

Dynamics of Remittances and Household Economic Resilience of Indonesian Migrant Workers (PMI) in East Java

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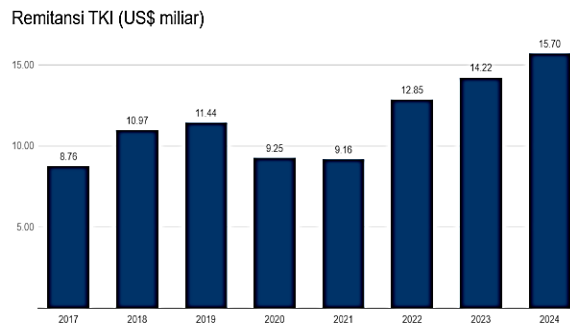
Abstract

This study explores the role of remittances as an instrument of household economic resilience in ten major sending districts for Indonesian Migrant Workers (PMI) in East Java. Although remittances contribute significantly to foreign exchange at a macro level, there is a research gap regarding how remittance dynamics respond to local economic vulnerabilities and their effectiveness in supporting the achievement of SDG 1 (No Poverty) by strengthening household social safety nets. The method used is descriptive qualitative with a collective case study design in Ponorogo, Blitar, Malang, Tulungagung, Banyuwangi, Madiun, Kediri, Trenggalek, Magetan, and Jember. Primary data were collected through in-depth interviews, while secondary data were obtained from the Statistics Indonesia (BPS) and the Indonesian Migrant Workers Association (BP2MI) for the 2024 period. Data validity was tested through source and technique triangulation using the Miles and Huberman model analysis. The results show that remittances are not merely supplementary income but also a crucial economic instrument for meeting basic needs and household liabilities. The novelty of this research lies in its findings regarding the shift in the use of remittances from passive consumption to productive investments, such as micro-enterprises and agricultural modernization, which aligns with SDG 8 (Decent Work and Economic Growth) in creating a multiplier effect for the regional economy. This research contribution provides a foundation for more operational financial inclusion policies to reduce transaction costs and access gaps, in line with SDG 10 (Reduced Inequality) target, thereby strengthening rural economic resilience in a sustainable manner.

Keywords: *Remittances; Indonesian Migrant Workers; Economic Resilience; Productive Investment; SDGs 1, 8, and 10.*

INTRODUCTION

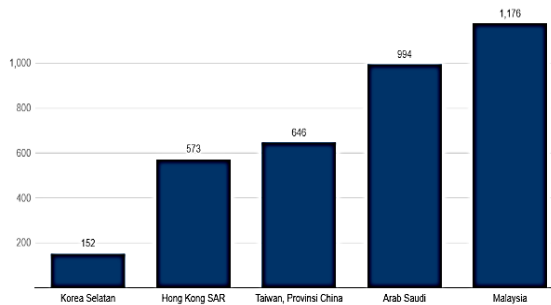
This Remittances by Indonesian Migrant Workers (PMI) are money transfers made by Indonesian migrant workers to their families or relatives in Indonesia [8]. This remittance is an important source of foreign exchange income and economic support for many families in Indonesia [19]. Globally, the role of remittances is a crucial parameter in achieving the Sustainable Development Goals (SDGs), especially Goal 1 (No Poverty) and Goal 8 (Decent Work and Economic Growth), where the flow of funds acts as a driving force for the grassroots economy. In addition, optimizing fund transfers is in line with SDG target 10 (Reducing Inequality), which focuses on reducing remittance transaction costs and strengthening financial inclusion for migrant workers and their families in their areas of origin. Remittances by Indonesian Migrant Workers are an important component not only for recipient families but also for the Indonesian national economy [4]. With the development of money transfer technology and supporting government regulations, it is hoped that remittances can be more optimal in meeting economic and social needs in Indonesia [14]. The following are Remittances from Indonesian Migrant Workers:



Source: Katadata

Figure 1. Remittances of Indonesian Migrant Workers

In 2024, the remittance value of Indonesian Migrant Workers (PMI) nationally will reach around USD 15.7 billion (Rp. 248.8 trillion) with a projected increase of 14% from 2023. East Java Province is one of the main provinces sending remittances, driven by migrant workers spread across various main destination countries such as Malaysia, Saudi Arabia, Taiwan, Hong Kong and South Korea. This can be seen explicitly in the graph below:



