting the national balance of payments. Over the past years, developing countries in Southeast Asia have always had to face trade surpluses to meet the demand of importing machinery and equipment for production and business. Even import goods for domestic demand. Therefore, these countries need large amounts of foreign currency to pay for the goods they have imported. However, due to the increase in overseas remittances, these countries has significantly reduced the pressure on foreign currency demand in order to meet the trade deficit.

In Vietnam, annual remittances have increased steadily over the past years with an average annual growth rate of 16.6% between 2000 and 2017. This contributes to offsetting the current balance of payments deficit.

Remittances contribute to offsetting current account deficits: For Southeast Asian countries such as the Philippines, Vietnam, Malaysia and Myanmar, the trade balance deficit, foreign investment depends mainly on capital investment. Foreign direct investment (FDI), official development assistance (ODA) and limited foreign aid. Meanwhile, remittances become a direct remedy to trade deficit. Remarkably, remittances as exogenous variables, regardless of the domestic economic situation, do not have to pay interest, so will be a relatively stable source to support the balance of payments (Buch et al. , Buch and Kuckulenz, 2004).

Remittances contribute to the increase in national foreign reserves: statistical data of countries do not indicate how much foreign exchange contributions contribute to foreign exchange reserves. It is undeniable that, in Southeast Asian countries, remittances are concentrated in three months in November, December and January (new school year, Christmas, New Year's Asian tradition). Central banks of countries often have policies to intervene to buy this amount of foreign currency to surge to increase foreign exchange reserves and to help stabilize the market.

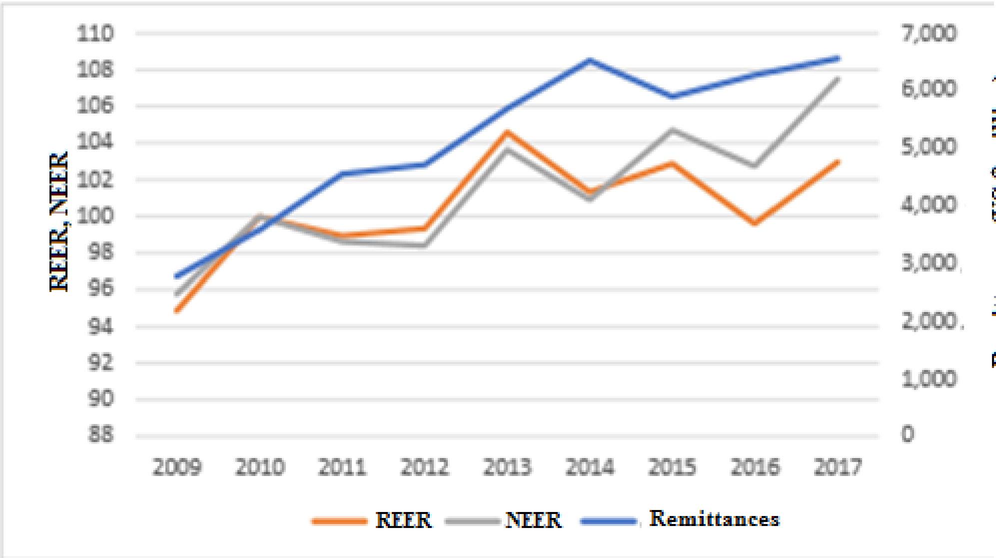

Figure 3. Remittances, NEER and REER of Thailand (2009 - 2017)
Source: Knoema (2018)

d. Improve production capacity and change the thinking of employees

In addition to relatively high income overseas. The people who go to work overseas have the opportunity to access new production methods, accumulate capital, receive vocational training, experience, work skills and labor discipline. When returning to the country, these are considered important factors that change the domestic production force.

With the source of overseas remittances, domestic transfers of remittances from economic development strategies based on labor to economic development strategies based on capital. Even with the agricultural sector, which is considered as traditional trades of the household, when returning, workers also have changes in the manufacturing industry, applying skills, knowledge, new technology to increase. labor productivity. In the long run, the quality of the labor force changes, creating opportunities for the next generation to access more skilled jobs with higher salaries, contributing to the shift of production structure and labor in the background. economy.

e. Remittances contribute positively to the development of financial markets

Remittances contribute to the increase in national savings, calculated by the amount of money left unused for consumption purposes by those receiving remittance flows. Savings from remittances can be used for direct investment activities, deposited in foreign currencies or currencies into banks or other financial institutions, and part of which can be stored in the form of cash and gold. In addition to remittances used for direct investment, remittances sent to financial institutions are then lent to financial institutions for investment in economic development.

