

Linking social and financial remittances in the realms of financial know-how and education in rural Ecuador

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Abstract

This article explores the links between financial and social remittances in the context of Ecuadorian migration to the US and Spain. Ethnographic research on remittance patterns and impacts was carried out in two villages in Southern highland Ecuador. Each site has a different migration and remittance reception profile, in the broad contexts of Ecuadorian regular migration to Spain versus irregular migration to the US. In the specific cases in this research there are links between social and financial remittances in the realm of migrants' and their relatives' dealings with the Ecuadorian banking system. Experiences prior to migration and exposure while abroad heavily shape their financial behaviour. A second set of links was identified in the sphere of education. These links are highly gendered with non-migrant women getting ahead of their male peers in educational attainment.

Keywords: International migration, remittances, banking, education, Ecuador.

Remittances in rural Ecuador

In 2010, Ecuador received 2.32 billion US\$ from its citizens abroad (BCE, 2011). On top of such amount of financial resources, the country is also receiving less material resources, what Levitt has termed as 'social remittances' (1998). Both types of remittances, as acknowledged by different authors, have profoundly impacted on the socio-cultural and material landscapes of many villages throughout the Ecuadorian Andes. For instance, Jokisch (2002) has stated the changes in agriculture and housing due to remittance reception. In a less material scale, some authors like Pribilsky (2007) or Herrera (2005) have showed the gendered nature of remittances' impacts.

Ecuador provides a unique field for studies on remittances due to the country's two differentiated traditions of international emigration from rural areas. In the contiguous provinces of Azuay and Loja, the rural dwellers from the two selected research sites, less than 250 miles apart, have been migrating to very different places and under very different conditions. Xarbán and Pindo (pseudonyms) are two small parishes¹ (less than 2,500 inhabitants each according to the 2001 Ecuadorian Census) in the provinces of Azuay and Loja respectively. Both villages closely follow the predominant out-migration patterns of their respective provinces. Xarbán villagers (particularly young males)

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¹ Parish is the smallest administrative unit in Ecuador.



migrate overwhelmingly to the US, and more specifically to the borough of Queens in New York City. This migration is irregular, usually crossing the Mexico-US border after long journeys through several Central American countries. Migration from Pindo was initially pioneered by female villagers who could find jobs very quickly in the Spanish and Italian unregulated care sector. These first migrants entered the countries as tourist and overstayed, managing to regularise their legal situation later on through one of the mass regularization programmes which were implemented in Spain and Italy, or via work contracts. The regular legal situation and the common language in the case of Spain created a framework of potential interactions with other ways of being and doing wider than in the case of Xarbán migrants in the US (with no regular legal status and little knowledge of English).

In 2009 I conducted nine months of fieldwork in both villages, as well as a short follow-up in migrants' places of residence in New York and Spain. Fieldwork involved participant observation, a questionnaire administered to 15% of each village's population and a total number of 83 interviews. Given the academic popularity of social remittances, it is surprising how little empirical evidence has been gathered about social remittances in specific contexts. In this short paper I examine the links between social and financial remittances, supporting such enquiry with ethnographic data from rural Ecuador.

Social remittances

'Social Remittances' was an expression first coined by Peggy Levitt in her seminal 1998 article. The term focuses attention on the non-material changes triggered by migration in migrants' places of origin. However, although the term as such is Levitt's creation, as early as the 1970s some demographers were focusing their attention on the non-material elements brought by returning migrants and the non-material changes triggered by migration, in what has been called the 'ideational shift' in demographic studies (see for instance the work by Connell et al., 1976 on migration from rural areas in the Third World; Cleland and Wilson, 1987 on the diffusion of small family norm; or Skeldon, 1990 on the introduction of commercial ideas in rural Peru). Apart from coining and popularizing the term of 'social remittances', Levitt, contrary to these early authors, places more importance on migrants, instead of the migratory system itself. Previous authors rather ruled out the possibility of 'virtual' transmission. According to them, social remittances could only be brought by returnees. The concept of social remittances opens the door to some sort of sending without migrants having to return, permanently or temporarily.

'Social remittances' has been an extremely successful term that paradoxically has not been theoretically developed further or empirically applied. Most studies limit themselves to mention social remittances en passant, stating its potential importance but without providing any additional empirical data or theoretical developments (e.g. Agunias, 2006; Ellerman, 2003; Sørensen, 2004). Some studies use the term social remittances to signify those remit-

tances that are not sent by individuals, but by social groups. This application is clear in the Home Town Associations literature (Alarcón, 2000; Auroi, 2007; Goldring, 2004; Rivera-Sanchez, 2004). Social remittances have also been researched in the context of technical knowledge transfer. The skills that migrants bring back when returning to their places of origin have long been considered a potential source of development (Ammassari and Black, 2001; Chevannes and Ricketts, 1997). Another thread of literature keen on the term social remittances, but again narrowing the term to its most technical meaning, is the one dealing with Diaspora development engagement (Brinkerhoff, 2006; Hanifi, 2006; Kapur, 2001). The reasons for the previous conceptual reductionism lie in the concept of social remittances itself. Theoretically 'social remittances' is a highly attractive term. It is extremely flexible, allowing for a number of materializations. But this malleability can also make it empirically inapplicable. Technical transfers are non-material resources easier to comprehend than other normative structures and values. It would explain the trend to equalize social remittances with knowledge transfers.

