

## Why Do Migrants Send Money Home? Revisiting Remittance Determinants in the LMICs using Instrumental Variable Approach

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**Abstract:** Remittances have emerged as a vital financial lifeline for lower middle-income countries (LMICs), providing economic resilience and developmental support amid global shocks. This study investigates the macroeconomic determinants of remittance inflows across 42 LMICs from 1998 to 2022 using fixed effects (FE) and instrumental variable (IV) FE models. Results highlight the dominance of altruistic motives, with key drivers including age dependency ratios, financial development, migrant stock, and political instability. Notably, higher remittance costs and macroeconomic volatility deter inflows. By addressing endogeneity concerns, this paper offers robust, policy-relevant insights into how LMICs can better harness remittances for inclusive economic development.

**Keywords:** Remittance, Lower Middle-Income Countries, Migrant Stock, Endogeneity, Transaction Cost

**JEL Classification Number:** F24, O16, C26, D23

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