

Measuring the effect of remittances on bank account ownership in the Arab World

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Abstract

This study explores the causal effect of remittances on financial inclusion—specifically, bank account ownership—in Arab countries, excluding high-income economies. Using individual-level data from the seventh wave of the Arab Barometer (2021–2022), which includes 24,214 respondents across 11 countries, we apply a Double Machine Learning (DML) framework to address both observed and unobserved confounding factors. The results show that receiving remittances significantly increases the likelihood of owning a bank account in the origin countries. The effect is gender-differentiated: remittances raise account ownership by approximately 6.24 percentage points for men and 9.2 percentage points for women. To validate these findings, we complement the DML analysis with probit and bivariate probit. The effect of remittances on bank account ownership appears to operate primarily through labor market integration rather than through educational. These findings suggest that remittances not only serve as a financial lifeline but also act as a catalyst for formal financial engagement, particularly among women. The results have important implications for policy design aimed at leveraging remittance flows to promote inclusive financial systems in the country of origin.

Keywords:

Remittances, Financial Inclusion, Double Machine Learning, Causal Inference

JEL classification:

O1, G2, F24

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