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## **What determine remittances to Pakistan? The role of macroeconomic, political and financial factors**

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### **Abstract**

This paper employs GMM method to examine the impact of macroeconomic, financial and political factors on remittances to Pakistan using data spanning 1972-2012. It is estimated that inflation has significant and inverse relation with remittances indicating less investment by diaspora due to unstable macroeconomic conditions. The dummy variable of 2001 terrorist attacks has significantly positive impact on remittances. Furthermore, financial liberalization index is negatively related to remittances as it increases peoples' access to loans. Furthermore, democracy induces migrants to remit to their homes. The findings of this study points toward the substantial impact of economic and noneconomic variables on remittances.

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