Source: Katadata

Figure 2. Destinations of Indonesian Migrant Workers

Sending remittances from Indonesian Migrant Workers (PMI) who work abroad is an important foreign exchange contributor for Indonesia. In the third quarter of 2024, the main countries providing the largest remittances to Indonesia will be Malaysia, Saudi Arabia, Taiwan, Hong Kong and South Korea. These five countries are the largest source of funds sent by PMI to their families and communities in their homeland. Malaysia became the country with the largest remittances in the third quarter of 2024, with a value reaching US\$1.176 billion [9]. This figure shows a stable increase from the previous quarter, namely the second quarter which amounted to US\$1.175 billion and the first quarter amounted to US\$1.166 billion [9]. Malaysia, as one of PMI's main destinations, has a very large number of Indonesian workers, so remittances from this country are dominant and consistent.

Saudi Arabia is in second place as a source of remittances with a value of US\$0.99 billion, followed by Taiwan in third place with remittances of US\$0.65 billion. Saudi Arabia and Taiwan are also favorite destinations for Indonesian migrant workers, especially in the domestic and manufacturing sectors. Other countries such as Hong Kong and South Korea also contribute quite a lot to sending these remittances, supporting the economy of PMI families and their regions of origin in Indonesia. Remittances are money sent by migrant workers to their families or relatives in their hometowns [3] [12] [17]. In areas such as Ponorogo, Blitar, Malang, Tulungagung, Banyuwangi, Madiun, Kediri, Trenggalek, Magetan and Jember, remittances are an important source of household income. This is mainly because these regions have a significant number of Indonesian migrant workers (PMI), which directly influences the volume and character of remittances received [18]. Remittances, as a flow of funds from migrant workers to families in their hometowns, not only function to support household income, but are also a vital instrument in encouraging sustainable local economic growth, in accordance with micro and macroeconomic principles [2] [18]. Within the household economic framework, remittances act as a source of stable and predictable income, especially in areas whose economies depend on the agricultural sector or are remote and have limited access to formal employment, such as in Ponorogo, Trenggalek and Lumajang.

The districts in East Java that have the largest concentration of PMI and significant remittances are Ponorogo, Blitar, Malang, Tulungagung, Banyuwangi, Madiun, Kediri, Trenggalek, Magetan and Lumajang. Specifically in the fourth quarter of 2024, remittances from PMI are estimated to reach USD 15.54 billion, showing

a significant increase compared to the previous quarter, below is figure 2 ten highest remittance producing districts in East Java:

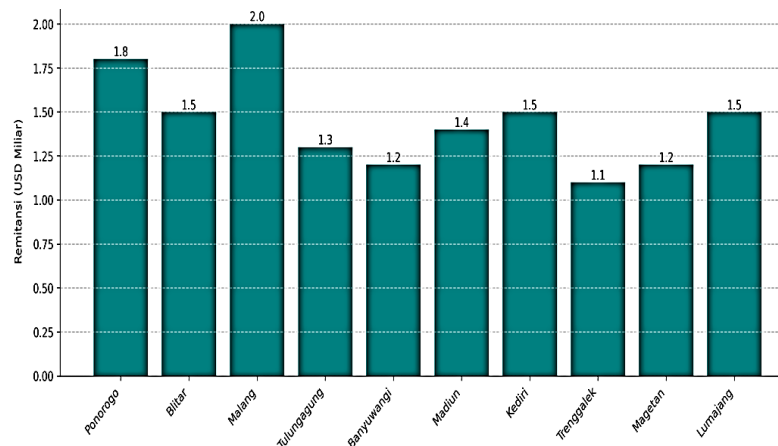


Figure 2. Ten Highest Remittance Producing Districts In East Java

Malang occupies the highest position in remittances sent at USD 2.0 billion, followed by Ponorogo (USD 1.8 billion). Other districts tend to approach the remittance range of between USD 1.1 to 1.5 billion. All districts listed have high concentrations of PMI, indicating a strong migrant worker base and migration network. Local socio-economic factors such as limited employment opportunities also encourage labor migration abroad.

