

Formalizing Myanmar Worker Remittances from Thailand

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Executive Summary

Myanmar nationals working in Thailand form the largest single migrant-worker corridor in Southeast Asia, and remittances they send home are a critical source of household income and national foreign exchange for Myanmar. Yet the overwhelming majority of these flows continue to move through informal channels — principally the hundi system — rather than through banks or licensed money transfer operators.

This paper sets out the case for both governments to treat remittance formalization and labour migration reform as a single, connected policy agenda. It explains why the persistence of informal-channel remittances matters for both countries; examines, in depth, the full range of factors driving workers toward informal channels rather than cost alone; analyzes the problems in the current legal migration framework that leave a large share of workers undocumented and therefore excluded from formal finance; sets out the benefits of reform to both countries with supporting data; and closes with a set of concrete, sequenced recommendations. Critically, the paper does not recommend loosening financial-sector documentation standards, which would risk non-compliance with international AML/CFT norms. Instead, it recommends strengthening the legal migration pathway itself, allowing worker remittances to use a more competitive exchange rate, as well as facilitating direct Thai baht settlement of remittances and related trade payments — building on an authorization Myanmar’s own central bank has already issued — to incentivize the use of formal channels.

1. Purpose and Scope

This paper is intended as a discussion document for consideration by the relevant Thai and Myanmar authorities responsible for labour, immigration, and financial regulation. It is organized around four linked questions:

- Why does it matter that the large majority of Myanmar–Thailand remittances move through informal channels, and what does addressing this offer both countries?
- What actually drives workers to choose informal channels — beyond cost alone — and what does the evidence say about the relative weight of these factors?
- What specific problems in Thailand’s current legal labour migration framework leave such a large share of workers undocumented, which is the strongest single predictor of informal remittance use?
- Given the above, what set of policy recommendations would move the corridor toward formal channels without weakening financial-integrity standards?

The paper draws on data and analysis from the International Organization for Migration (IOM), the ASEAN+3 Macroeconomic Research Office (AMRO), the World Bank, the International Labour Organization (ILO), the Economic Research Institute for ASEAN and East Asia (ERIA), the Royal Thai Government’s Ministry of Labour, and independent academic and field research on the Thailand–Myanmar corridor.

This paper is prepared against a backdrop of active bilateral re-engagement. Both governments underwent political transitions over the past year — Thailand under Prime Minister Anutin Charnvirakul, and Myanmar following a 2025–26 general election and the April 2026 transition of Min Aung Hlaing from military leader to president. Since then, the two governments have resumed high-level engagement, including an August 2026 state visit that produced a new bilateral labour MOU and renewed commitments on economic and border cooperation. This paper takes no position on the political debate around that re-engagement and focuses on the technical remittance and migration questions within its scope, while noting the new labour MOU where it bears directly on the analysis in Section 4.

2. Why We Need to Address Remittances Moving Through Informal Channels

2.1 The Scale of the Problem

Remittances are one of the most stable and significant sources of external financing available to Myanmar, historically dwarfing foreign direct investment in scale relative to the size of the economy. Independent surveys separated by two decades — from the early 2000s through the most recent IOM survey in 2024 — consistently find that the large majority of Myanmar–Thailand remittances move informally, and the volume gap between recorded and actual flows is large and persistent.

Indicator	Value / Finding
Share of Myanmar remitters using informal channels (Thailand corridor, 2024)	93% used informal channels; 60% specifically used hundi/brokers (IOM Thailand, Apr–May 2024)
Share using formal channels (same survey; not mutually exclusive)	37%
Historical use of formal money-transfer mechanisms (ILO, 2017)	Only 2% of Myanmar migrant workers, vs. 55% via hundi agents
Informal-to-formal volume multiplier	Informal flows estimated at roughly 3–5x officially recorded remittances across multiple studies (2002–03 to 2015)
Official recorded remittances to Myanmar, all countries (2019, pre-pandemic)	~US\$2.6–2.7 billion
Official recorded remittances (2021, pandemic + coup)	~US\$1.28 billion (a 52% fall from pre-pandemic levels)
Official recorded remittances (2022)	~US\$1.26 billion
Official recorded remittances (2023, World Bank/AMRO estimate range)	US\$1.5–2.0 billion (estimates diverge)
World Bank estimate of total flows (formal + informal), 2015	~US\$8 billion (13% of GDP), vs. ~US\$1–2 billion officially recorded that year
Formal bank-channel remittance fee	At least ~10% of the amount sent
Hundi / phoy-kyuwn agent fee (Bank of Thailand estimate)	Less than 2.5% of the amount sent
Share of informal remittances to Myanmar originating in Thailand	68%
Kyat depreciation against USD since the 2021 coup	~80%

The 2021 military coup and subsequent capital controls, multiple exchange rates, and a mandatory 25% official-channel remittance rule (introduced 2023–2024) have helped Myanmar authorities manage foreign exchange flows somewhat, strengthen the country’s external position, and contain downward pressure on the kyat. Going forward, however, the country will need more foreign exchange to fund reconstruction and development, and current arrangements may not fully capture the potential remittances could bring. The mandated conversion for the 25% requirement uses the online exchange rate — less favourable than the black-market rate — rather than the more competitive Worker Remittance Rate described in Section 3.1, which continues to disincentivize formal-channel use.

A note on data limitations: several figures in this paper draw on surveys and estimates that are now dated. The IOM’s most recent dedicated

corridor survey is from 2024, but foundational academic work on channel choice (Kubo, 2015) and household remittance behaviour (ILO, 2017) predates the 2021 coup entirely, and Myanmar has not published official, independently verifiable balance-of-payments or financial-inclusion statistics of the kind available before 2021. Where sources disagree — for example, the 2023 official remittance estimate is cited here as a range of US\$1.5–2.0 billion because the World Bank and AMRO figures diverge — this paper presents the range and flags the divergence explicitly rather than resolving it. This is a genuine, current gap in reliable data on the corridor, not a defect specific to this paper, and Section 6 includes a recommendation to commission updated primary survey research for this reason.

2.2 Why This Matters for Myanmar and Thailand

When these flows move outside the formal financial system, four issues occur simultaneously:

- **Myanmar loses visibility and access to foreign exchange.** Funds that move through hundi networks are frequently netted between operators across the border rather than physically transferred, meaning they never register as usable foreign currency in Myanmar’s banking system or central bank reserves — precisely at a time when Myanmar faces an acute foreign exchange shortage.
- **Formalization would directly strengthen Myanmar’s external position and support its own industrial priorities.** Bringing remittances into the formal financial system increases recorded foreign exchange inflows, which strengthens Myanmar’s external position and reserve buffer. Those FX inflows are not simply a balance-sheet improvement — they are the same foreign currency needed to pay for imports of raw materials and machinery that keep domestic manufacturing running and support job creation, including in enterprises linked to inbound foreign investment. This is particularly relevant given the current authorities’ own stated priority of reducing import dependence and promoting domestic production: Myanmar’s Foreign Exchange Supervisory Committee already prioritizes scarce FX specifically for machinery, equipment, and raw material imports, which signals that FX for productive imports is a binding constraint today, not merely a policy preference. A larger, more visible pool of formally channeled remittance FX would directly ease that constraint, rather than requiring it to be rationed through administrative controls.
- **Thailand carries financial-crime and compliance risk without benefit.** Hundi networks operate with minimal identity verification and are tightly interwoven with informal cross-border trade, creating anti-money-laundering and counter-terrorist-financing exposure along the border that falls on Thai regulators without any corresponding formal-sector economic benefit.

- **Both governments lose the data needed for sound policy.** Official remittance statistics for Myanmar are known to understate true flows by a factor of roughly three to five, undermining the evidence base for poverty programming, exchange rate policy, and bilateral labour agreements alike.

