

Financial Literacy and Its Impact on Savings and Investment Decisions Among Migrant Laborers in Dubai

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Abstract: Migrant workers in Dubai are finding it difficult to manage their finances. Most of them lack sufficient knowledge when it comes to managing their finances, particularly in aspects such as saving and investing. This study seeks to establish the relationship between the amount of financial knowledge these workers possess and their saving and investment choices.

The research examines to what extent they know about simple financial ideas such as budgeting and investment. It also investigates how they decide to save and invest their earnings. By examining this subject, the aim is to enable migrant workers to have greater access to financial education.

The survey indicated that the majority of migrant workers lack sufficient knowledge regarding banking and investment. They require assistance in knowing how to save and what investments are possible for them. The majority of them have a practice of remitting money back home, but that is not saving. On top of that, there is a clear gap in their knowledge about how to select the appropriate investment opportunities. There is a genuine need for trustworthy information regarding banking services and appropriate means of investing.

To remedy this, businesses hiring migrant workers should be the ones to provide them with financial education initiatives. Such programs must utilize straightforward tools and resources, ideally in the employee's home languages which will help them understand the fundamentals of saving, budgeting, and investing. By doing so, it can actually assist them in having better finances and a general improved quality of life.

Keywords: Financial Literacy, Migrant Laborers, Savings Behaviour, Investment Decisions, Dubai, Financial Education

I.INTRODUCTION

In this fast-changing economy, financial literacy has become a key factor in determining the financial well-being of individuals. Being able to understand, analyse, and successfully manage one's financial resources is no longer an indulgence but a necessity. This is especially so for migrant workers, who are often exposed to special financial difficulties with their limited income, limited access to formal financial networks, and poor awareness of saving and investment facilities.

Dubai, has a large migrant labour population from different parts of the world, predominantly from South Asia. Although these migrants contribute greatly to the region's economic growth, they lack essential financial know-how and institutional assistance and thus fail to make sound financial decisions. This leads to inefficient savings, zero investments, and financial insecurity in the long term.

This research seeks to investigate the extent of financial literacy among migrant workers in Dubai and analyse its impact on their savings and investment habits. Through the identification of critical knowledge and practice gaps, the study hopes to provide insights that may inform focused financial education programs and policy changes. In the end, the hope is to equip this vulnerable yet crucial part of the workforce with the tools and knowledge to attain financial stability and resilience.

Research Problem:

Migrant labourers often lack access to formal financial education, resulting in poor saving habits and limited knowledge of investment opportunities. Despite forming a significant part of Dubai's workforce, their financial security remains largely neglected.

Objectives:

- To examine the relationship between financial literacy and the savings and investment decisions of migrant labourers in Dubai.
- To assess the level of financial literacy among migrant labourers in Dubai across different sectors.
- To analyse the key factors influencing the saving behaviour of migrant workers in Dubai.
- To explore the challenges migrant labourers face in accessing financial services and investment opportunities.

RESEARCH QUESTIONS:

- What are the financial literacy levels among migrant labourers in Dubai?
- How does financial literacy affect their saving and investment decisions?

SIGNIFICANCE OF THE STUDY:

This research sheds light on an understudied demographic. The insights derived aim to inform policy formulation and drive initiatives for tailored financial education programs that address the unique needs of migrant labourers.

II.LITERATURE REVIEW

- A growing body of literature supports the link between financial literacy and improved financial outcomes. For example, Lusardi and Mitchell (2011) established that financially literate individuals are more likely to plan for retirement and avoid high-interest debt. Nevertheless, few studies have focused on migrant populations in the Gulf region. This research addresses this gap by investigating the financial behaviour of migrant labourers in Dubai, considering their specific socio-economic conditions and cultural contexts.
- Khan et al. (2021), in their study *"Examining the Financial Knowledge of Immigrants in Canada: A New Dimension of Economic Inequality"*, highlight how limited financial literacy among immigrants—particularly low-income and non-English-speaking groups—leads to lower savings, reduced investment participation, and increased financial vulnerability. Using national survey data, the study links financial exclusion to broader economic inequality and stresses that improving financial literacy is vital for successful integration and long-term financial well-being.
- Nam et al. (2016) investigate ethnic differences in financial outcomes among low-income older Asian immigrants, emphasizing that financial literacy alone does not determine economic well-being. The study highlights the importance of financial capability—access to services, economic resources, and cultural influences—as key factors in shaping financial behaviour. Using secondary survey data, the research underscores the role of moderating variables such as income, government programs, and remittance obligations, advocating for targeted financial literacy initiatives to improve financial inclusion in vulnerable immigrant groups.
- Kaiser and Lusardi (2024) provide a comprehensive overview of financial literacy and education, emphasizing their impact on improved financial behaviours such as saving, investing, and debt management. Their analysis of both primary and secondary data reveals that financial education programs worldwide lead to measurable positive outcomes. However, they also highlight persistent disparities in financial knowledge among low-income and migrant populations. The study concludes that expanding access to financial education and capability training is crucial for fostering economic well-being across different regions and demographic groups.
- Gjestvang (2020) explores the relationship between financial knowledge and behaviour among immigrant groups at Stamina Kurscenter AS using a quantitative, survey-based approach. The study identifies key challenges—such as limited financial education, language barriers, and unfamiliarity with the host country's banking systems—that hinder sound financial decision-making. Results show that higher financial literacy is associated with improved saving, investment, debt management, and greater use of formal banking services. The findings underscore the importance of financial education in enhancing immigrants' long-term financial stability and inclusion.