PMI placements from East Java increased by 30.17% year-on-year from April 2023 to April 2024, which is in line with the increase in remittances. This PMI remittance plays a very vital role as a source of family economy in the area of origin, especially in the 10 districts, providing a positive socio-economic impact and supporting the welfare of the people in the area. Overall, this data confirms that the region is not only the main point for PMI placement but also as a center for sending remittances which really supports the regional economy in East Java. The government and banking strategy in facilitating the flow of remittances in a modern and efficient manner is key in strengthening the regional economy which is highly dependent on the contribution of migrant workers

This research is urgent because there is a gap in knowledge regarding the determinants of remittance use in ten PMI sending districts which have diverse socio-economic characteristics, coupled with the dynamics of the growth of fintech platforms which accelerate transfers but raise new challenges related to costs, security and financial inclusion which must be evaluated empirically. Remittances also function as a safety net for households in facing crises such as pandemics or fluctuating food prices, so a deep understanding of their role can help formulate more effective social preparedness policies; At the regional level, the findings of this research can strengthen the government's agenda in optimizing remittances as a development instrument, in line with the targets of reducing poverty and improving the quality of life in rural areas, so that this research not only fills academic gaps, but also provides evidence-based insights that can be operationalized to improve household welfare, strengthen regional economic resilience, and maximize the contribution of remittances to national development. In addition, this research aims to determine the main obstacles faced by PMI in sending remittances from abroad to families in districts/cities in East Java.

METHOD

This research uses a descriptive qualitative approach with a collective case study design to explore in depth the remittance phenomenon in ten PMI sending districts in East Java. A descriptive qualitative approach was chosen because it is able to capture the social, cultural context and meaning contained in remittance practices, as well as providing a complete and comprehensive picture of the reality studied. Research informants were determined using a purposive sampling technique with the main criteria being heads of households receiving remittances, migrant workers, and community leaders who understand the dynamics of the local economy. Primary data was collected through in-depth interviews and field observations carried out in the period January to June 2024, while secondary data was obtained through documentation studies of reports from the Central Statistics Agency (BPS) and the Indonesian Migrant Worker Protection Agency (BP2MI). The data analysis technique applied refers to the Miles, Huberman, and Saldaña model which includes the stages of data condensation, data display, and drawing conclusions or verification. To ensure the validity of the research results, data validity strategies were used through source triangulation and technical triangulation, to ensure consistency of information between interview results and available statistical documents.

RESULTS AND DISCUSSION

Remittances or money transfers from migrant workers to their families in their countries of origin have become an important source of income for many households [1]. Some of these impacts can be described as follows:

1. Increase in Income and Consumption

One of the most direct and clear impacts of remittances is an increase in household income [15]. With remittances, families have more funds that can be used to meet daily needs, buy consumer goods, and improve their quality of life [7].

Based on data from the Indonesian Migrant Worker Protection Agency BP2MI in 2024, total remittances entering East Java in 2024 will reach IDR 38.5 trillion, or contributing 15.2% of the total national remittances. This growth of 12% from the previous year reflects the consistent contribution of around 600 thousand migrant workers from East Java, with an average delivery reaching IDR 64.2 million per worker per year. The impact is felt widely for around 2.1 million recipient households (17% of total households in the province), where the average funding intake of IDR 18.3 million per year acts as an income booster that exceeds the average monthly income in several regions BPS East Java on 2024. This steady increase in income significantly transformed the family's financial patterns; Children's education costs become more secure, access to health services increases because the burden of treatment is no longer a heavy financial constraint, and primary needs such as food (rice) and energy (electricity) can be met more comfortably. Thus, remittances are not just a transfer of money between countries, but rather a pillar of economic independence that provides stability and a financial safety net for millions of families, creating real changes in the standard of living of people from rural to urban levels.

2. Increasing Welfare and Alleviating Poverty

Remittances have a crucial role in poverty alleviation efforts [8]. With a stable flow of funds, families can avoid the poverty line and be able to access services that were previously unaffordable. This mechanism contributes to improving overall well-being, not only in material but also non-material terms. According to research, remittances are used by society to contribute to the economic and social resilience of families [10].