2.3 Benefits at a Glance

Formalization offers concrete, complementary benefits to both governments — stronger external and fiscal positions, deeper financial inclusion, and better policy data for Myanmar; reduced financial-crime exposure, stronger regulated financial-sector activity, and better labour-market data for Thailand. Section 5 sets out these benefits in full, together with supporting data.

3. Drivers Behind Informal Channel Preference

Cost and speed are the most commonly cited reasons Myanmar workers in Thailand choose hundi over formal channels, but the research literature and recent survey evidence — together with points raised directly in the preparation of this paper — point to a considerably wider set of drivers. Any formalization strategy needs to address these factors as a set, not cost alone.

3.1 Pricing and Currency Factors

- **Cost.** Formal bank transfers have historically cost around 10% of the amount sent. Newer digital-wallet products advertise substantially lower fees specifically for cross-border Thailand-to-Myanmar transfers, not just domestic Myanmar transfers: the 2023 K PLUS–KBZPay corridor, for example, published a cross-border transfer fee of THB 0–250 per transaction (fee-free during an initial promotional window through October 2023), plus a 0–0.5% ATM withdrawal fee or a flat 300–7,800 MMK agent/center cash-out fee (see Section 3.4). That brings total cross-border cost close to hundi's ~2.5%, and well below the historical ~10% bank fee — a genuine, verified improvement on fees specifically. Whether this also extends to the exchange rate used is addressed separately below, and the answer matters more than the fee comparison alone.
- **A narrowing, but still real, exchange-rate gap — with access, not just price, determining who can close it.** Myanmar's authorized dealer banks now offer worker remittance exchange rates markedly closer to the black market rate than previously observed, though a gap with the black market rates remains. As of August 2026, CB Bank and KBZ Bank both published a Worker Remittance Rate of approximately 3,965 Kyat per USD for overseas worker remittances specifically, distinct from and more favourable than the general commercial rate available for other transactions. This is a Myanmar-side quoted rate; the corresponding Thai-side rate actually shown to senders (e.g., via K PLUS, Kasikornbank's Thailand-based partner

in one such product) could not be independently verified for this paper, as it is only visible within the app rather than published separately, so the Myanmar-bank figure is used here as the reference point.¹ Likely still a gap of at least 5–6% remains against the more favourable end of informally-quoted rates. Non-bank operators offer a narrower gap still: TrueMoney — an international remittance service affiliated with KBZ Bank — quoted 786 THB = 100,000 kyat as of 30 August 2026, and independent World Bank data confirms TrueMoney has priced within a fraction of a percent of the market reference rate for this corridor since at least late 2024, very close to prevailing black-market rates. Critically, however, none of these more favourable rates is available without documentation. Banks and TrueMoney require identification documents, namely passport or Overseas Worker Identification Card, as well as work permit and non-immigrant visa.² The exchange-rate gap has therefore narrowed only for the population that can already access formal channels at all — for undocumented workers, no amount of rate competitiveness matters, since the rate itself is inaccessible. This is why improving documentation access, paired with using the favourable rate as an incentive to draw documented workers toward formal channels, matters more than further rate competition on its own. Myanmar has precedent for this working: a market-based remittance rate was reportedly applied in the pre-COVID years, with remittance volumes moving into formal banking channels as a result.

- **No limits on transferred or withdrawn amounts.** Formal channels are subject to transaction caps and reporting thresholds tied to AML/CFT compliance and Myanmar’s own capital controls. Hundi networks impose no such limits, making them the practical choice for larger transfers or for families who prefer to remit in a single transaction rather than smaller recurring ones.

1 In Thai baht terms: TrueMoney’s KBZ-affiliated remittance service quoted 786 THB = 100,000 kyat as of 30 August 2026 (TrueMoney Myanmar, Facebook), implying approximately 127.2 kyat per baht. The bank-counter Worker Remittance Rate implies approximately 120 kyat per baht at prevailing USD/THB rates (~33); this is a derived cross-rate from the Myanmar-side USD/Kyat quote (CB Bank, KBZ Bank), not an independently confirmed Thai-side THB quote, since the rate applied within Thai partner apps such as K PLUS is only visible in-app. Both figures sit well above the general commercial bank rate (~3,658 Kyat/USD, ~111 kyat per baht), which would apply to a transaction not categorized as a worker remittance.

2 Banks’ documentation requirements may in practice be more extensive than money transfer operators’, since opening a bank account — and often a linked banking app — requires fuller KYC to support an ongoing account relationship, not just a single remittance transaction.

3.2 Documentation and Legal Status

- **Inability to open a bank account or access money transfer services.** A large share of Myanmar workers in Thailand lack a passport or other government-issued identification accepted by Thai banks and money transfer operators, which excludes them from formal accounts and services entirely regardless of cost, speed, or exchange rate. This is reinforced by the finding in Section 4 that legal and documentation status is the binding constraint for a significant share of this population.
- **Language and paperwork barriers.** Communicating in Thai and completing forms in English or Thai at bank branches are cited as concrete deterrents for workers with limited literacy in either language, independent of their documentation status.

3.3 Accessibility on the Recipient Side in Myanmar

- **A sparse and unevenly distributed bank branch network.** Myanmar has historically had one of the sparsest commercial bank branch networks in Southeast Asia, and the gap is particularly acute in the rural areas where most remittance-receiving households live. Academic research finds that migrants are significantly more likely to use bank-linked payment channels when a branch exists near their family's home, and significantly less likely when remitting to border states with dense informal-operator networks instead.
- **Recipients are concentrated where formal access is weakest.** The large majority of Myanmar's domestic remittance recipients live in rural areas, which is also where formal banking infrastructure is least developed — meaning the accessibility gap is not a marginal issue but affects the majority of the recipient population.

3.4 Recent Digital and Mobile Payment Developments

Myanmar's mobile money sector has expanded substantially since the drivers above were first documented in the academic literature, and deserves separate treatment because it partially — though only partially — narrows the accessibility gap just described.

- **Domestic mobile wallets have built distribution far beyond the bank branch network.** KBZPay, Myanmar's largest digital wallet, is reported to have a user base ranging from several million to as high as 19 million depending on the measure used — the wide range itself reflecting the data-quality caveat noted in Section 2.1. Wave Money operates more than 60,000 agent locations and 200,000+ merchants nationwide. Both networks extend into rural areas well beyond where bank branches are commercially viable.
- **Since 2023, this infrastructure has been extended specifically to the Thailand–Myanmar remittance corridor.** Three cross-border digital remittance partnerships have launched in three years:

KBZPay with Kasikornbank’s K PLUS app (August 2023); TrueMoney with AYA Pay (August 2025); and TrueMoney with KBZPay directly (May 2026). Each allows a migrant worker in Thailand to send money via smartphone directly into a Myanmar wallet or bank account, with withdrawal at bank branches, ATMs, wallet-operator centers, or agent locations — and the 2023 K PLUS–KBZPay deal published fees of roughly THB 50–250 per transaction plus small percentage-based ATM fees, well below the historical ~10% bank fee.

- **The exchange-rate gap has improved; but transaction volume has not.** TrueMoney’s KBZ-affiliated remittance service was confirmed, via both its own quoted rate (786 THB = 100,000 kyat, 30 August 2026) and independent World Bank Remittance Prices Worldwide data, to price within a fraction of a percent of the market reference rate for this corridor — meaning this specific channel narrows not just the fee gap (Section 3.1) but the exchange-rate gap as well, for documented workers who meet its work-permit-linked KYC requirements. What remains unconfirmed is transaction volume: none of the three partnership announcements has published data on how many workers actually use these products, so it is not possible to establish whether they are pulling meaningful volume out of informal channels or primarily serving customers who were already banked.

