

Financial Literacy and Addressing Barriers to Reintegration of Overseas Filipinos and Their Families

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“Bakit ngayon lang ninyo naisip gawin itong (financial literacy) seminar na ito? Milyon na ang nawaldas ko!” (Why did you only think of implementing this financial literacy seminar now? I have wasted millions of pesos!) commented Minda Teves, one of the migrant leaders from Torino who participated in our financial literacy training of trainers program in Rome. She became emotional during the seminar as she related the dependency of the members of her family in the province of Mindanao and how they withdraw from her whenever she did not give any remittance to them. She hated dealing with numbers during the training but she painstakingly learned how to compute her budget and savings and investment for retirement even if it meant for her working till midnight. She was so passionate about learning to become a trainer on financial literacy since she believed that this is a very important intervention for the migrants to make their dreams a reality. Currently, Minda leads the Pinoy Worldwide Initiative for Savings Investment and Entrepreneurship (PINOY WISE) financial counselors of Northern Italy. She mentors other financial counselors in the conduct of financial literacy of Filipino migrants from Milan, Brescia, Torino, Biella, Padova and Modena in Italy and leads the mobilization of migrant investment towards Soro-soro Ibaba Development Cooperative (SIDC) migrant cooperative, the largest agri-based cooperative in the Philippines.

“ Dati umaasa lang ako sa remittance ng asawa ko.” (I used to rely heavily on the remittance sent by my husband) shared Alice Caluza, wife of an OFW working in the Middle East. “Palagi na lang kulang kasi may 3 akong anak na nag-aaral. Walang naiipon at parang wala din saysay ang kanyang pag-aabroad. (It (remittance) is never enough, what with the three kids in school. There are no savings left from what he sends, and it seems that his going abroad to work is quite pointless.” After her exposure to financial literacy seminars, Alice has been able to handle the finances fairly well. “I realized how important it is to know how to budget the money properly and be able to have saving regularly,” she relates. Even the children are now aware of the need for saving and wise budgeting. She trained on how to give Reflexology so she can earn extra money . “It is a way for me to have self-worth as well as a great help to our daily budget. This is also in preparation for the future,” she adds, “I don’t want our family to be separated forever by migration.”

Various studies shows that about 70% of the Filipino migrants are unable to save for their long term goals to enable them to return and reintegrate. Oftentimes migrants plan to work abroad only for 3-5 years but they end up working for 25 to 30 years and still with not enough investment to enable them to retire comfortably.

The main factors posing obstacles in using financial products linked to remittance are:

1. Lack of family goal setting and financial planning. Migrants work abroad dreaming of setting up business and investing but when they are already abroad they are confronted with a lot of issues and concerns and forget about their dreams and goals. They become pre- occupied with coping with family expectations or with spending on “status symbols” to cope with feelings of guilt for leaving the family behind rather than saving and investing. Migrants and their families do not discuss financial matters because these are very emotional issues. Spouses and parents are offended when asked where the remittance went.

In our study of successful migrants, we learned that it is not how long they are working

abroad or how high the salary that spells success but how they are able to do goal setting and financial planning as a family prior to migration during migration and return phase.

2. Another obstacle is the presence of family issues that drain the resources of the migrants such as family dependency and luxurious lifestyle of the family. Family members stop working the moment there is a migrant. In our communities, 70% of migrant families are solely dependent on migrant earnings. The standard of living of the family also changes the moment there is a migrant in the family. Therefore, despite increase income, there is nothing left to save.
3. Another factor is the migrants' lack of information on financial products. This is because of lack of avenues to reach the migrants, posed by their working and living conditions. In Italy for example, majority of migrants are working as household service workers and oftentimes they do not interact outside of their social circles. Others even work on their days off to earn additional income.
4. Another factor is lack of innovative financial products in their communities that responds to their and their families needs. More than the yield of their investment, the migrants' main concern is how to provide economic opportunities to their dependent family members who continuously drain their resources.