In order to avoid unrealistic notions of culture change, social remittances must not be conceptualized as a one-way flow. Rather, their genesis should be understood as a circular process. The ideas, values, meanings that are eventually introduced (or rejected) in the local imaginary of migrants' origin contexts have previously been de- and reconstructed several times. First of all, it is useful to keep in mind that migrants, as persons previously brought up in specific socio-cultural contexts, are not blank canvases where the socio-cultural contexts of destination places can be painted on from scratch. When moving, migrants bring with them specific frames of meanings. Once in a new residence place, they use them to try to make sense of their new situations. As time goes by, those frames change as migrants acquire a finer knowledge of their new socio-cultural environments.

Migrants, with their frames of meaning, act themselves as powerful filters of what would be eventually sent back to their places of origin. Those frames direct migrants' attention towards certain areas, overshadowing others, and making sense of some aspects that could collide with the generally accepted one. It is also important to mention that migration itself, unrelated to migrants' new places of residence, is a source of change and knowledge for migrants. Non-migrants are also actors in the creation processes of social remittances. They need to make sense of what migrants are telling them or how they perceive what returnees are doing. They, like migrants, actively select what to try to make sense of and what not. These processes carried out by non-migrants stem from dynamic and asymmetrical negotiations with migrants. Such negotiations are simultaneously positioned at the macro-level in a transnational hierarchical system of mutual but unequal power relations between migrants' places of origin and residence.

Empirical evidence of links between social and financial remittances in rural Ecuador

Social remittances must not be considered under a yes-or-no perspective. Different frames account for social remittances' different and differential forms, extent, distribution and appropriateness. Such frames are created in the dynamic interplay between variables from, at least, three different contexts: migrants' places of origin, migrants' places of residence and migrants' personal idiosyncrasy and background. All those spheres, which are hierarchically located, contribute different variables which then interact with each other to shape social remittances.

I present here the detailed analysis of two spheres where fieldwork data from Xarbán and Pindo showed linkages between social and material remittances: social remittances on financial dealings and the use of material remittances for property acquisition; and the gender ideas sent in the form of social remittances and what is the impact of such ideas on education expenses.

Financial know-how and familiarity with the banking system

Judging from my fieldwork, the most established link between social and material remittances takes place in the realm of migrants and their families' financial dealings, and particularly regarding their financial behaviour. The final scenario created from the interplay between these types of social and material remittances is very dependent on other contextual variables, mainly the migratory profile of each village and the experiences with the Ecuadorian banking system prior to migration. This explains the diametrically different outcomes for Xarbán and Pindo.

Due to their irregular status abroad, Xarbán migrants must on the one hand pay a very high price for their journey to the US, both in financial and personal terms. In order to gather the required amount (in 2009 the journey to the US cost on average \$15,000) migrants must resort to informal credit suppliers (*chulqueros*) who charge abusive rates of interest. Migrants in the US need on average between one and two years to fully repay the journey debt and then be able to send money to cover daily expenses of their relatives in Ecuador on a regular basis as well as to start saving. The journey debt is a very heavy and lasting financial burden which has important symbolic consequences. Because of that debt, Xarbán villagers and migrants try to avoid getting into any type of debt ever again, including debts with the formal banking system in the form of loans or mortgages. The effects of the journey debt on migrants' future financial behaviour are reinforced by the fact that, once in the US, most Xarbán migrants stay in an irregular legal situation for most of their time in the country and very few of them have regular interaction with the banking sector. Remittances are sent through money transfer operators instead of banks, and the presence of networks of support among fellow villagers means that migrants in need of carrying out any type of urgent financial transaction can resort to one of the few Xarbán migrants with regular status in the US with a bank account. Otherwise Xarbán migrants can live their lives

with none or very few interactions with the banking system. This situation hinders the appropriation of knowledge and the development of familiarity with this sector. A third variable that explains Xarbán migrants and their relatives' detachment from the banks, is that they deeply distrust the Ecuadorian banking system after its collapse in the late 1990s which led to the country's dollarization (for a good overview of the Ecuadorian economic crisis and the collapse of the Ecuadorian banking system see Cortés, 2010). Many Xarbán villagers saw the relatively important savings they have managed to gather with their migration to the US, first frozen in the banks and later virtually stripped of their purchasing power with the dollarization and the aftermath of general price increases.