The accessibility gap described above therefore remains real but narrower than it was: convenience and reach have improved meaningfully for workers and recipients already engaged with mobile banking, particularly in and around major cities and established bank networks, while households in more remote areas — precisely those most reliant on hundi — see less benefit, since the withdrawal-point advantage still depends on physical infrastructure concentrated in the same places bank branches already are.

3.5 Trust, Convenience, and Habit

- **Low baseline trust in and familiarity with formal institutions.** Even where formal channels are technically accessible, actual usage is still low, reflecting a broader pattern of low formal financial inclusion rather than a channel-specific preference.
- **Workplace-based convenience.** In manufacturing clusters, informal operators collect funds directly from factories and worker dormitories, offering door-to-door convenience formal institutions do not match — a meaningful factor given how much of this workforce is concentrated in factory employment.
- **Netting with informal trade payments.** Because informal operators also handle payments for informal cross-border trade, they can offset (“net”) remittance and trade flows against one another, rarely needing to physically move currency across the border at all. This structural efficiency is difficult for formal institutions

to replicate without a comparable settlement mechanism, and is one reason hundi fees remain so far below formal-channel fees.

3.6 How the Money Actually Flows: Informal vs. Formal Channels

The two figures below set out this netting mechanism and its formal-channel counterpart explicitly, since the difference between them is central to this paper's argument for why informal channels are structurally cheaper, and what a formal alternative would need to replicate.

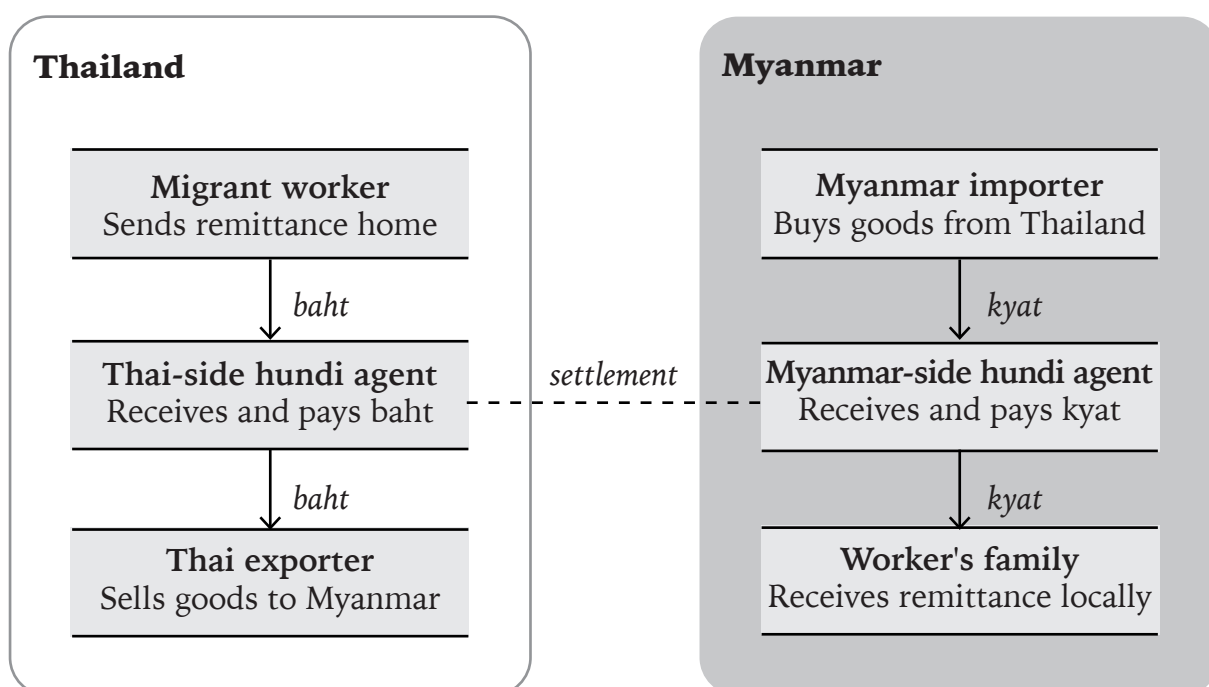


Figure 1. Informal (hundi) channel: remittances and trade payments netted within each country

Source: author's illustration, based on the netting mechanism described in Kubo (2015) and Panthamit et al. (2023).

In the informal channel, baht collected from migrant workers in Thailand is paid out by the same unauthorized Thai-side agent to Thai exporters owed money for goods sold into Myanmar; kyat collected from Myanmar importers is paid out by the unauthorized Myanmar-side agent to workers' families. Neither agent is a licensed bank or money transfer operator in either jurisdiction. The two agents settle only an accounting balance between themselves — no currency physically crosses the border. This is why hundi's fee (Section 3.1) can remain so far below formal-channel fees: the network avoids both the cost of an actual cross-border transfer and the licensing and compliance costs a formal operator would carry.

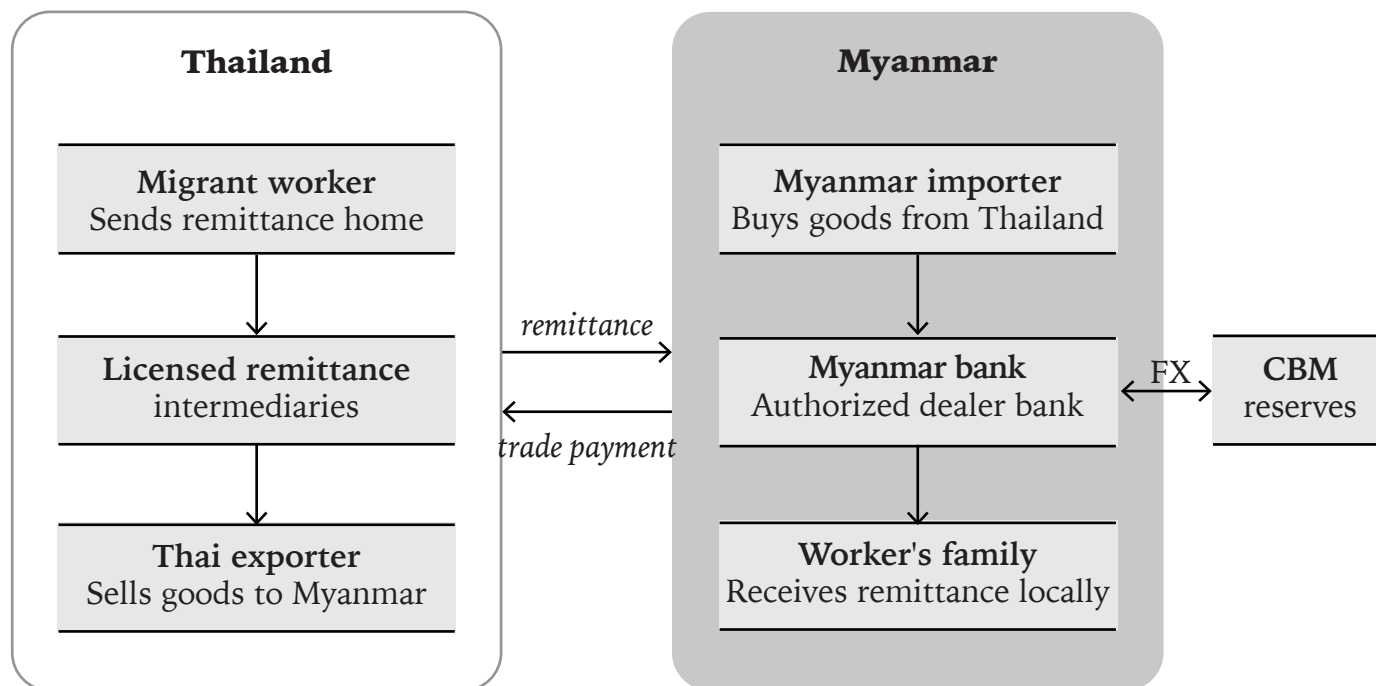


Figure 2. Formal channel: remittances and trade payments cross the border via correspondent banking

Source: author's illustration, based on standard correspondent-banking practice and Myanmar's foreign exchange regulations

(CBM Directive 11/2022; Tilleke & Gibbins, 2022 and 2023).