Remittances have a crucial role in poverty alleviation efforts in various districts in East Java, including Ponorogo, Blitar, Malang, Tulungagung, Banyuwangi, Madiun, Kediri, Trenggalek, Magetan and Jember. In these areas, many families depend on the flow of funds from relatives who work abroad or in big cities such as Surabaya, Jakarta, to neighboring countries such as Singapore and Malaysia.

In Ponorogo and Trenggalek, for example, remittances are often the main source of income used for children's school fees, health care, and financing small businesses such as food stalls or farms. In Malang and Blitar Regencies, remittances have helped increase access to basic services and reduce extreme poverty rates, especially in remote areas such as mountainous or coastal areas.

In Banyuwangi and Jember, which have many migrant workers abroad, remittances not only support household life, but also encourage the development of local infrastructure and small economies. In Kediri and Madiun, funds from remittances are often used to purchase agricultural land, business capital, and even home financing. In Tulungagung and Magetan, which have limited economic potential, remittances are important in helping families survive during lean seasons or economic crises. A study from BPS East Java 2023 shows that the average remittance coming into these districts ranges from IDR 3.5 million to IDR 7 million per month per recipient household, which significantly increases purchasing power and quality of life.

With the continuity of this remittance flow, not only will individual households be helped, but there will also be a domino effect on local economic growth, improving the quality of education, and strengthening social networks in society. Regional government policy support such as financial training, access to formal financial institutions, and the use of digital technology for fund transfers can strengthen the role of remittances as a strategic instrument in achieving sustainable community welfare throughout the East Java region.

Remittances are not just a flow of funds from migrant workers to families in their hometowns, but are a socio-economic phenomenon that has a strong basis in various development and microeconomic theories [6]. In the context of districts in East Java such as Ponorogo, Blitar, Malang and Jember, remittances can be understood through human capital theory and social capital theory approaches. According to human capital theory, investment in education, health and skills will increase individual productivity and economic sustainability in the long term. In areas such as Kediri and Madiun, remittances are often used to pay for children's higher education or vocational skills training, which directly increases the value of human resources at the household level. This proves that remittances are a form of investment in strategic human resources, not just mere consumption. On the other hand, social network theory explains that the social value and information contained in relationships between individuals are very important for collective welfare. Remittances bring more than money they bring knowledge, market information, and job opportunities from elsewhere. In Trenggalek and Tulungagung, for example, families receiving remittances are often pioneers in disseminating information about planting seasons, commodity prices, or even disaster preparedness, showing that remittances are a means of distributing critical information in remote communities. In this case, remittances function as circuit breakers in isolating information, helping to strengthen social networks that support local resilience and independence.

3. Invest in Education and Health

Apart from consumption, remittances are often allocated for long-term investments, such as children's education and health services. Remittance funds can be used to finance school, additional courses, or even higher education, thereby improving the quality of human resources in the future [13]. In the health sector, remittances enable families to receive better medical care, purchase medicines, or undergo routine check-ups, ultimately improving the health and productivity of family members. The impact of remittances on the education sector is very multidimensional, both directly and indirectly. Families who receive remittances generally experience an increase in income, which then opens up greater opportunities to allocate funds for their children's education. This not only covers formal school costs such as tuition fees or purchasing learning equipment, but also allows access to higher quality educational institutions or additional tutoring programs. Several studies, including those highlighting the Indonesian case, have shown a positive correlation between remittances and increasing children's education levels. Furthermore, remittances contribute to human capital investment by enabling family members to undertake skills training, continue their education to a higher level, or take prospective vocational courses in the future [5]. With stable financial support from remittances, the risk of children dropping out of school due to education costs can be drastically reduced, ensuring they can complete the level of education they are currently pursuing. This financial stability also creates a more conducive learning environment at home, which in turn encourages children's motivation and academic achievement [13].

