CULTURE and IMMIGRANT FINANCIAL BEHAVIOR: DEFINING A THEORETICAL MODEL

Joyce Afriyie, University of Professional Studies Accra, Ghana
Nathan K. Austin, University of the Virgin Islands, U.S.A.

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ABSTRACT

The study develops a theoretical model to explain the financial behavior of immigrant communities. In the study, two key financial behavior models (Financial Health Model by Huston (2015) and Conceptual Model of Young Adults' Financial Capability by Serido et al. (2013) are leveraged in developing a 'New Proposed Conceptual Model of Immigrant Financial Behavior'. This new proposed model, which has been leveraged and validated in the present study, combines key variables of the two above mentioned existing models and introduces cultural factors, which has been non-existent in the earlier models, but which is critical to managing financial behavior, especially for a culture-sharing group.

Keywords: *Financial behavior, remittances, immigrants, and culture*

1. INTRODUCTION

Remittance is key to studying immigrant financial behavior because it is a differentiating and prominent aspect of immigrant financial behavior. Campoy-Muñoz et al. (2014) explain that over the decade remittance flow has increased dramatically and in parallel to the surge in international migration. Today, more people than ever before live in a country other than the one in which they were born (Campoy-Muñoz et al., 2014). This assertion is supported by the fast-growing international migration figures being reported by the United Nations. In 2017, the number of immigrants reached 258 million, compared to the 173 million reported in 2000 (United Nations, 2000). This is a 1.5-fold increase. At the same period remittance increased from 127B to 625B (World Bank, 2018), increasing 5-fold. Many have perceived remittances as a vehicle for fighting poverty (Awumbila et al., 2015). Migrants' remittances from mostly prospering economies to families and loved ones in struggling economies boost the incomes of benefiting individuals in the recipient geographies, and allows them to meet their needs and live relatively comfortable lives. While enough literature captures the favorable impact of remittance on the families, communities and regions which receive it, illuminating its increasing financial and economic potency in sustaining developing economics and the remittance-receiving households, the impact of remittance on the immigrants who send it, is less studied (Amoyaw and Abada, 2016). Amoyaw, and Abada (2016) shed light on the impact of remittance on migrants from a health perspective. According to them, remittance is a key way through which migrants maintain and reproduce social relationships with families and loved ones back home, and since it is an expression of profound emotional bonds between migrants and non-migrant families and loved ones, it represents a sense of obligation for migrants. Yet, remitting can constrain immigrants' financial ability to cater for their own personal needs and expenses, which can have negative impact on their emotional and physical health. Again, when migrants are unable to financially support families and loved ones back home through remittance, because of the sense of obligation they feel, they are likely to experience emotional distress.

Amoyaw, and Abada's (2016) study finds that immigrants who maintain financial ties through remittances to family and loved ones shortly after arriving in their host country (i.e., within the first six months) have higher odds of experiencing emotional health issues within the first two years of arrival. This is not surprising considering the profound adjustment challenges, including under and unemployment, income inadequacy, individual and structural discrimination, and language and communication barriers, new migrants experience (Amoyaw, and Abada, 2016; Shooshtari et al., 2013). On the other hand, migrants who remit after six months of arrival experience emotional advantage, and this effect has the potential to generate positive psychosocial states that safeguard against depression. Thus, if a migrant can remit, from a position