Pindo villagers' migratory profile and their lack of experience with the Ecuadorian banking system prior to their international migration have created a completely different set of interactions between the type of social and material remittances I am dealing with here. The linkages have created in this case a situation where migrants can interact successfully with the Ecuadorian banking system. Pindo migrants in Spain are usually well integrated into the Spanish banking system, with some of them even bought property abroad. Moreover, they are not reluctant to use the Ecuadorian banking system because they were not hit as hard as Xarbán villagers by the 2000 dollarization, having no substantial savings in the country's banks at the time. The cost of the journey to Spain was, in comparison to the journey to the US, not so onerous, as the approximately \$3,000 for the trip were easily returned, particularly for those migrants who migrated first. Repayment became more complex for those villagers from the most isolated and poor areas of the village who migrated later.

International migration has provided migrants with a sense of familiarity when dealing with banks as they routinely perform financial operations such as, for instance, withdrawing money, sending financial remittances, applying for loans or mortgages and in some cases doing online banking. Migration has also imbued migrants with a feeling of self-respect and accomplishment, and some of them have even developed the sort of 'think bigger' Levitt and Lamba-Nieves mention in their work (2011: 14). These new knowledge and attitudes, along with migrants' accumulated financial resources abroad in the form of wages, savings or properties have enabled them to overcome their initial inexistent or very marginalized experience with the Ecuadorian banking sector.

Migrants' savings are targeted by some of the country financial institutions (banks and credit cooperatives trying to enter the profitable Ecuadorian remittance transfer market), and some of them are opening branches in the rural places of Ecuador which are currently receiving important amount of remittances. Pindo migrants and their relatives are little by little not only having bank accounts in Ecuador, but also applying for loans and other credit instruments. Some banks in Ecuador accept a Spanish work contract as guarantee to grant loans, and this is a way through which migrants and their families, who were traditionally excluded from the credit in Ecuador, are able to bypass

such limitation thanks to their migration abroad. Overall, Pindo migrants are not as adverse as Xarbán migrants to become indebted. Pindo migrants, as opposed to those from Xarbán, resort to credit in Ecuador to build their houses, buy vehicles and set up small investments in the form of little shops, restaurants or farms. This is not taking place in Xarbán where houses are not built one-off but in stages following the arrival of money from the US. In Pindo mortgages are often borrowed from local banks and credit cooperatives to build migrants' houses. Financial remittances are in these cases used to re-pay the mortgages' monthly instalments.

Gender and education

The second link between social and financial remittances in Xarbán and Pindo takes place in the realm of education. Financial remittances are used for education purposes in both Xarbán and Pindo. Data from the questionnaire shows that since starting receiving remittances almost 70% of households in Xarbán and 60% in Pindo have experienced positive changes regarding their children's education (no changes were reported regarding education for adult members of the household or for people not in the household such as distant relatives or fictive kin). Although financial remittances are used in both villages for pursuing education beyond primary school, the presence of a culture of migration in Xarbán affects young villagers' educational aspirations and discourages many males from attending further education. Similarly to Mexico (Sawyer, 2010), and in fact in many countries worldwide, in Ecuador secondary and tertiary education is increasingly needed to secure access to stable and well-paid jobs. Nonetheless, education beyond primary education does not yield any rewards in the US labour market as an irregular migrant (McKenzie and Rapoport, 2006: 26). As Vasta and Kandilige (2010) showed for Ghanaians in London, emigration to the big metropolis involves a process of 'leveling down'. Having relatives currently or previously in the US increases the likelihood of successfully arriving in the US (Kandel and Kao, 2001) and affects negatively educational aspirations (Meza and Pederzini, 2009). As Kandel and Kao found for rural communities in Mexico (2001), migration to the US, instead of education, is seen in Xarbán as a path to social and economic mobility. Young female villagers are on the contrary not expected to migrate. Because of the intense male outmigration the marriage age has increased. It has created a time gap between the age of finishing primary school and the age of getting married. With the new ideas which portray women's education as something worthy and the available financial resources (in the form of remittances sent by male relatives abroad), increasingly female villagers with close relatives in the US are pursuing secondary, college and even university education. The most successful examples (in terms of making a living working as graduates² in Ecuador completely independently of international remittances) are all young female villagers with close relatives abroad. Therefore, young

² A graduate in Ecuador is anyone who has finished high-school, college or university education.

female villagers in Xarbán are getting ahead in education terms compared with their male peers. This gender difference is not as marked in Pindo where education was kept in high-esteem and education levels tended to be higher before villagers started to migrate to Spain (the first pioneering villagers were in fact at university when they decided to migrate).