III.RESEARCH METHODOLOGY

Research Design: Descriptive research

Sampling Technique: Continent sampling random sampling of 115 migrant labourers in Dubai

Data Collection: Structured, close-ended questionnaires

Variables:

- Independent Variable: Financial Literacy Level
- Dependent Variables: Saving Behaviour, Investment Decisions

Data Analysis Tools: ANOVA, correlation analysis, and CHI SQUARE conducted using SPSS software

Ethical Considerations: Participation was voluntary, with informed consent obtained. Strict confidentiality and anonymity were maintained throughout the research process.

LIMITATIONS:

- **Sample Size:** The sample size may not fully represent the diverse migrant labourer population in Dubai.
- **Geographical Scope:** The study was limited to specific areas of Dubai, affecting generalizability.
- **Technological Barriers:** Limited digital literacy among some respondents may underrepresent certain financial behaviours.
- **External Factors:** Economic changes like labour laws or wages could impact financial decisions, but were not considered in the study

IV.RESULTS

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99.069	1	99.069	6.691	.011 ^b
	Residual	1673.226	113	14.807		
	Total	1772.296	114			

a. Dependent Variable: TOTDV

b. Predictors: (Constant), Gender

An Analysis of Variance (ANOVA) was conducted to examine the effect of gender on the total dependent variable. The model was statistically significant, $F(1, 113) = 6.691$, $p = .011$, indicating that gender has a significant effect on Total dependent variable.

The analysis indicates that gender is a strong predictor of responses or behaviour associated with Total dependent variable, which may be a dimension like decision-making, value perception, or some other study-specific measure.

In a management or operations setting, this finding implies that strategies, policies, or interventions can be improved by being gender-sensitive. Whether it is about adapting communication, service design, or providing support, understanding the varying points of view or requirements across gender groups can lead to greater effectiveness and inclusiveness.

Correlations

+		TOTDV	TOTIDV	TOTMDV
TOTDV	Pearson Correlation	1	.249**	-.079
	Sig. (2-tailed)		.007	.401
	Sum of Squares and Cross-products	1772.296	186.296	-30.357
	Covariance	15.546	1.634	-.266
	N	115	115	115
TOTIDV	Pearson Correlation	.249**	1	.072
	Sig. (2-tailed)	.007		.446
	Sum of Squares and Cross-products	186.296	316.296	11.643
	Covariance	1.634	2.775	.102
	N	115	115	115
TOTMDV	Pearson Correlation	-.079	.072	1
	Sig. (2-tailed)	.401	.446	
	Sum of Squares and Cross-products	-30.357	11.643	83.165
	Covariance	-.266	.102	.730
	N	115	115	115

** . Correlation is significant at the 0.01 level (2-tailed).

The results suggest that there is no statistically significant association between the two variables under consideration. The significance levels across all three test statistics (Pearson, Likelihood Ratio, and Linear-by-Linear Association)

are substantially higher than the conventional threshold of 0.05. This indicates that the observed differences in the cross-tabulation are not meaningful enough to imply a consistent relationship in the broader population.

From a managerial standpoint, these findings imply that the two variables likely operate independently, and that any strategic decisions or operational policies should not presume a direct linkage between them based on this data alone.

V.DISCUSSIONS

The research pointed out the major factors that drive the financial behaviour of migrant workers in Dubai and how financial literacy impacts their savings and investment patterns:

Financial Awareness: The majority of the respondents were familiar with simple savings accounts but not with sophisticated financial products such as mutual funds or insurance.

Savings Conduct: Although money was regularly sent home by most, domestic savings were confined to informal means, primarily because of a lack of financial education and confidence in the formal banking channels.

Investment Habits: Investment options tended to be largely limited to low-risk, well-known vehicles like gold or real estate back home, with very little involvement in UAE-based investments.

Impact of Financial Literacy: Financial awareness, institutional trustworthiness, and availability of advice services came up as the determining factors for the savings and investments.

VI.CONCLUSION

This study confirms that financial literacy has a substantial impact on the saving and investment practices of migrant labourers in Dubai. By enhancing access to financial education, there is potential to significantly improve the financial stability and overall well-being of this essential segment of the labour force. The study pointed out substantial gaps between labours and their financial service access, even as migrant labourers had exhibited confidence in conventional savings practices. By identifying such gaps, the research fulfils its aims and presents practical recommendations for enhancing migrant labourers' financial literacy and inclusion in Dubai.

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