Similar to education, remittances also play a vital role in increasing investment in the health sector. Increasing the income of families receiving remittances allows them to access better and better quality health services. This may mean consulting a specialist, purchasing more effective medications, or getting medical care that may have previously been unaffordable. Overall, this better access contributes to improving the health status of family members. In addition, remittances also encourage investment in preventive health. With adequate funds available, families can invest in nutritious food, ensure proper home sanitation, and create a healthier living environment. These factors are crucial in preventing various diseases. In particular, improving nutrition through purchasing quality food can significantly reduce the problems of stunting and malnutrition in children, which are serious public health problems. It is also not uncommon for remittances to be used to pay health insurance premiums, which provides a financial safety net and ensures access to comprehensive medical care when needed. More broadly, remittances are a transformative driving force in supporting the achievement of various Sustainable Development Goals (SDGs), with particular emphasis on efforts to reduce extreme poverty and promote greater equality in society. This flow of funds from migrant workers goes beyond short-term assistance, becoming the foundation for sustainable development. Remittances are not only limited to personal consumption or meeting basic daily needs, but are often allocated strategically for investment in crucial sectors that have long-term impacts, such as education and health. Investments in education, for example, enable young people to gain access to better knowledge and skills, building strong human capital ready to compete in an increasingly complex job market. Meanwhile, investment in the health sector contributes to improving the quality of life, reducing morbidity rates, and creating a more productive society. These two types of investment, in turn, not only improve individual and family welfare, but also contribute significantly to economic growth, both at the local and national levels. These funds stimulate economic activity, create job opportunities, and increase the productive capacity of a region. Thus, remittances are proven to be an important pillar in a country's social and economic development, facilitating inclusive and sustainable progress, and accelerating the pace of achieving set global development targets.

In the framework of development economics, remittances are often seen as a form of wealth transfer that can encourage economic growth. These funds are not only allocated for consumption, but also for investment. The concept of "remittance circulation" indicates that these funds return to the country of origin, creating a multiplier effect that stimulates economic activity. When remittances are invested in the education and health sectors, this is in accordance with the theory that the allocation of resources to these key sectors is a prerequisite for long-term development. Education increases labor productivity (human capital), while health increases welfare and labor force participation, all of which contribute to increasing gross domestic output (GDP). The existence of remittances reduces dependence on foreign aid and can become a domestic source of development financing.

Migration and sending remittances are often collective family decisions aimed at diversifying income and reducing risks. The funds sent then are not only for daily needs, but also as an investment in the next generation. Social networks, which exist between migrants and families at home, facilitate the flow of remittances and ensure their strategic use [26]. Remittances can also change the social structure in the community of origin, for example by the emergence of a new social class that prospers thanks to this flow of funds, and in turn can encourage higher educational aspirations in society. Investments in individuals' education, training and health will improve their skills, knowledge and abilities, which in turn will increase productivity and future income. Remittances directly make this investment possible. Families use remittance funds to pay for school, additional courses, and higher education, all of which are a form of investment in their children's human capital. With higher human capital, individuals have access to better and more stable jobs, creating a positive circle of increasing income and well-being. In the context of health, investment through remittances in nutrition and medical care is also an investment in human capital, because healthy individuals will be more productive and have a longer life expectancy.

By flowing into vital sectors such as education and health, remittances are not just a transfer of funds, but a fundamental development catalyst. These remittance funds help build a solid foundation for inclusive and sustainable economic growth, creating a continuous positive cycle. These strategic investments not only directly

improve the quality of life for individuals and families, but also significantly create a positive domino effect for economic growth, both at the local and national levels. At a macro level, increasing human capital and public health facilitated by remittances will encourage increased national productivity. An educated and healthy workforce will be more efficient, innovative, and able to adapt new technology, all of which are the driving force for economic growth. Remittances can also increase social participation, where wealthier families and better educated individuals have a greater capacity to be involved in the development of their communities, whether through social activities, entrepreneurship, or local decision making.

Therefore, remittances can be seen as not just a flow of money, but a multifunctional development instrument. Remittances are complexly integrated with a country's social and economic structure, serving as a bridge between individual needs and broader development goals, and accelerating the pace of achieving the Sustainable Development Goals (SDGs). Thus, proper management and utilization of remittances has tremendous potential for sustainable socio-economic transformation [18].