The fact that in rural Ecuador in places like Xarbán and Pindo, education for women is increasingly perceived not only as socially acceptable, but even as desirable is partially a consequence of the reception of social remittances. Due to socialization in their new places of residence, some migrants are very slowly incorporating new action and thought systems regarding gender issues. Pessar argues that one of the possible outcomes of migration regarding gender regimes is the appreciation by migrants that changes had occurred or are happening in gender regimes in their places of origin, and that migrants could be more likely to accept and push forward such changes (Pessar, 2005: 6). Migrants, through social remittances, can also make their non-migrants relatives and friends realize about such changes and influencing them to be more open to accept them.

In many cases, changes in the realm of gender relations are more the consequence of the type of migration (e.g. from rural to urban areas, male irregular migration) than to the presence of more equal gender relations in migrants' new countries of residence. Both research cases in this paper entail migration from rural to urban environments. Irrespectively of the different countries involved, social relations tend to be less hierarchical in urban contexts, and this includes gender relations. Hence the fact of migrating from a rural village to a metropolis like New York City means that migrants are confronted with different gender practices, as it would be the case if migrating internally from rural to urban milieus in Ecuador. Secondly, the type of migration in the case of the US, males migrating alone, also affects migrants contact with gender practices and regimes. Working conditions force male migrants in the US to take up chores traditionally perform in rural Ecuador by women, like cooking or cleaning, that they would have not otherwise done in Ecuador. This provides male migrants with a new perspective.

The positive effect of social remittances on attitudes and expectations about women's education needs to be balanced with their not so progressive effect on their male peers. While social and material remittances are facilitating women to pursue further education, those same social remittances are affecting their male peers' expectations towards education. Remittances are reproducing a culture of migration in Xarbán and Pindo whose main consequence is that the young male villagers see their future abroad. These images discourage most males from investing in secondary or tertiary education which they perceive as useless abroad, either in the US as irregular workers (where de-skilling would occur leading to personal frustration) or in Europe (in a regular situation but constrained to a specific unskilled labour niche).

A subset of links between social and material remittances was identified in the realm of child-rearing practices. Financial remittances (by means of increasing cash availability) reduce pressure on younger members of the household to work, indirectly incorporating changes in ideas of childhood and the role of children within the household. There are social remittances involved as well, as notions of childhood in Europe or the US are sent back by migrants (while for instance discussing with their partners in Ecuador child rearing strategies) or directly implemented by returnees. These reworked ideas of what a child must do or not do, can lead to demands of cash for schooling or health expenses.

Concluding remarks

This research has proved the presence of links between social and material remittances in the context of Ecuadorian migration to Spain and the US. The particular migratory regimes of the two Ecuadorian villages I studied do not encourage the large-scale creation of social remittances (for a detailed analysis of the causes see Mata-Codesal, 2011). However, there are some realms where social remittances are in fact relevant, and in some specific cases links between social and material remittances in the two research sites were identified.

As my study suggests, knowledge acquired abroad is amalgamated with migrants' previous experiences as well as with context specific variables of migrants' places of origin to create the frame of possibilities of interaction between social and financial remittances. It means that the nature of the links between social remittances and financial remittances' uses is highly contextual, similarly to the nature of social remittances and financial remittances' uses themselves.

This paper has provided exploratory evidence on the links between social and financial remittances in two specific contexts. Firstly, pecuniary remittances interact with social remittances in the field of migrants' financial dealings. As shown, experiences prior to international migration are key to understand the development or lack of development of familiarity by migrants and their relatives with the Ecuadorian banking system. In Pindo, migrants and their relatives are able to overcome their initial precarious incorporation into the country's banking system thanks to the interaction between the social and financial remittances they have achieved with their migration abroad. Social remittances along with financial remittances are leading to an increase in the proportion of banked population in rural areas of the country. This situation explains and encourages the expansion of what Cortés and Ortega (2008) named *estructuras financieras locales* and popular finances, which in turn facilitate the incorporation of a sector traditionally excluded into the formal financial system, allowing rural dwellers to access credit at reasonable interests.

Secondly, the money sent in the form of financial remittances, along with new ideas of gender equality which portray women's education as socially desirable and achievable, are changing the education scenario. This is particularly

intense in Xarbán, where women are getting ahead in education of their male peers, who are inserted in a culture of migration which discourages educational investments. This twofold effect of social remittances on education evidences the importance of avoiding simple and naive conceptualizations of social remittances. There is a need for more balanced and nuanced accounts of social remittances, to go beyond straightforward characterizations which assume them as necessarily good and desirable. Social remittances can also have negative consequences as seen in the effects of social remittances on non-migrants' expectations towards education. These unattended consequences need to be incorporated into our accounts of social remittances if the non-material influence of migrants is to be fully captured.

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