In addition, the source of remittances increases the supply of capital to financial institutions. The relationship between remittances, financial market development and economic growth can be considered at several levels. When remittances are introduced into the market, it is more efficient than storing or being used by households, the effect of remittances is increased because these cash flows are used for most effective, thereby having a more positive impact on economic growth. On the other hand, remittances can compensate for inefficient financial markets. Because remittances can help investors overcome financial market constraints on the lack of appropriate mobilization and credit products for high profitability. In these cases, remittance has a direct impact on investment and economic growth while the financial market is still underdeveloped..

The level of financial development or financial depth of a country is considered one of the key factors to attract investment as well as to promote economic growth, especially for developing countries. The study by Orozco and Fedewa (2005) shows a positive correlation between remittances and financial development in developing countries in the following forms:

Remittances make up the demand for new financial services, products: money transfer and remittance services between countries have led to the development of banking services, helping banks to grow. They are widely used through the commercial banking system, helping to transfer money quickly and conveniently. Banks also tend to give more credit to those who are always receiving large remittances. In addition, remittance recipients have the opportunity to access and use other financial services such as insurance companies to expand the system of life insurance services, other financial insurance to attract funds from the recipient. Or, with the money available, depositors can invest in or invest in the form of trust funds. Financial services contribute to the expansion and development of the domestic financial market. Poor people with low income, previously difficult to access financial services, have now become the beneficiaries of financial institutions.

Remittances contribute to the development of the domestic banking system and the financial market: saving money from remittances will be transferred to those who lack capital in the economy through the banking system. Remittances increase the amount of capital mobilized by the banking system, contributing to the development of local capital markets.

Remittance transfers create competition in the commercial banking system, between the informal money transfer system and formal money transfers. Most commercial banks have now joined the Western Union, Money Gram system. In commercial banks there has been competition in the quality of money transfer services. The informal money transfer system is also flourishing in countries, faster transfer rates, easier procedures than official transfers without government control. Thus, commercial banks in the formal money transfer system also have quality reforms to compete with competitors in the same system and with informal money transfer systems that contribute to the delivery of services better with cheaper cost.

Survey in 2015 In Vietnam, 70% of remittances were invested in production and business, 22% in real estate, over 7% in family support and spending. Previously, overseas remittances were sent to help relatives. Now, they have shifted to contribute capital to business, create jobs for the country in difficult times and revive domestic production. There are over 7,000 overseas Vietnamese have registered home ownership in Vietnam directly in the name, not to mention a large number of overseas Vietnamese buy houses but are owned by their relatives names.

Table 3. Statistics of purposes to use remittance in Vietnam

Years	Consumption %	Saving %	Manufacturing business %	Real estate %	Another purpose %
2010 - 2013	5 - 7	30	27 - 30	16 - 17	20 (Gold)
2014	35	11	16	30	8
2015	7,4	0	70,6	22	0

Source: Vietnam Investment Review, 03/10/2016

2.2. EVALUATING THE NEGATIVE IMPACT OF REMITTANCES ON SOME SOUTHEAST ASIAN COUNTRIES

a. Remittances can create lag in economic growth

Remittances have become a regular and stable source of income for some households receiving remittances. The problem is how to use this money. Chammi et al. (2003) show the paradox of receiving remittances. If remittances are used properly, economic development. But there is a section of households receiving remittances, based on the amount of money they receive, as an insurance for their families, an economic benefit they receive for free, so with Despite the capital advantage, the profitability of production is lower than that of non-remittance families. Then remittances are used to waste money on luxury goods, such as home, cars, enjoy instead of money into production. And because there are stable funds available, remittance recipients are not actively working, learning, cultivating skills or knowledge.

This activity creates inefficient use of the capital of the economy. If instead of using the amount of remittances received in the consumption of unnecessary products and services, households bring this amount of capital into production or business or provide capital to other firms. business. It will increase the amount of goods and production capacity of the economy, helping the economy grow better.

However, this unreasonable consumption process does not take place over a long period of time. Because after offsetting the needs that households have been in for a long time. These households will reduce or no longer need to use remittances for those services. This transfer of remittances to the production and business of the economy. So it can be said that it creates a certain lag in economic growth.

b. Remittances can destabilize the international balance of payments

At the macro level, remittances are a source of money to offset the deficit. These Southeast Asian nations can maintain a balance of international balance of payments if they maintain a steady stream of remittances. If remittances flow less or stop, it will lead to an imbalanced balance of payments, and the country must rely mainly on foreign investment and loans from foreign credit institutions or other international organizations. The international balance of payments, which is heavily dependent on remittances, is the cause of the international balance of payments crisis that has triggered economic recession in many developing countries, including Southeast Asian nations. which the author is referring to. Some governments attach importance to attracting remittances as a source to offset current account deficits, but there is no policy to use remittances to become economic capital flows (Giuliano, P. and Ruiz -Arranz, 2006). This will affect sustainable economic growth in the long term.