In the formal channel, both flows require an actual foreign-exchange transfer between a licensed Thai remittance intermediary and a Myanmar authorized dealer bank, incurring real correspondent-banking cost and compliance checks that the informal network avoids. This is also where Myanmar's central bank enters: the Myanmar bank's foreign exchange position feeds into the Central Bank of Myanmar's reserves, credited by inbound remittances and drawn down by outbound trade payments requiring FESC-allocated foreign exchange (Section 2.2). Thailand's central bank is not shown with an equivalent reserves role: baht-side FX flows simply clear in Thailand's interbank market. A formal baht-kyat settlement channel, as recommended in Section 6, works differently from hundi's netting mechanism: baht genuinely transfers into a baht-denominated account held by the Myanmar bank at a bank in Thailand. The efficiency it captures is narrower — removing the US dollar intermediary leg lowers conversion cost — but it adds a benefit hundi cannot offer: the transferred baht can be held by the Myanmar bank, or the Central Bank of Myanmar can accumulate it as a growing reserve asset from formalized remittance flows.

3.7 Stylized Facts

Driver	Supporting Evidence
Exchange-rate gap has narrowed meaningfully for documented workers via banks and fintech partners alike; access itself remains the binding constraint	Bank Worker Remittance Rate (~3,965 USD/Kyat, Aug 2026) and TrueMoney's KBZ-affiliated service (~4,198 USD/Kyat implied, 30 Aug 2026; independently confirmed near-market by World Bank Remittance Prices Worldwide) both price close to informally-quoted rates, though a modest gap likely remains; both require identification and work-permit-linked documentation, so undocumented workers cannot access either rate
No limits on transferred or withdrawn amounts	Formal channels carry transaction caps and reporting thresholds tied to AML/CFT compliance and Myanmar's capital controls; hundi imposes no such limits
Inability to open a bank account	A large share of Myanmar workers in Thailand lack a passport or other ID accepted by Thai banks, excluding them from formal accounts regardless of cost or convenience
Sparse bank branch network on the Myanmar (recipient) side	Myanmar had roughly 1.4–1.9 commercial bank branches per 100,000 adults through the early 2010s, versus 9.2–11.8 in Thailand over the same period — among the sparsest networks in Southeast Asia (World Bank Development Indicators, cited in Kubo, 2015)
Remittance recipients concentrated in rural, harder-to-bank areas	72% of Myanmar's roughly 2.1 million domestic remittance recipients live in rural areas (ILO, 2017); formal bank receipt is significantly more likely when a recipient lives in a town with a nearby branch, and less likely for households in border states such as Kayin (Kubo, 2015; Akee and Kapur, 2017)
Low baseline use of formal channels even where technically available	Only around 9% of Myanmar adults had ever received money from abroad through formal channels (11% had received domestic remittances), per the 2013 UNCDF Making Access Possible (MAP) Myanmar survey, published by CGAP in 2014 — one of the more dated figures in this paper (see Section 2.1)
Language and documentation barriers at Thai bank branches	Communication in Thai and completing forms in English or Thai are cited as concrete deterrents for migrant workers with limited literacy in either language (Theingi and Hla Theingi, 2014, cited in Kubo, 2015)
Workplace-based convenience of informal operators	In manufacturing clusters such as Samut Sakhon, informal operators collect funds directly from factories and dormitories, offering door-to-door convenience formal institutions do not match; survey evidence shows manufacturing-sector workers are significantly more likely to use informal operators than workers in other sectors (Kubo, 2015)
Netting with informal cross-border trade payments	Informal operators route Thailand-to-Myanmar remittances and Myanmar-to-Thailand trade payments through the same networks, offsetting ("netting") the two flows so that physical currency rarely needs to cross the border — a structural cost advantage formal channels cannot easily replicate (Kubo, 2015; Panthamit et al., 2023)

Driver	Supporting Evidence
Emerging digital remittance channels — now confirmed to price close to market, consistent with recent CBM liberalization	Three Thailand–Myanmar digital wallet remittance partnerships have launched since 2023 (KBZPay–K PLUS 2023, TrueMoney–AYA Pay 2025, TrueMoney–KBZPay 2026), with fees well below the historical ~10% bank fee and confirmed pricing close to market rates (TrueMoney, Section 3.1). This fits a broader CBM liberalization trend: a December 2023 letter allowed authorized dealer banks to trade FX at market rates via an online platform, initially excluding offshore remittances; export earnings gained expanded online-rate access in January 2026; and on 18 May 2026 the CBM issued new offshore remittance business regulations, repealing the 2019 framework and removing prior transfer limits. Whether this May 2026 update specifically extends online-rate access to remittances, as bank and fintech pricing now suggests in practice, is not confirmed in the regulatory text available for this paper (Tilleke & Gibbins, 2023; DFDL, 2026)

Taken together, these findings show that price alone will not shift behaviour, and that the fee gap alone — the traditional focus of formalization efforts — is no longer the dominant disadvantage of formal channels now that digital wallets have pushed fees down. A durable formalization strategy needs to address the exchange-rate gap specifically, the accessibility gap on Myanmar’s side of the border, the documentation barrier facing undocumented workers, and the convenience advantage informal operators hold through workplace collection.

4. Current Migration Framework and Operations: Key Problems

Legal status is the strongest determinant of whether a worker can access a formal remittance channel at all; the exchange rate, discussed in Section 3, is the strongest determinant of whether a documented worker who already has that access chooses to use it. The two findings are complementary, not competing: documentation is a binary access barrier, while exchange rate is a price-driven behavioural one operating among those who have already cleared it. Undocumented workers are generally excluded from formal banking and licensed money-transfer services by “Know Your Customer” identity requirements — requirements that exist for legitimate financial-integrity reasons and should not be weakened. The more effective and durable lever is therefore to reduce the size of the undocumented population itself, by making the legal migration pathway faster, cheaper, and more predictable than the irregular alternative. At present, the opposite is often true: Thailand’s Memorandum of Understanding (MOU) process for Myanmar workers is slower and more costly in practice than crossing informally, which is reflected directly in the composition of the migrant population.

