



# DETERMINANTS OF MIGRANTS REMITTANCES IN MALAYSIA: AN ARDL APPROACH

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## ABSTRACT

This study investigates the determinants of migrants' remittances in Malaysia. Employing ARDL model, we empirically investigate determinants of migrants' remittances on the inflow remittance to Malaysia using time series data from 1987 up to 2018. The findings of this study validate the simple theoretical consideration which states that the flow of migrants' remittances should be encouraged by determinants like inflation, exchange rate, financial development and real wages among others. Variables such as real wages, inflation, financial development, exchange rate and gross domestic product growth are significant determinant of remittances. Specifically, real wages and inflation have significant impact and favorably induce inflows of remittances from abroad to Malaysia. On the contrary, remittances negatively responded to financial development, exchange rate and gross domestic product growth. In addition, the relative importance of these determinants of migrants' remittances varies. Specifically, real wages is more responsive compared to inflation because the elasticity is higher, also both the real wages and inflation are found to have better statistical influence in Malaysia.

**Keywords:** *Ardl; Determinants; Malaysia; Migration; Remittances*