Therefore, to reduce the uncertainty in the international payment balance from remittances. Governments in South East Asia should increase their attractiveness to foreign investment, boost exports, and improve policies to effectively use remittances.

In Vietnam during 2006-2008, the amount of remittances and foreign direct investment inflows into Vietnam. The amount of remittances flowing into the domestic currency to rise and inflation increased. At this time, the State Bank has intervened to prevent exchange rate reduction, avoid exchange rate fluctuations, causing bad consequences to commercial banks. In order to neutralize the local currency, the State Bank issued bills with the highest interest rate of 11.68% on March 25, 2010.

c. Remittance can create virtual demand and unbalance supply - demand

In Vietnam, it is difficult for the central bank to fully control the foreign exchange market, as remittances into Vietnam are largely in the hands of households. This amount of remittances is used to increase aggregate demand dramatically. Thus, remittance may have contributed to the loss of supply - demand, causing inflation to occur.

On the other hand, according to statistics, the amount of remittances transferred to the countries partly after personal consumption is taken to invest in production and business. In Vietnam, 70% of remittances were transferred to business and 20% to real estate.

For a long time, the financial market and the real estate market have been closely linked. For developing countries, the stock market - the channel of large capital attraction of the economy has not developed corresponding with the demand for capital mobilization; Interest rates are not attractive due to high inflation; The people of these Southeast Asian nations regard their home and their land as a "real" asset; In addition, the real estate management policies are not tight and the land use tax is very low. So households with money from remittances tend to invest in real estate for the purpose of storing assets in the form of accrual and profit. This move boosted demand for real estate investment soared.

On the supply side, real estate is not ability to increase supply (residential land) or less ability to increase supply in the short term (housing), as it requires time for construction and investment. With the amount of money from overseas remittances poured into the real estate market to rise, while the supply of real estate increased at a smaller pace, will push the price of real estate higher. With attractive profitability, speculators continue to speculate, using real estate mortgaged at banks to borrow money to invest in other projects. As the credit crunch tightened, speculators faced liquidity problems, the real estate bubble burst, the real estate market froze, causing bad debt to the bank and worsening the condition of real estate market

d. Remittances can have a negative impact on financial markets

In some countries like Vietnam, the Philippines, Thailand, the use of cash in circulation is very common. In particular, large amounts of remittances were transferred to the country through unofficial channels such as unregistered migrant workers or informal money transfer organizations (black market) without the control of the goverment. This amount of remittances can be immediately put into circulation or consumption, and may not yet be put into circulation due to the psychology of the households. At the same time, the government does not know how much remittances are available for proper treatment policies.

It would therefore disturb the financial market to some degree, making it difficult to manage the economy through financial instruments.

e. Remittances make it more difficult to dollarize the economy

In Vietnam, Philippines and some other countries the government has implemented a series of open and attractive policies to attract remittances such as: recipients of remittances without tax, unlimited remittances, recipients Remittances are not required to resell foreign currencies to the banking system. Remittance recipients are allowed to use foreign currency to invest or spend ... creating the initial cause of the dollarization of the economy.

The phenomenon of dollarization of the economy often accompanies the operation of the black market. Constant anxiety over the high inflation rate in the country, which increases the risk that the currency may be devalued, makes it possible for subjects in the economy to hold foreign currencies to maintain their value. asset. Studies show that the black market for foreign currency markets is growing, with more informal remittances flowing into it, as the black market will support illicit trading (Luca , A., Petrova, I. 2008).

On the side of the bank always faced the phenomenon of double deviation. The implementation of monetary policy has also become more difficult in the dollarized economy. Finally, and most importantly, this is reflected in the more closely controlled countries the amount of money entering the country, the black market foreign exchange more grows. This causes damage to the remitter because it has to pay more for informal money transfer organizations. Although the country controls the capital balance, it prevents foreign capital inflows from entering a country. But the reality is that foreign capital flows "underground", flowing within the country. Therefore, it will be difficult to implement and coordinate macro policies in order to achieve the stated economic objectives.