4.1 Stylized Facts³

Indicator	Value / Finding
Standard MOU processing time, Myanmar corridor	60–120 working days (official step-by-step MOU timeline; see Annex A) — markedly slower than the standard MOU pathways for other corridors in the region
Share of irregular migrants who initially entered Thailand through unofficial channels	88%
Share of “regular” migrants who also initially entered through unofficial channels	32%
Legally registered / regular-situation migrant workers, all nationalities (Jan 2024)	3,143,120
Total non-Thai migrants in Thailand (Jul 2024, IOM)	5.2 million, of which more than one-third (~1.9 million) in an irregular situation
Informal top-up fees paid despite “Employer Pays” rules	Up to THB 3,500 (~US\$106) per worker to expedite processing
Number of ad hoc Thai Cabinet resolutions on migrant regularization (approx. 4-year period)	18+ separate resolutions, reflecting an absence of a standing long-term system
Approval step required since September 2024	Up to 2 million Myanmar workers must have names approved by the Myanmar Embassy in Thailand to renew visas/permits — criticized as complex, costly and corruption-prone. This requirement originated under the State Administration Council (SAC) structure; SAC was formally dissolved with Myanmar’s April 2026 political transition, and the approval function now sits with the Myanmar Embassy under the new Union Government — it is not confirmed whether the underlying process itself has changed
New bilateral labour MOU (August 2026)	Thailand and Myanmar signed an updated Memorandum of Understanding on labour cooperation and a new bilateral employment agreement, replacing the 2016 MOU. Extends validity to five years, explicitly permits registration of undocumented workers and renewal of expiring permits, allows contracts of up to two years for non-agricultural workers, and designates both labour ministries as joint coordinating agencies with regular monitoring meetings (Bangkok Post, Aug 2026)

³ In this paper, “regular” migrants are those currently holding valid legal status to reside and work in Thailand, whether through the MOU system, registration, or another recognized route; “irregular” migrants are those without such status at the time referenced, regardless of how they originally entered the country. A worker can move between the two categories over time as documents are obtained, renewed, or allowed to lapse — the categories describe a worker’s status at a point in time, not a fixed identity.

4.2 Key Problems

- **Processing time makes irregular entry the faster option.** The Myanmar MOU pathway takes 60–120 working days against 54–61 days for neighbouring corridors, and 88% of irregular migrants — plus 32% of migrants now in “regular” status — initially entered Thailand through unofficial channels because it was faster.
- **The Employer Pays Principle is undermined in practice.** Even within the regulated MOU pathway, informal top-up fees of up to THB 3,500 per worker are commonly paid to expedite processing, meaning the nominal zero-cost principle does not reflect what workers actually experience.
- **Workers are locked to a single employer.** Restrictive job-mobility rules make it difficult for workers to leave abusive or low-paying employers without bureaucratic penalty, pushing some toward irregular status as the only practical exit.
- **Governance has historically been ad hoc rather than systemic.** Thailand has managed migrant regularization through 18-plus separate Cabinet resolutions over roughly four years instead of a standing, predictable system, creating recurring registration “cliffs” where workers fall out of status through paperwork timing rather than any change in their employment. The August 2026 labour MOU (below) represents a step toward addressing this, though its practical implementation is not yet tested.
- **A bottleneck emerged on the Myanmar side in September 2024 and its institutional owner has since changed.** Up to 2 million Myanmar migrant workers must have their names approved by the Myanmar Embassy in Thailand to renew visas or permits — a process widely criticized as complex, costly, and prone to corruption, and one that Thailand does not directly control. This requirement originated under the State Administration Council (SAC); following Myanmar’s April 2026 political transition, SAC was formally dissolved and the approval function now sits with the Myanmar Embassy under the new Union Government. It is not established whether the underlying process has become any faster or less friction-prone as a result of this institutional change.

4.3 Recent Development: The August 2026 Labour MOU

On 6–7 August 2026, during a state visit by Myanmar President Min Aung Hlaing to Bangkok, Thailand and Myanmar signed an updated Memorandum of Understanding on labour cooperation and a new bilateral employment agreement, replacing the 2016 MOU that has underpinned the process described above. The updated MOU: extends the agreement’s validity to five years; explicitly permits registration of undocumented workers and renewal of expiring work permits; allows contracts of up to two years for workers outside the agricultural sector;

designates the two countries' labour ministries as joint coordinating agencies; and establishes joint action plans with regular monitoring meetings (Bangkok Post, August 2026).

This is a genuinely positive development relative to several problems identified above — particularly the ad hoc governance pattern and the absence of a standing bilateral coordination mechanism. It does not, on available information, address the Namelist/worker-sourcing stage of the MOU process, the Myanmar Embassy approval bottleneck, or Certificate of Identity issuance capacity (Section 4.4) — all of which remain open problems under the updated framework.

Separately, at the same summit, Thailand's Prime Minister proposed “development of bilateral payment mechanisms” as part of broader economic cooperation, signalling political openness to the kind of currency-settlement work recommended in Section 6.

Taken together, these problems describe a system where even workers who want to migrate legally are pushed toward irregular channels by processing time, informal fees layered on top of official rules, and unpredictable governance — which in turn is the strongest single reason such a large share of this population is excluded from formal remittance channels. The August 2026 MOU addresses part of this picture; the recommendations below identify what it leaves outstanding.

4.4 Certificate of Identity Issuance: A Related Bottleneck

A significant share of Myanmar workers in Thailand hold, or are trying to obtain, a Certificate of Identity (CI) — the Myanmar-issued substitute travel and identity document used by workers without a passport, and a required step (paired with a Thai visa) for regularizing status outside the MOU pathway. CI issuance is a genuine bottleneck in its own right, distinct from the MOU and Embassy-approval problems above, and it matters directly for this paper's recommendations because CI is one of the two documents — alongside the Pink Card — that together form the strongest existing precedent for bilaterally-recognized migrant identity in this corridor (Section 6.3).

- **Processing time is dominated by scheduling, not paperwork.** The clearest available evidence: during the August–November 2025 renewal wave, Myanmar's Labour Ministry told new applicants they would need to wait approximately three months for a slot, because the wave was prioritizing renewals for the roughly 300,000-plus workers whose 2022-issued CIs were expiring.
- **Capacity is a hard constraint relative to demand.** The Chiang Mai CI center, which alone serves nine provinces, can process up to 800 workers per day — the only publicly confirmed capacity figure available. The national network comprised five operating centers as of early 2026 (Samut Sakhon, Samut

Prakan, Surat Thani, Chiang Mai, and Chonburi), down from as many as eight to nine at earlier points, and centers have operated in defined campaign windows rather than continuously.

- **The demand-side gap is large.** As of mid-2025, Myanmar labour representatives cited over 1 million CI holders and over 500,000 MOU/Overseas Worker Identification Card (OWIC) holders in Thailand, alongside roughly 900,000 workers holding only temporary passports and roughly 1.7 million holding expired documents.
- **The fee structure has been unstable.** The CI fee has varied substantially over time — from roughly THB 310 in 2021–22 to a THB 2,670 figure announced in 2026 — without a clear, standing, published fee schedule, and both Thailand’s Ministry of Labour and Myanmar’s own Embassy have had to respond publicly to complaints about middlemen charging unauthorized “expediting” fees, most recently in 2026.

If CI is to serve as an on-ramp to formal financial access — not just legal residence — its issuance capacity and fee stability need to improve in parallel with any recognition of CI by banks, or that recognition will have limited practical reach. Section 6 recommendations address both the recognition question and this underlying capacity constraint.

5. Benefits of Reform to Both Countries

A shift toward formal-channel remittances — achieved through expanded legal migration access, allowing a more competitive exchange rate for formal remittance channels, and facilitated direct baht settlement — offers concrete, complementary benefits to both governments.

