

Abstract

Economic integration starts to be achieved faster through the international labor mobility than due to international trade or capital movements. Remittances, important international capital flows, became one of the most discussed topics in world. The migrant's transfers have become the primary source of existence in Moldova. This paper using data on transfer of funds for the period 1995-2010, attempts to examine the relationship between remittances and financial development, economic growth and investment level of Republic of Moldova. The main finding of this study is that remittances influence significantly the economic growth, the investment level. Moreover, these funds substitute for a shortage of development of the financial system and therefore promote growth.

Keywords: Remittances, migrant, financial development, investment, economic growth, formal and informal channel.

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