

To Remit or not to Remit: It is a Question of Interpersonal Trust

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Abstract : This article seeks to assess the role of the level of interpersonal trust in a country in the remittance landscape. Using historical data from the 2010-2014 wave of the World Value Survey (WVS) for interpersonal trust, our findings underline the substitution role played by the interpersonal trust with remittances. More accurately, remittances tend to drop when the rate of interpersonal trust in the country of origin is high. Overall, a rise in trust is likely to underpin social cohesion, limiting, therefore, the need for remittances. These results are still fairly solid and unambiguous after controlling for confounding factors and possible reverse causality.

Keywords : interpersonal trust, remittances, social capital, social cohesion

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