Benefits to Myanmar	Benefits to Thailand
Improved foreign exchange reserves via recorded, bankable inflows, directly supporting Myanmar’s ability to finance imports of raw materials and machinery — sustaining manufacturing output, investment-linked employment, and the authorities’ own stated goal of reducing import dependence through stronger domestic production	Reduced AML/CFT and financial-crime exposure at the border
Tax and formal financial-sector revenue from licensed transfer operators	Growth of regulated banking and fintech remittance business
Deeper financial inclusion — savings, credit and insurance access for recipient households, particularly in the rural areas where the large majority of recipients live	More accurate labour-market and population data for planning
Better data for poverty targeting and household income policy	Reduced linkage between remittance flows and informal/illicit border trade

Benefits to Myanmar	Benefits to Thailand
Reduced consumer risk from unlicensed, unregulated brokers	Stronger consumer protection and reduced exploitation risk for resident migrant workers
Stronger macro-financial stability and central bank policy visibility	Improved international standing on migration governance (Global Compact for Safe, Orderly and Regular Migration) and ethical supply chains
Lower cumulative currency-conversion costs on remittance and import payments where these can settle directly in baht rather than routing through an intermediary currency, freeing up foreign exchange for other priority uses	Reduced exchange-rate risk and payment friction for Thai exporters and border traders serving the Myanmar market

It is worth emphasizing that these benefits are largely contingent on formalization occurring through market-based and administrative improvements (faster documentation, lower costs, broader legal access, lower currency-conversion costs) rather than through compulsion alone. Myanmar's mandatory 25% remittance requirement is, in principle, a reasonable tool for building formal-channel volume, but its effectiveness has historically been limited by two design gaps: it is difficult to enforce given the absence of a verifiable wage record for most workers, and it has been widely understood to apply a less favourable rate than the black-market rate. The second gap may now be narrower — banks' Worker Remittance Rate and TrueMoney's independently-confirmed near-market pricing (Section 3.1) suggest the exchange-rate case for formal compliance has improved meaningfully for documented workers — but Myanmar workers are price sensitive, hence the informal channel is still preferable. Section 6 sets out how pairing enforcement (through document verification at CI/passport renewal) with confirmation that the mandatory portion receives the same competitive rate can close both gaps without removing the underlying requirement, and without imposing material additional cost on workers.

5.1 Supporting Data

Illustrative Calculation	What It Shows
Gap between officially recorded remittances (~US\$1.5–2.0 billion, 2023) and the World Bank's total-flow estimate including informal channels (~US\$8 billion in 2015, vs. ~US\$1–2 billion officially recorded that year)	Even a partial shift of the unrecorded gap into formal channels would represent a multi-billion-dollar increase in recorded, usable foreign exchange for Myanmar — on a scale larger than most single categories of foreign direct investment into the country

Illustrative Calculation	What It Shows
Formal bank fee (~10%) vs. hundi fee (~2.5%) vs. estimated cost of routing a remittance through two currency conversions (kyat-USD-baht, or the reverse) instead of a single direct baht-kyat conversion	Direct baht-kyat settlement removes one leg of currency conversion entirely; avoiding an intermediary-currency conversion typically saves several percentage points in cumulative spread and fee costs on thin, non-major currency pairs such as the kyat, on top of any reduction from moving off hundi altogether
68% of Myanmar's informal remittances originate in Thailand, and Thailand is the dominant source of overland imports into Myanmar's border states	The same corridor carries both the largest remittance flow and a large share of related import payments, so a direct baht settlement channel addresses both flows simultaneously rather than requiring separate fixes

On Thai baht settlement: Myanmar's central bank already authorized the baht for international payment and settlement transactions in August 2023, and a direct THB-MMK conversion mechanism for border trade already exists. The case for using it more fully for remittances is straightforward — it removes a currency-conversion leg that would otherwise be needed to route funds through an intermediary currency, lowering costs for both the remittance and the associated import payment on the Myanmar side. The priority is enabling authorized banks to use this existing authorization more actively for worker remittances flows.

6. Policy Recommendations

The recommendations below are organized by lead authority and indicative implementation horizon (Short = 0–12 months; Medium = 1–2 years; Long = 2+ years). They are designed to be complementary and mutually reinforcing rather than sequential substitutes.

This section makes recommendations addressing Myanmar's 25% mandatory remittance requirement, differentiated by worker pathway.

For MOU workers: require both a bank account and payment of wages into it, built into the MOU pathway itself. Consent is captured as part of onboarding, consistent with Singapore's Work Permit model, which mandates bank crediting for dormitory-housed workers on the same basis — newly-arriving, employer-arranged, government-program employment.

For workers regularizing through Thailand's registration process: bank account and payment remain voluntary, given the SME concentration in this population.

For enforcement of the 25% requirement, applying to all workers regardless of pathway: require submission, at Certificate of Identity or passport renewal, of remittance proof (bank or money-transfer records) alongside an employer letter stating annual wages. This sits entirely within Myanmar's own regulatory control and does not depend on

Thai wage-payment records. Structure it as a positive incentive — a fee reduction or expedited lane for a clean compliance record — rather than denial of renewal, given the CI capacity constraints in Section 4.4.

For the exchange rate: apply a rate closer to the black-market rate to the full amount of a worker's remittance to incentivise the use of formal channels. This is not a novel proposal: Myanmar reportedly applied a market-based remittance rate in the pre-COVID years, with remittance volumes moving into formal banking channels as a result — precedent that competitive pricing, positioned as an incentive rather than a compliance cost, can work. If the mandatory portion is currently converted at a less favourable rate, closing that gap is the more concrete, immediate action available. Full exchange-rate unification is a separate, longer-term objective, pursued once macroeconomic conditions allow, and is not a precondition for the measures above.

6.1 Recommendations for the Government of Thailand

Recommendation	Lead	Horizon
Set a target processing time for the Myanmar MOU pathway comparable to the Cambodia/Lao PDR corridors (54–61 days), through a standing digital application system rather than periodic registration windows.	Ministry of Labour	Short
Operationalize the registration and renewal provisions of the August 2026 labour MOU into a genuinely continuous system, rather than a further one-off registration drive, to finally retire the pattern of ad hoc Cabinet resolutions and recurring status “cliffs.”	Cabinet / Ministry of Labour	Medium
Enforce the Employer Pays Principle with independent audit and a worker-accessible complaint mechanism, closing the gap between official fee schedules and the informal top-up payments currently observed.	Ministry of Labour / Dept. of Employment	Short–Medium
Remove restrictions that tie workers to a single employer for the duration of their contract, reducing the incentive to exit into irregular status when facing exploitative conditions. New employers would nevertheless remain required to file a report upon taking on a migrant worker, preserving oversight even as mobility restrictions are relaxed.	Ministry of Labour	Medium
Commission an independent review of the feasibility of a government-to-government (G2G) recruitment model to reduce reliance on layered private brokers.	Ministry of Labour / Ministry of Foreign Affairs	Medium–Long

Recommendation	Lead	Horizon
Require both a bank account and payment of wages into it for MOU workers, built into the MOU pathway itself, with consent captured as part of onboarding (following Singapore's Work Permit model, which mandates bank crediting for dormitory-housed workers on the same employer-arranged, government-program basis). Applies to MOU workers only. Beyond remittances, a bank account also enables banks to offer other financial services such as lending, helping workers build assets and credit history over time. On the receiving end, formalized remittance records could similarly support a worker's family in accessing credit from a Myanmar bank, though this may require an employer-issued document confirming the worker's salary as income verification.	Ministry of Labour / Ministry of Interior	Medium
Establish guidelines for document requirements and procedures for bank account/wallet opening, as well as remittance transactions, for migrant workers, so that Thai-regulated banks and money transfer operators each apply consistent, transparent standards within their own service type — recognizing that banks may reasonably require more extensive documentation than a dedicated remittance product, given the ongoing account relationship involved. On documentation, this includes exploring whether existing documents (e.g., Certificates of Identity, work permit cards, or border passes) can be accepted across both channel types for the specific purpose of basic remittance-receiving accounts, addressing the specific barrier of missing passports without weakening underlying AML/KYC standards. This should also explore the possibility of a simplified ('lite') KYC tier for remittances below a defined threshold value, consistent with the risk-based approach to customer due diligence already endorsed by the Financial Action Task Force (FATF) for lower-risk, lower-value transactions — an application of international standards, not a departure from them. Any such tier would be best tested through a regulatory sandbox approach — a controlled, monitored pilot — with eligibility, thresholds, and monitoring calibrated to ensure AML/CFT integrity is fully preserved before wider adoption.	Bank of Thailand / commercial banks / money transfer operators	Medium
Leave bank account and salary payment voluntary for workers regularizing through the registration route, given the SME concentration in this population. Account access is enabled through CI/Pink Card recognition by banks (Section 6.3).	Ministry of Labour	Medium