These obstacles were considered in the design of the financial literacy training of Atikha among migrants and families left behind. The financial literacy conducted by Atikha provides :

- hands on experience on budgeting, goal setting and financial planning. It provides time for mapping their dreams and reflecting on what they have achieved so far. It discusses how the family can adjust lifestyle, share the burden to enable them to achieve their goals.
- It involves not only migrants but also the family member who manages the funds in the Philippines since they oftentimes splurge on the hard earned money of the migrants. The ideal situation of the financial literacy seminar is when both the migrant and the family member managing the funds are attending the seminar together. The seminar provides avenue for communication to address financial and family issues .
- It discusses core issues for lack of savings and addresses problems in family values and issues that drain the resources of migrants such as dependency. It teaches them strategy on "How to say NO" "When to say NO and Why the Need to say NO" to prevent them from feeling guilty from saying "NO". Filipinos have difficulty saying NO and we always feel guilty when we say NO.
- To reach out to the migrants and to be able to communicate financial information at their level, migrant leaders were capacitated to provide the financial literacy training and tasked to reach out to their own social network. The time and

conduct of the training is adjusted to their needs and limitations. From 2 days training, the seminar was adjusted to 1 day training. The training is conducted not only in conference rooms but also in homes and other informal settings where the migrants are. Informal financial counseling sessions were also developed for those with no time to attend 1 day seminars.

- To reach to the families, Atikha trained staff of local government units, Non Government Organizations, schools and cooperatives in the source communities to be able to conduct financial literacy to the families left behind.
- To link with concrete investment opportunities in their communities, Atikha partnered with the largest agri-based cooperative in the Philippines, to form the Italy based SIDC migrant collective. The partnership provided the opportunity to:
 1. pool the savings of the migrants towards agri-based initiatives in their communities,
 2. bring down the cost of remittance to the pooled savings from Euro 8 to Euro 1 per transaction in partnership with money transfer organizations;
 3. higher yield for the investment of migrants compared to savings in bank;
 4. family members in the Philippines are offered business opportunities of the cooperatives and became part of the value chain of the enterprises of the cooperative which is involved in feed mill, rice mill, hog raising, coop mart among others.

Entrepreneurship has always been considered an option of migrants in their reintegration. However, we all know that not everybody can become an entrepreneur. Through the cooperative, they can choose to become mere investor or be involved in coop enterprises. Being part of a bigger enterprise reduces the risk and ensure assistance in management of the micro-enterprise.

The Atikha and FWC experience in the conduct of financial literacy seminar has shown that migrants and their families are not averse to saving and investing their hard earned money. Given the necessary information, skills and tools, migrants can make the correct choice, which is, availing of the best financial products that suit their financial goals. Providing the information, skills and tools through financial literacy seminars, however, requires a firm resolve to reach out to migrants and their families despite the difficulties posed by their living and working conditions.

Because of the success of the experience in building the capacities of migrants in training financial literacy, the training of trainers on financial literacy for migrant leaders was already replicated in the United Arab Emirates. The Ministry of Labor of UAE together with the Philippine Ambassador to UAE, Ambassador Grace Princesa and Labor Attache Jeffrey Cortazar requested Atikha to also conduct training of trainers on financial literacy not only to Filipino migrant leaders but also to migrant leaders and embassy staff of Bangladesh, India and Pakistan and staff of the UAE Ministry of Labor.

We still have a long way to go in creating impact on the lives of the migrants, their families and communities and we are bracing ourselves for a bumpy ride but we are happy to note that we are taking the right direction.

Atikha is a non-government organizations in the Philippines involved in addressing the social cost of migration and in tapping the development potential of migrants. The partners of Atikha in the implementation of the financial literacy are Filipino Women's Council in Italy, Comitato Internazionale Sviluppo per lo Popoli, NGO based in Italy and the Sorosoro Ibaba Development Cooperative, the largest agri-based cooperative in the Philippines. This financial literacy program of Atikha was made possible through the support of EC UN Joint Migration and Development Initiatives (EC-UN JMDI), International Fund for Agricultural Development (IFAD), International Organization for Migration (IOM), Philippine Australia Community Assistance Program (PACAP) Interchurch Cooperation (ICCO), DOLE-National Reintegration Center for OFWs (DOLE NRCO), Overseas Workers Welfare Administration (OWWA) and other government partners in the Philippines and abroad.