2.3 PROPOSE SOLUTIONS TO EFFECTIVELY USE OVERSEAS REMITTANCES IN SOME SOUTHEAST ASIAN COUNTRIES

Remittances are an important source of foreign exchange for developing countries, including Southeast Asian nations. Each factor in the economy has positive and negative effects. Each country, depending on its conditions, has a legal framework to control remittances, preventing negative impacts on the economy. As in Vietnam, Phillipines, Thailand today, with outstanding advantages are potential markets, high profit margin when investing in real estate, stock market. Open policies are relatively ventilation. The interest rate difference between strong foreign currencies such as USD, EURO, British Pound and other currencies in the period 2010 - 2017 is relatively high. So the flow of remittances is increasing steadily over the years. Therefore, the policy should focus on attracting, controlling. Directing cash flow into investment activities contributes to economic development.

a. Mechanisms and policies for remittance flows

In fact, remittances flow into the countries through many roads. These countries have applied the remittance method for overseas remittance, but do not seem to be effective. The best way to control remittances is to make sure that capital flows are flowed through the official remittance route. To do this, the official channel must be more attractive than other channels and the government must take measures to ensure the security of assets, the source of cash flow. In addition, the policy of remittance control was designed based on the airy, attractive and perfecting system of receiving and paying remittances in the regions. Thus, the policy of attracting remittance flows through official channels..

Southeast Asian countries need to widen the transfer limit in or out the country to help foreign currencies can move more easily. At the same time, people are encouraged to transfer more remittances. It is currently stipulated that the foreign currency in and out of these countries is very low as Malaysia regulations are brought in / out through the airport $ 7,500 not required, Thailand 20,000 baht equivalent to $ 6,100, Phillipines 50,000 Peso equivalent $ 1,000, Vietnam is $ 5,000. If transferred higher, people have to explain the source of income and may have to pay income tax on that source of money. It is these regulations that create a sense of concern for people moving money in and out of the country, which in part promotes remittance through informal money transfers. This damages the people themselves when they pay for the services of informal money transfer channels higher than the official channels. At the same time, it is difficult for the state to control the flow of overseas remittances, leading to difficult policy making..

When the source of remittances is transferred to the country in the official way, it means that the flow of foreign currency is transferred through the banking channels or customs declaration at the border. Thus, the central bank easily grasp the data and take measures to respond, if the flow of foreign currency is showing signs of affecting the local currency. Next, the commercial banking system can use more capital to expand lending to the needs of the economy. To do so, measures should be taken to expand the participation of organizations and individuals in the official channel. If the formal remittance through the banking system is combined with services provided such as opening payment accounts, savings accounts, loans for real estate investments ... to the recipient. The result is improved economic conditions.

Financial institutions should be encouraged to participate in the remittance market. Because these organizations mainly provide financial services to low-income people. Or it is difficult to access normal banking and financial services. Private financial institutions often receive remittance remittances at low cost, and instruct recipients to control their cash flow, savings or investments in some household economic sectors. As more and more people are allowed to participate in the money transfer service, they will create competition that results in lower remittance remittance..

In addition, tight control of informal money transfers. There are currently many forms of informal money transfer. As simple as overseas students, small importers, workers are jobs abroad. Often not through the banking system, but sent in two ways by the sender and receiver in two different countries both in local and foreign currency. These people usually transfer money and use the black market exchange rate to convert. As it is often due to the exchange rate of foreign currency through the banking system is higher than the difference between the official rate and the black market rate.

b. For policies related to the use of remittances

As mentioned above, a large amount of remittances are being used ineffective by families. As instead of being invested in production, business or pay for the practical needs of life. Households go to consumer goods or services that are not needed, such as weddings, funerals, or can buy cars, motorcycles, travel. Therefore, there should be policies to encourage the use of overseas remittances to save or invest in different fields.

In addition to limiting transfers of remittances through unofficial channels. There should be a policy of encouraging overseas remittance through the official channel. And if the remittance flows become capital inflows, the remittance recipients themselves must see more attractive investment channels..

Governments need to cut back on administrative procedures, regulations and obligations for overseas migrants who now have the need to invest or own assets in the country such as homes and cars. , set up factories in the country. This move aims to attract more remittances flowing into the country and at the same time help the remittances to be introduced into the economy rather than being stored in households..

Governments should allow individuals to be brought in / out of the current levels of foreign currency upto $ 10,000 for countries and $ 50,000 for intra-ASEAN countries such as Romania and other countries in European community is doing. Now if you bring more money under government regulations, individuals must explain the source of income or pay taxes. This leads to fewer remittances and less investment in production and business from migrants, as they do not want to face government income tax returns after they are profitable and want to take profit leaving to abroad.