4. Contribution to Local Economic Growth

In aggregate, remittances can contribute to economic growth in the region of origin. Increased household consumption drives demand for local goods and services, which in turn can stimulate economic activity and job creation. Several studies show that remittances can increase per capita which can increase the economic growth of a region. In aggregate, remittances play a crucial role in encouraging economic growth in regions of origin through several main mechanisms. Increased household consumption is one of the most direct impacts, where remittances from migrant workers increase the purchasing power of recipient families. These funds are then allocated to purchase local goods and services, ranging from basic necessities to secondary goods, thereby triggering an economic multiplier effect that drives the wheels of the local economy. This increase in demand directly stimulates economic activity by encouraging producers and service providers to increase their production capacity, both in the agricultural, small manufacturing and service sectors. As a consequence, there is the creation of new jobs that absorb local workers and contribute to reducing unemployment rates and increasing community welfare.

When remittances are received by households, most of the funds are allocated to meet daily consumption needs. This increase in purchasing power directly drives demand for local goods and services. Increased consumption and demand for local goods/services will stimulate economic activity. With higher demand, local businesses may need to increase production, expand operations, or even open new ventures. This can directly create new job opportunities for local residents, both in the formal and informal sectors. Remittances have great potential to become a motor of economic growth in the region of origin, starting from their direct impact on household consumption. When remittances from migrant workers are received, the funds tend to be allocated to meet basic needs and improve the quality of life of the recipient family. This phenomenon is in line with Milton Friedman's Permanent Income Hypothesis, where households will plan consumption based on their estimated long-term income. Remittances, as a relatively stable income stream, reinforce expectations of permanent income, thereby leading to a significant increase in purchasing power. This increase in spending then drives aggregate demand for various local goods and services, from foodstuffs to electronic goods, as well as education and health services. The implication is that every rupiah of remittance spent will create an economic multiplier effect in the local economy. This means that a unit of cash that enters the economic system through remittances is not just spent once, but rotates in a buying and selling cycle, creating additional income for many parties. The increase in consumption and demand for local goods and services triggered by remittances then becomes a vital stimulus for economic activity and job creation. As explained in Keynesian Economic Theory, an increase in aggregate demand will encourage producers to increase production to meet a growing market. Local businesses, from micro, small and medium enterprises (MSMEs) to the agricultural and services sectors, will respond by expanding their operations, investing in new equipment, or even opening new branches or businesses. This investment includes not only physical capital, but also human capital. As a result, there is an increase in the need for labor. The creation of new job opportunities not only absorbs unemployment and underemployment, but can also increase income for local workers. Thus, remittances indirectly contribute to improving skills and productive capacity through the employment and training opportunities that accompany them. However, it is important to note that these positive impacts need to be balanced with appropriate policies to avoid potential risks such as asset inflation or economic overdependence, thereby ensuring sustainable and inclusive growth.

The Main Obstacles Faced

PMI in sending remittances from abroad to families in Regencies or Cities in East Java Some of the obstacles faced by PMI in making deliveries include the following:

1. High cost of sending remittances

Remittance sending costs include remittance providers' service commissions, banking administration fees and inter-country transfer fees. Often, these fees are relatively high, ranging from 5-10% of the amount of money sent. This reduces the net amount of money the family receives. Sometimes, there are hidden fees or additional costs that arise due to the use of intermediaries or intermediary agents, which also reduce the funds that reach the recipient. In certain countries, these costs are increasingly expensive because financial infrastructure is not yet optimal. The main cost in sending remittances which is often the biggest burden for PMI is the sending service

