

Third Round of the Pilot Program on Financial Literacy for Indonesian Overseas Migrant Workers and Their Families

Background

Financial literacy program, presented in a training format, is a way to provide knowledge and skills to manage limited income. The Pilot Program on Financial Literacy for Indonesian Overseas Migrant Workers and Their Families has been conducted since January 2010. At the end of March 2010, the financial literacy training has been delivered to 123 migrant workers and 115 migrant workers' family members from 11 recruiting agencies (PPTKIS) in Malang Raya. In the third round, the program added another implementing partner, PT Antar Tenaga Mandiri. Overall, six core materials have been developed for the pilot program: financial management, introduction to banking services, savings, debt management, sending remittance (for migrant workers) and receiving remittance (for migrant workers' families), and insurance.



Implementation of the Training

Training for Migrant Workers

Financial literacy training for migrant workers required two days with a total duration of 18 hours. All of the materials were aimed at providing knowledge and skills for migrant workers to control and manage their incomes while working overseas. During the third-round implementation in March 2010, financial literacy training for migrant workers was delivered three times with 42 migrant workers participating (all females). The first training was held on 1-2 March 2010 at PT Berkat Sukses Makmur Sejahtera, attended by migrant workers from that recruiting agency (PPTKIS), while the second and third trainings were held at the BLK Wonojati,

respectively on 9-10 March and 11-12 March 2010.

Training for Migrant Workers' Families

Financial literacy training for migrant workers' families also required two days, although with shorter total training duration of 8 hours. Migrant workers' families should be provided with the relevant training as they will be receiving and managing remittances from migrant workers. During March 2010, training for migrant workers' families was delivered three times at the BLK Wonojati, with a total of 50 participants, including fathers, mothers, husbands, siblings, or other family members of the selected migrant workers. The first training was held on 4-5 March 2010, the second was on 6-7 March 2010, and the third on 14-15 March 2010.



Training Materials

Financial literacy training is provided to equip migrant workers and their families with the skills and knowledge to manage

money. The training also aims to introduce several financial services options that the training participants can benefit from.

I'm feeling better about letting my daughter go overseas to work, now that I know there is an insurance to help her, just in case.
(Participant from the Financial Literacy Training for the Migrant Workers' Families)

Accessing the Most Suitable Financial Services

Research has shown that migrant workers and their families generally have limited information related with formal financial services and products. Such information is needed from the time before the migrant workers' departure, during their work overseas, and until their return. Having sufficient skills and information would help them to choose and access the most suitable financial services and eventually help them to better manage their incomes.

Why not go to the bank?

Banks are one of the most commonly used formal financial services, but migrant workers and their families do not fully utilize banking services. They are often reluctant to use banks because they are unfamiliar with the available types of services and the procedures for using such services. The training provides information about banking services and products, as well as considerations for choosing a bank to ensure that it meets each participant's conditions and needs.

During the introduction to banking facilities, the participants were taught steps and tips on how to use the ATM wisely and securely. The demonstration was conducted using large ATM posters.

Where to open a savings account?

Saving money is the first step of any financial management plan. In this session, the participants were asked to identify the methods they used for saving money and learn the advantages and disadvantages of each method. As the participants realize the advantages and disadvantages of each saving method, the hope is that they will be able to select the safest and most profitable methods.



How to manage debts wisely?

Nearly all of the migrant workers' families have debts, both for financing the migrant workers' departure and for meeting the families' daily expenses. Thus, migrant workers and their families need to be able to calculate and manage their debts prudently, in line with their financial capacity. Borrowing money wisely also means that migrant workers and their families need to understand the requirements and obligations of loans they obtain, as well as having a proper plan how to repay the loan. Choosing the right source from which to borrow money has a crucial

effect on debt management.

What is the proper way to send and receive remittances?

One of the major reasons for migrant workers to seek work overseas is to earn a relatively higher income. Therefore, they want to send their salaries to their families quickly, safely, and with minimal fees. To prevent against loss or significant reduction of the remittance, migrant workers and their families need to be able to choose the right financial services for sending and receiving remittances. The training helps participants to critically

One of the obstacles in using formal financial services to send and receive remittances is the fact that the migrant workers and their families are unfamiliar with filling out forms for sending and receiving remittances at the bank. In the training, the migrant workers and their families practice filling out such forms.

compare the advantages and disadvantages of available services for sending and receiving remittances.

Who will protect migrant workers as they work overseas?

Insurance is one of the financial services products least understood by migrant workers and their families, so the training introduced insurance as one of the financial services that can provide protection against the risk of financial loss. Participants were introduced to Migrant Worker Insurance that can protect them before, during, and after their work overseas, to reduce the risk of financial loss. At the end of the introduction to insurance, the participants practiced interactively to gather the documents needed to file a Migrant Worker Insurance claim, based on several case examples.



Exercises

The training also provided exercises through case examples to hone the participants' skill in choosing and accessing the most suitable financial services. They were divided into groups to discuss and practice the case examples, such as selecting banks, taking out loans, and claiming insurances. Furthermore, the trainers also shared some examples on flip charts or posters on important topics that needed to be explained in detail, such as how to calculate loan interest and completing forms for sending or receiving remittances. The topic on currency exchange was specifically explained through role-playing by the trainers. At the end of the training, both on the first and second day, the participants were evaluated with a short quiz on the given material to find out how much knowledge they have been able to absorb.

Implementation Problems

After a few rounds of the pilot program, it was found that some materials had been changed during implementation and needed to be returned to their original state. Some financial terms were difficult to understand by some participants and required simpler explanations. Another problem was that some migrant worker participants had to drop out as they chose to wait for their turn to depart from home. Participation from the migrant workers' families also decreased because the training conflicted with their work commitments or because some are too old to attend, but had no alternative family members to replace them.

Response from the Participants

Almost participants were positive about the training. They also said that the knowledge they had received during the training would be useful in helping them to manage their money. Following up on the training, we gave participants an email address to send questions, ask for advice, or share their experience regarding the training materials.

Supporting Materials

All of the training materials have been summarized in a comic-form guide and brochures to remind participants of the knowledge they gained during the training. Participants were also given a book to help them manage their finances, and make financial goals, financial budgets, and a financial journal.



The Next Step

The Pilot Program on Financial Literacy for Indonesian Overseas Migrant Workers and Their Families is nearing completion. Continuing support and cooperation from all stakeholders has always been key to the program's successful implementation. We hope that the program has provided sustainable benefits and, particularly, improved the welfare of migrant workers and their families.

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