

## **REMITTANCES AND BANK ACCOUNT OWNERSHIP: A PSM ANALYSIS**

*Juliyev Zuxriddin Yuldashevich*<sup>129</sup>

Central Asian countries exhibit some of the lowest levels of financial inclusion globally. According to the Global Findex Database 2021 (World Bank, 2021), formal bank account ownership among adults aged 15 and older stands at just 4% in Kyrgyzstan, 3% in Tajikistan, and 23% in Uzbekistan—figures substantially below both global and regional averages. Paradoxically, these nations simultaneously rank among the world's most remittance-dependent economies, with cross-border transfers amounting to 20% of GDP in Kyrgyzstan, 23% in Tajikistan, and 13% in Uzbekistan (World Bank, 2023). This heavy reliance stems primarily from large-scale labor migration to Russia and Kazakhstan.

The necessity to receive remittances may serve as a potential catalyst for financial inclusion by incentivizing individuals to access formal financial services. This study seeks to empirically examine whether remittance receipt increases the likelihood of owning a bank account, thereby contributing to greater financial inclusion in the region.

### **Data and Methodology**

The analysis examines the relationship between remittance receipt and bank account ownership among surveyed households. The study uses a “Life in Transition” household micro survey conducted by the European Bank for Reconstruction and Development (EBRD) and the World Bank in 2022. The microsurvey covers a wide range of social and economical life of households and is representative at national level. I restrict the sample to individuals living in Uzbekistan (N=1,006), Kyrgyzstan (N=1,002) and Tajikistan (N=1,034). The study concentrates on sections related with migration / remittance and digitalisation.

The common difficulty in studying migration effects is that migration decision (remittance receiving) is highly selective at household and individual level. Migrant families are different from non-migrant families. Therefore, one needs to select comparable groups as contrafactual to estimate the effect of remittance. I employ a propensity score matching (PSM) approach. This methodology allows to create comparable groups of remittance-receiving and non-receiving households by balancing their observable characteristics, including: Age, Education, Household size, Urban/rural location with country and region level dummy variables (See Table 2 for the balance of selected variables). Through this matching procedure, I mitigate

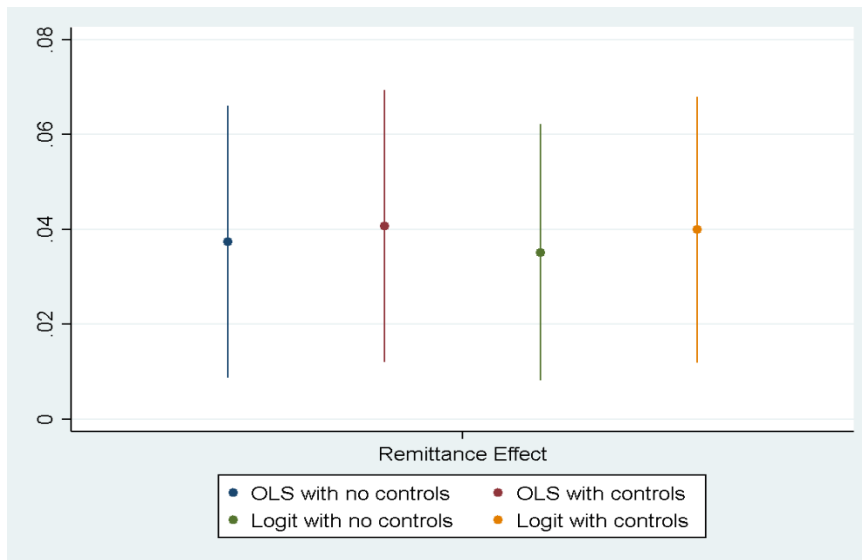
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<sup>129</sup> Westminster International University in Tashkent, zjuliev@wiut.uz

selection bias on observables and obtain more reliable estimates of the effect of remittance receipt on financial inclusion outcomes (owning a bank account).

### Preliminary results and Conclusion

The study finds that given observed characteristics, respondents from remittance receiving households are more likely to have a bank account relative to the households which do not receive remittance. This effect ranges from 3 to 4%, when I use simple OLS and Logit models with and without any covariates (Figure 1). The propensity matching score produces an estimate of 5% (Table 3). That is, respondents who are living in a remittance receiving family are 5% more likely to own a bank account. This finding suggests that remittances can accelerate financial inclusion, particularly for less endowed households. Additionally, policies that facilitate the receipt of remittances through formal channels should be prioritized.



**Figure 1: Effect of remittance on owning a bank account**

**Table 2: balance of selected covariates before and after matching**

	Prior-match			Post-match		
	Treated	Control	t-test p-value	Treated	Control	t-test p-value
Age	43.63	41.90	0.0048	43.63	43.47	0.856
Male	0.28	0.37	0.0000	0.28	0.29	0.618
Educ	2.05	2.18	0.0000	2.05	2.05	0.987
Urbanity	0.19	0.30	0.0000	0.19	0.17	0.608
Household Size	4.72	4.13	0.0000	4.72	4.76	0.764

Table 3: ATT from propensity score matching (Treated = Remittance)

Variable	Sample	Treated	Controls	Difference	S.E.	T-stat
own_bank	Unmatched	.159124088	.122807018	.03631707	.014651278	2.48
	ATT	.159124088	.107542579	.051581509	.018261015	2.82

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## GREEN ECONOMY: UZBEKISTAN'S MOVEMENT FOR AN ECOLOGICALLY SUSTAINABLE FUTURE

*Raimov Elbek Bahodir o‘g‘li<sup>130</sup>*

*Abdumo‘minova Salomat Otabekovna<sup>131</sup>*

*Abdiyeva Dilfuza Ikhtiyorovna<sup>132</sup>*

Annotation: This article reviews the main strategic directions of the Republic of Uzbekistan in the process of transition to a green economy and international cooperation initiatives, and analyzes priority tasks such as the development of renewable energy sources, rational use of resources, and achieving carbon neutrality based on the "Strategy for the Transition to a Green Economy in 2019–2030". It will also cover global trends - a comparative analysis of Uzbekistan's experience within the framework of the Paris Agreement and the UN Sustainable Development Goals, green financing, ecological innovations, and the results of cooperation with international financial institutions.

Keywords: Strategy, eco-active citizens, green economy, degradation, green family, investment, sustainable development goals, principles, ecological innovations, international partnership programs

<sup>130</sup> National University of Uzbekistan, Senior Lecturer, Department of Legal Sciences email: lbekraimov687@gmail.com

<sup>131</sup> National University of Uzbekistan, Student of Jurisprudence, email: salomatabdumuminova@gmail.com

<sup>132</sup> National University of Uzbekistan, Student of Jurisprudence, email: abdiyevakookowa@gmail.com