commission charged by remittance service providers, such as conventional banks, international money transfer companies (for example: Western Union, MoneyGram), and digital financial services. This commission usually ranges from 5% to 10% of the total amount of money sent. This means that if a PMI sends IDR 10 million to his family, at least IDR 500 thousand to IDR 1 million will be deducted just for this sending fee. This commission covers the service provider's operational expenses which include the verification process, transaction security, and the technological infrastructure used. This high commission is a serious problem, especially for PMIs who have relatively low incomes and have to send large amounts of money periodically to support their families' living needs in their homeland. In regional contexts such as districts in East Java, where remittances are the main source of income, high commissions significantly reduce the value of the benefits of these remittances for recipient families. The remittance mechanism involves cross-border fund transfers, in the process there are often additional fees charged by intermediary banks or other financial institutions that facilitate the transaction, especially if it is not carried out directly between the sending and receiving banks. This fee is usually in the range of 1% to 3% of the amount of money sent. These intermediary banks take a margin on their transaction processing services, which adds to the total cost of remittances. These costs can cumulatively increase the percentage of the total discount on remittance costs, which means that the burden must be borne by PMI and their families. When these interstate fees are combined with commissions and administration fees, the total reduction in remittance costs can be quite significant. Apart from the official costs that are disclosed, hidden costs often arise in remittance practices that are not immediately visible. These hidden fees usually arise when transactions involve several layers of intermediaries or agents who carry out money transfer functions, especially if remittance services are carried out in areas with less developed infrastructure. Examples of hidden fees are additional rebates by local agents in the sending or receiving country, fees for cash pickup at certain locations, or additional administration fees that are not announced at the start of the transaction. These costs often result in further reductions in funds received without both senders and recipients realizing it, creating the risk of a significant reduction in effective funds for recipient families.

2. Access Limited Remittance Services in the Destination Area

Especially in districts/cities in East Java where infrastructure is not evenly distributed, the existence of remittance agents, post offices or banks that serve remittances is still limited or far from the location where the recipient family lives. This makes it difficult to access money and increases transportation costs and time to obtain these funds. This underdeveloped financial infrastructure is a significant obstacle. This can be seen explicitly in the table below:

Table 1. Number of Branch Offices and Remittance Agents

Regency	Number of Branch Offices/ Bank Jatim Unit	Remittance Agent & Post Office
Ponorogo	Included in the overall network, branch units tend to be limited, concentrated in city centers	Remittance agents and post offices are limited, especially in remote areas
Blitar	There are branch units, but they are still limited to the main sub-districts	Remittance agents are somewhat scattered, post offices still act as fund collection points
Malang	Has several main branches and cash units, more complete than other districts	More remittance agents, better access than other districts
Tulungagung	Branches/units are available but not evenly distributed throughout the region	Limited remittance agents, post office as the main alternative
Banyuwangi	Has several main branches, but remote areas challenge service access	Remittance agents and post offices are unevenly distributed
Madiun	A network of branches and units exists but is concentrated in the city center	Access to remittance agents and post offices is limited in remote villages
Kediri	Has a fairly spread network of branches and units	There are remittance agents, but access in peripheral areas is still difficult
Trenggalek	Branch units are small and limited, relying more on post offices	The post office is the main alternative for taking remittances
Magetan	Limited branches or units, infrastructure influence is not evenly distributed	The existence of remittance agents and post offices is very limited

Jember	Branches or units exist but are not evenly distributed, relying on post offices	Post offices and remittance agents are limited to certain areas
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Source: Data processed by researchers, 2025

Each district or city analyzed Ponorogo, Blitar, Malang, Tulungagung, Banyuwangi, Madiun, Kediri, Trenggalek, Magetan, and Jember, only has 1 main branch office of Bank Jatim. This branch office is the main service center that provides complete remittance services and is the "hub" for fund distribution in each district. This shows the limited reach of the main physical services, thus encouraging the need for additional service infrastructure such as sub-branch offices and functional offices. The number of KCPs in various districts/cities ranges from 3 to 7 units, with Kediri having the largest number of KCPs, namely 7. Sub-branch offices function as an extension of the main branch office to expand the reach of services. The existence of KCP allows families who receive remittance funds to not only focus on the main branch office, which is usually only 1. KCP helps reduce the burden of access that only relies on the main branch office but cannot reach all sub-district or village areas. However, this KCP remains in a relatively more strategic and centralized location, so that for people in remote and remote areas, access to this KCP can still be difficult. The number of functional offices in each district is more numerous and varied, ranging from 5 to 11 units. Banyuwangi Regency has the largest number of functional offices, namely 11 units, which indicates a fairly high need for remittance services and a larger or denser area. This functional office can be established at the sub-district or small town level, thereby helping to expand access to remittances in more remote or rural areas. The existence of this functional office is very important in the context of increasing financial inclusion, especially for taking remittances from families who live far from the city center. A payment point is a service location which is usually a local agent, shop or small business designated to serve the collection or delivery of remittances. The number of payment points varies greatly between districts, with Malang having the highest number of PPs, namely 14 units, while some areas such as Trenggalek and Magetan have relatively few or no payment points. This payment point is a very important and flexible solution for areas with limited infrastructure because it does not require large physical buildings such as branch offices. However, the inequality in the number of payment points shows that there are still many areas in East Java that have not received expanded access via this service point, which has the potential to cause transportation costs and time constraints for recipients. The number of ATMs in this district/city is relatively large, ranging from 16 to 34 units. Madiun occupies the highest position with 34 ATM units, which means its residents have the alternative of withdrawing funds independently without having to meet bank officers. The existence of this ATM is very useful for remittance recipients to reduce dependence on branch offices, sub-offices or agents. Even though there are quite a lot of them, ATMs still have limitations regarding the availability of cash, operating hours, and physical location close to remittance recipients.