6.2 Recommendations for the Government of Myanmar

Recommendation	Lead	Horizon
Simplify and expedite the Myanmar Embassy name-approval process (originally introduced under SAC in September 2024, now sitting with the Embassy under the new Union Government), or transfer verification to a lower-friction digital mechanism, to remove the added bottleneck on worker documentation.	Ministry of Labour, Immigration and Population	Short
Expand and enforce the Employer Pays Principle on the country-of-origin side, including certification of recruitment agencies against a Zero Cost standard.	Ministry of Labour, Immigration and Population	Medium
Apply a rate closer to the black-market rate to both the mandatory 25% conversion and voluntary overseas worker remittances, and extend eligibility beyond PJ/OWIC holders to CI and Pink Card holders (Section 6.3). Myanmar has precedent for this working: a market-based remittance rate was reportedly applied successfully in the pre-COVID years, drawing volume into formal channels.	Central Bank of Myanmar	Short–Medium
Exempt formally-remitted funds from personal income tax for low-income workers, removing any tax disincentive to using traceable formal channels over untaxed informal ones, and reinforcing the exchange-rate incentive already recommended (Section 3.1).	Central Bank of Myanmar / Ministry of Planning and Finance	Medium
Require submission, at Certificate of Identity or passport renewal, of remittance proof (bank or money-transfer records) alongside an employer letter stating annual wages, to enforce the 25% requirement. Applies to all workers regardless of pathway. Use a positive-incentive design (e.g., a fee reduction or expedited processing lane for a clean compliance record) rather than denial of renewal, to avoid compounding the CI capacity and corruption risks documented in Section 4.4.	Central Bank of Myanmar / Ministry of Labour, Immigration and Population	Medium
Pursue full exchange-rate unification as a separate, longer-term strategy, sequenced according to Myanmar's macroeconomic readiness and institutional preparation.	Central Bank of Myanmar	Long

Recommendation	Lead	Horizon
Expand bank branch, agent-banking, and mobile-money distribution presence in rural, remittance-receiving areas. This is a necessary complement to two other recommendations in this paper: the bank-account requirement for MOU workers' wages on the Thailand side (Section 6.1), and Myanmar's own requirement that documented workers prove compliance with the 25% mandatory remittance rule using bank or money-transfer records (Section 6.2). As both push more of this corridor's money through formal channels, receiving-end distribution capacity in Myanmar becomes directly load-bearing for whether families can actually access the funds without difficulty. Myanmar already has high-penetration networks that could be leveraged directly rather than building new distribution infrastructure from scratch — KBZPay and Wave Money's agent network (Section 3.4) are two examples among the established operators already reaching well beyond what a bank-branch-only strategy could achieve — and expansion should draw on this existing landscape as a whole, not be limited to any single provider, alongside continued reach into underserved areas.	Central Bank of Myanmar / commercial banks	Medium–Long
Review whether current transaction limits and reporting thresholds on formal remittance channels are proportionate, since overly conservative caps push larger transfers toward hundi even for workers who could otherwise use a formal account.	Central Bank of Myanmar	Short–Medium

6.3 Joint / Bilateral Recommendations

Recommendation	Lead	Horizon
Formally amend the bilateral MOU on labour migration to embed the Employer Pays Principle on both sides, with synchronized fee schedules to prevent cost-shifting across the border — as a specific addition within the August 2026 MOU's implementation, rather than a separate negotiation.	Both governments	Medium
Establish a joint data-sharing and harmonization mechanism covering migrant registration, recruitment fees, and remittance flows to improve the evidence base for both governments.	Both governments / IOM technical support	Medium
Use the joint coordinating mechanism and regular monitoring meetings already established under the August 2026 labour MOU to also cover Certificate of Identity process and capacity, and to discuss the procedures to issue and recognize identification documents for Myanmar workers who have already registered with Thai authorities and obtained the Pink Card.	Both governments	Short
Priority recommendation: establish a clear, published, fast-tracked procedure for Myanmar workers who have already registered with Thai authorities and hold a Pink Card to obtain or renew a matching Certificate of Identity. This population has already cleared the harder legal-status hurdle; a fast-tracked CI converts an already-registered worker into one with full bilaterally-recognized identity, directly expanding the population eligible for the bank-account recommendation below — making this one of the highest-leverage, lowest-cost steps available to increase formal-channel access for workers who are not undocumented, only under-documented.	Both governments	Short–Medium
Expand Certificate of Identity center capacity (the current network of five centers, and the ~800/worker-per-day benchmark at the Chiang Mai center, fall well short of the documented backlog — see Section 4.4), move toward continuous rather than campaign-based operating windows, and publish a stable, standing CI fee schedule.	Both governments	Medium
Align the reform agenda with Thailand's commitments under the Global Compact for Safe, Orderly and Regular Migration (endorsed 2018), providing an external accountability anchor.	Both governments	Long

Recommendation	Lead	Horizon
Tighten document verification for workers regularizing outside the MOU pathway, by strengthening cross-checks between Thai DOE registration records and Myanmar-issued identity documents (Certificate of Identity, Pink Card) at the point of registration and renewal. This serves as the primary formalization lever for this population in place of any bank-account or wage-payment mechanism, given the impracticality of such a mechanism for this group's more established and often informal employer base.	Both governments	Medium
Promote broader use of direct baht-kyat settlement, building on what already exists for worker remittances specifically (banks and money transfer operators already quote baht-kyat rates directly, Section 3.1) — extending this same infrastructure to cover trade and investment transactions as well, not remittances alone. Local-currency settlement also offers a neutral hedge, since border trade is already commonly invoiced in local currencies. Precedent already exists on the corporate side too: CB Bank offers a Myanmar-Thai Border Trade baht account, connected directly to Bangkok Bank, permitting direct THB/Kyat account-to-account transfers priced at market rate. A small-scale pilot in a limited number of border provinces (e.g. Mae Sot–Myawaddy) could test extending this specifically to the trade/investment use case before wider rollout.	Bank of Thailand / Central Bank of Myanmar	Short–Medium
Commission updated, corridor-specific primary survey research on remittance channel choice and usage, since much of the current evidence base (e.g., 2014–2017 studies) predates both the 2021 coup and the recent growth in digital remittance options, and current figures are drawn from sources that do not always agree (see Section 2.1).	Both governments / IOM technical support	Medium

7. Conclusion

The persistence of informal remittance channel usage between Myanmar workers in Thailand and their families at home is the result of several factors reinforcing one another: a labour migration system that is, for many workers, slower and costlier to use legally than to bypass; a currency and exchange-rate environment where closer to black market rates now largely exist for documented workers through banks and money remittance operators alike — a lever this paper recommends allowing and publicizing rather than a gap still to close — but which remains entirely irrelevant for undocumented workers, who cannot access any formal rate regardless of its terms; and a banking and identity-documentation infrastructure on the Myanmar side that remains thin, and in the case of Certificate of Identity issuance, capacity-constrained. Addressing it by lowering financial-sector documentation standards would create new risks and

would not align with international AML/CFT norms. The more durable and mutually beneficial path combines four complementary reforms: making legal migration itself faster, cheaper, and more predictable, so that formal financial access follows naturally from formal labour status; fast-tracking Certificate of Identity issuance and establishing a clear procedure to recognize and issue identification documents for workers who have already registered with Thai authorities and hold a Pink Card, so that legal registration converts reliably into full identity documentation rather than stalling at an intermediate stage — directly addressing under-documentation as a barrier to formal-channel access; allowing a more competitive exchange rate for worker remittances via formal channels, alongside promoting direct baht settlement of remittances and related cross-border trade payments, building on an authorization Myanmar’s central bank has already issued; and expanding financial access and infrastructure on the Myanmar side, particularly in the rural, remittance-dependent border states. The August 2026 bilateral labour MOU and the renewed diplomatic engagement around it provide a genuine, if partial, opening to advance this agenda through existing joint mechanisms rather than new ones. This paper’s recommendations are offered as a starting point for joint technical discussion between the two governments, with the shared goal of a labour migration and remittance system that is safer for workers, more transparent for both governments, and more supportive of macroeconomic stability in Myanmar and financial integrity in Thailand. This paper’s analysis has also been constrained throughout by data discrepancies, inconsistencies, gaps, and outdated figures — a limitation inherent to a corridor where much of the underlying activity is, by definition, informal and unrecorded. Before translating these recommendations into concrete policy and implementation, both governments would benefit from a dedicated, in-depth study and fresh survey work to establish a more current and reliable evidence base.