3. CONCLUSION

There is no denying the great contribution of remittances to the economic and social development of the countries. Especially the developing countries, in front of the need to use capital investment has high external factors to create momentum for rapid economic growth. The high amount of remittances has been the initial success of the nations. However, the effective use of remittances is a big challenge for many countries.

For effective remittances to be effective, countries need to continue to push up and control the export of labor and migration to developed countries. To maintain stable and long-term remittances. Helping the economy have better, stronger resistance. At the same time, the pressure to create jobs for a large work force in the country while the economy has not created enough jobs. Parallel to that, helping developed countries compensate for the labor shortage.

In addition, labor exporters benefit from the availability of a new, highly skilled workforce that is able to control the advanced modern production systems they have learned during labor in developed countries. When this force returns to the country, it will help greatly in expanding and improving production and management capacity, boosting the economy to grow better..

In addition to the positive effects, remittances leave little negative impact and are not worrisome. Governments need more flexible and open policies to overcome these negative impacts and take advantage of the positive effects on their social and economic development.

REFERENCES

1. Adams Jr. R and Page J (2005), *Do International Migration and Remittances Reduce Poverty in Developing Countries?* World Development. Vol. 33 (10): 1645-69.

2. Alejandra Cox Edwards a, Manuelita Ureta (2003), *International migration, remittances, and schooling: evidence from El Salvador*, Journal of Development Economics 72 (2003) 429 - 461
3. Berg and Krueger (2003), *Trade, Growth and Poverty: A selective survey*, IMF Working paper WP/03/30
4. Chami, Ralph, Adolfo Barajas, et al.. (2008), *Macroeconomic Consequences of Remittances*, IMF Occasional Paper No. 259. (Washington: International Monetary Fund).
5. Dilip Ratha, *Worker remitances: An important and stable source of external development finance*, World Bank 2005.
6. Flore Gubert (2005), *Migrant remittances and their impact on development in their home country: the case of Africa*, Institut de Recherche pour le Développement et l'Insertion internationale, Paris
7. Giuliano, P. and Ruiz-Arranz, M (2009), *Remittances, Financial Development and Growth*, IZA Discussion Paper Series 2160.
8. Gupta, Sanjeev, Catherine Pattillo, and Smita Wagh, (2007), *Impact of Remittances on Poverty and Financial Development in Sub-Saharan Africa.*
9. Hao D. T. K (2017), *Impact of remittances on economic growth*, Journal of Banking
10. Hulme, D. Moore, K and Shepherd, A.(2001), *Chronic Poverty: Meanings and and Analytical Frameworks*, CPRC Working Paper 2 IDPM , University of Manchester.
11. Lan P. (2017), *The role of remittance source in socio-economic development*, Enterprise Information Portal - Ministry of Finance, Vietnam
12. Lopez, H., and Molina, L. (2006), *Remittances and the Real Exchange Rate: Are There Reasons to Be Concerned about Dutch Disease in Latin America?*, World Bank.
13. OECD 2005, *Migration, remittance and Development*
14. Orozco M and Fedewa R (2005), *Leveraging Efforts on Remittances and Financial Intermediation*. Report Commissioned by the Inter-American Development Bank.
15. Quan D. D (2017), *Impact of remittance flows on Vietnamese economy and some recommendations*, Journal of Finance, Vietnam
16. Ravallion, Martin and Shaohua Chen (1997), *What Can New Survey Data Tell Us about Recent Changes in Distribution and Poverty?*, World Bank Economic Review, 11(2), 357-82.
17. Samagan Aitymbetov (2006), *Emigrant remittances: impact on economic development of Kyrgyzstan*, UNDP Working paper No. 31
18. Son T. P. (2015), *The two sides of remittances*, Saigon Entrepreneur Magazine
19. Indexmundi (2017), *Personal remittances, received (current US$) - Country Ranking*
20. Taylor JE, Mora J and Adams R (2005). *Remittances, inequality and Poverty: Evidence from Rural Mexico*. Unpublished Manuscript. University of California,
21. The Global Economy, (2018). *Remittances, percent of GDP - country rankings*
22. The World Bank, (2018). *Migration and Remittances Data*
23. http://statisticstimes.com/economy/asian-countries-by-gdp-per-capita.php
24. https://en.wikipedia.org/wiki/Remittance
25. https://www.theglobaleconomy.com/rankings/Remittances/
26. https://seasia.co/2018/04/27/world-s-top-10-remittance-recipients