3. Fluctuations in Foreign Currency Exchange Rates

Fluctuations in foreign currency exchange rates are a crucial obstacle because they directly affect the real value of funds received by families in Indonesia. Based on Bank Indonesia's Jakarta Interbank Spot Dollar Rate (JISDOR) data in April 2024, the USD exchange rate against IDR showed significant volatility in a short period. At the beginning of the month, to be precise April 1 to 2 2024, the Rupiah weakened to Rp. 16,530.63 per USD, but then experienced a strengthening trend until it reached its lowest point at Rp. 16,381.64 on April 7 2024. This uncertainty continued with a sudden jump in the exchange rate of 68.86 points on April 8 before finally showing a more stable movement until April 10 2024. For PMI households, volatility this amount in a period of only ten days makes financial planning very difficult, because the exchange rate difference during conversion can reduce the nominal value of the rupiah received even though the amount of foreign currency sent remains the same. Thus, exchange rate fluctuations are not just statistical figures, but rather risk factors that can suddenly correct the purchasing power of families receiving remittances.

CONCLUSION

Remitansi dari Pekerja Migran Indonesia (PMI) telah bertransformasi dari sekadar bantuan sosial menjadi instrumen ekonomi strategis yang berdampak luas terhadap kehidupan rumah tangga dan stabilitas perekonomian nasional. Studi di sepuluh kabupaten pengirim PMI di Jawa Timur menunjukkan bahwa remitansi menjadi sumber pendapatan utama bagi banyak keluarga, digunakan untuk memenuhi kebutuhan pokok seperti pangan, pendidikan, kesehatan, dan pembayaran cicilan, serta berperan sebagai *safety net* ekonomi yang vital, terutama saat menghadapi ketidakpastian ekonomi. Selain itu, remitansi mendorong pembangunan sosial dan ekonomi lokal melalui investasi produktif seperti usaha mikro, pembelian alat pertanian, dan pembangunan infrastruktur rumah tangga, menciptakan efek multiplier yang mendukung ketahanan ekonomi daerah.

Secara nasional, nilai remitansi pada tahun 2024 mencapai USD 15,7 miliar (sekitar Rp 248,8 triliun), menjadi salah satu penyumbang terbesar devisa negara yang melebihi sejumlah komoditas ekspor tradisional, dengan proyeksi kenaikan sebesar 14% dari tahun sebelumnya. Meski efisiensi pengiriman meningkat berkat dominasi platform digital dan *fintech*, tantangan seperti biaya pengiriman yang masih tinggi di sejumlah rute dan ketimpangan akses di daerah terpencil tetap menjadi isu yang perlu diatasi. Oleh karena itu, diperlukan kebijakan

terpadu dan inklusif yang mengintegrasikan pelatihan literasi keuangan, penguatan infrastruktur finansial di daerah, serta sistem pemantauan remitansi yang efektif. Dengan pendekatan yang tepat, remitansi bukan hanya menjadi aliran dana, tetapi menjadi mesin pemberdayaan ekonomi berkelanjutan yang mampu menopang kesejahteraan rumah tangga dan memperkuat perekonomian Indonesia di tingkat nasional

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