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Annex A: MOU Import Process, Step by Step

Reference diagram supporting the stylized fact in Section 4.1 on standard MOU processing time. Applies to workers newly recruited from Myanmar under the bilateral MOU system.

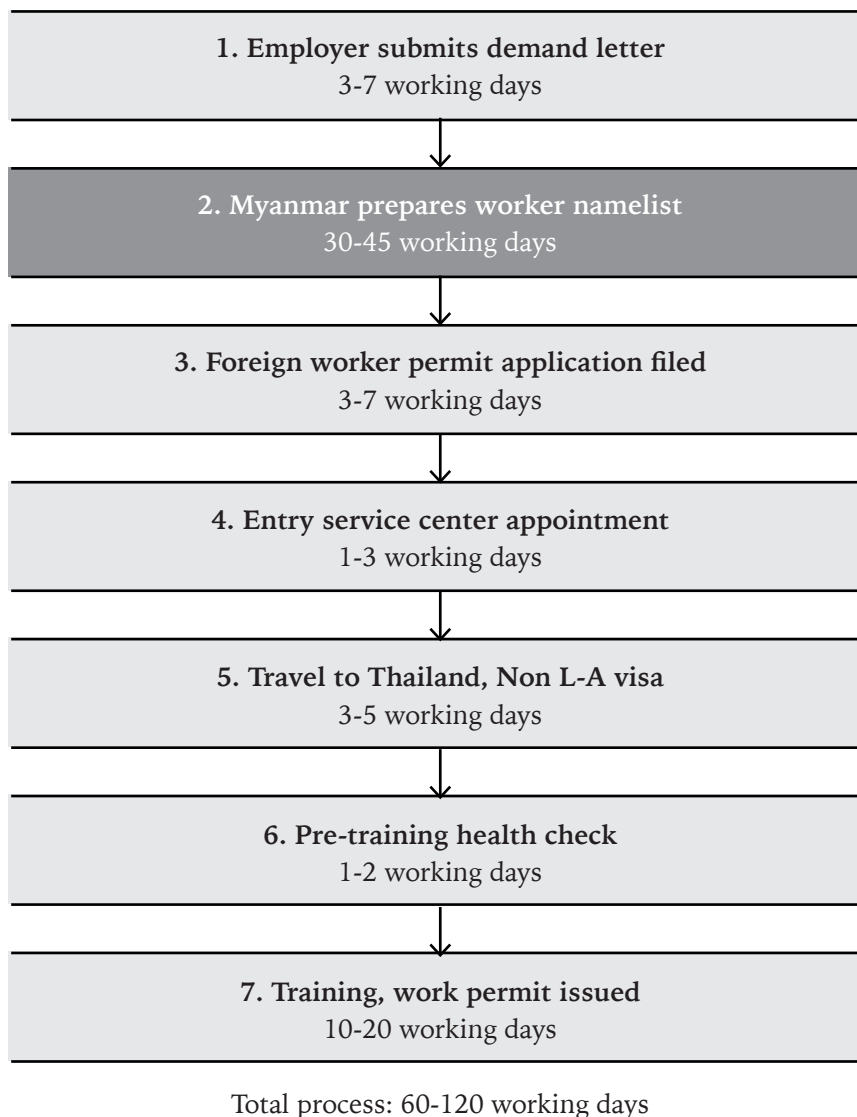


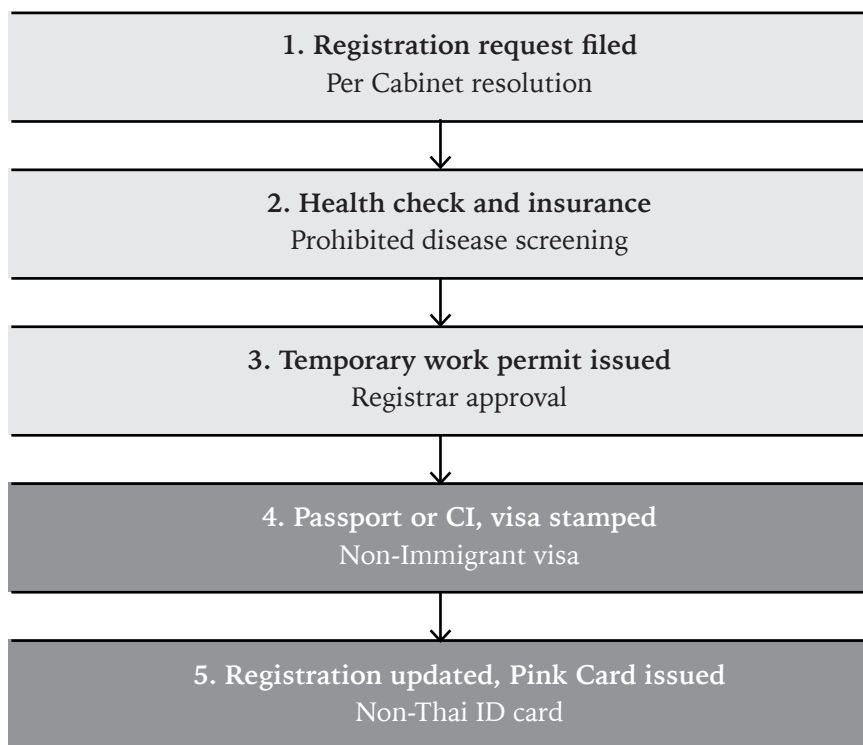
Figure A1. MOU import process (Myanmar → Thailand), with official per-step processing times

Source: Thai Ministry of Labour / Department of Employment official MOU process timeline documentation.

The highlighted step — Myanmar preparing the worker namelist — is the single longest stage in the process at 30–45 working days, accounting for roughly a third to half of the entire timeline. This is a Myanmar-side recruitment bottleneck, not a Thai regulatory one, and is distinct from the Myanmar Embassy approval bottleneck discussed in Section 4.2.

Annex B: Thai Registration Process, Step by Step

Reference diagram supporting Section 4's discussion of the registration pathway for Myanmar workers already in Thailand. Applies to workers regularizing outside the MOU pathway, typically during a Cabinet-resolution registration or renewal window.



Steps 4–5: CI and Pink Card together confirm identity and nationality

Figure B1. Thai registration process for Myanmar workers already in Thailand

Source: author's compilation from Thai Ministry of Labour registration procedures and Myanmar Certificate of Identity issuance requirements.

The highlighted steps — obtaining a passport or Certificate of Identity (CI) and being issued the Pink Card — are where both governments issue identity documents in tandem, and where the Certificate of Identity capacity constraints discussed in Section 4.4 have their greatest effect on the overall timeline for this pathway.

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