





# MONEY TALKS, LEARN ITS LANGUAGE



#### FINANCIAL LITERACY

Financial literacy is knowledge about personal management of finances. It gives the twin benefits of protecting from financial frauds as well as planning for financially secured future. Financial literacy gives consumers the necessary knowledge and skills required to assess the suitability of various financial products and investments available in the financial market.

# REASONS TO PROVIDE FINANCIAL EDUCATION FOR MIGRANTS AND THEIR FAMILIES

- Maximize the benefits of better economic and employment situations in the host country for the long-term livelihood of migrants and their families
- Facilitate integration into the host countries and communities and reintegration in the origin country or community
- · Reduce wealth inequality through remittances
- Encourage effective use of remittances
- Foster long-term investment and savings
- Availability and equality of opportunities to access financial services

 Promote entrepreneurship and set up of enterprises and access to finance.

#### BENEFITS OF FINANCIAL LITERACY

Basic financial literacy helps you become self-sufficient and achieve financial stability. This includes being able to save money, distinguish the difference between wants and needs, manage a budget, pay the bills, buy a home, pay for college and plan for retirement. Literacy helps you create a realistic roadmap that will take them through their daily lives and make good financial decisions.

Understanding your finances help reduce the risk of becoming a victim of fraud. Some tactics are easy to believe, especially when they're coming from someone who seems to be knowledgeable and well-intended. A basic level of financial education will help you recognize the red flags and at the very least, talk with a trusted advisor before making any commitment.

## FINANCIAL LITERACY ADDRESSES THE 2 ASPECTS OF MIGRATION

#### Maximize the benefits of migration:

Proper use of remittance through budgeting, goal setting and financial planning

#### Minimize the negative effect of migration:

 Discuss family issues that drain resources and assist the migrants and family in coping with negative impact of migration on the family relations

#### SETTING FINANCIAL GOAL



#### BARRIERS TO REINTEGRATION

- Lack of savings for long-term development of the migrants and their families
- Failure in business/investments
- · Family issues that drain resources

- Lack of psychological/emotional preparation for reintegration/lack of emotional bond with the family
- Lack of economic opportunities in communities of origin

#### **MIGRATION**

Migration is a way to move from one place to another in order to live and work. Movement of people from their home to another city, state or country for a job, residency or some other reasons is called migration.

#### SOCIAL IMPACTS OF MIGRATION

After arriving in the host country, migrants may experience various social issues such as difficulty in adjusting to new work and life environment, language barriers, lack of knowledge about and access to health and psycho-social services, loss of social status, discrimination and marginalisation.

#### **ECONOMIC IMPACTS OF MIGRATION**

The economic effects of migration vary widely. Sending countries may experience both gains and losses in the short term but may stand to gain over the longer term. For receiving countries, temporary worker programs help to address skills shortages but may decrease domestic wages and add to public welfare burden.

## MIGRATION AND SUSTAINABLE DEVELOPMENT GOALS

In 2015, member states of the United Nations issued a call to action to eradicate global poverty, reduce economic inequality and place the world on a more sustainable pathway; the 2030 Agenda for Sustainable Development. This comprehensive undertaking affirms the need to reach 17 specific Sustainable Development Goals (SDGs) and proposes several ways to mobilize the additional resources required to realize this ambitious – but achievable – agenda. Of these, SDG 10 (reduce inequality within and among countries) specifically refers to safe migration.

SDG-10 has ten targets and one of the most important targets is 10.c which means that by 2030, the transaction costs of migrant remittances shall be reduced to less than 3% and remittance corridors with costs higher than 5% shall be eliminated.

#### **REMITTANCE**

A remittance refers to the money that is sent or transferred to another party. The term is derived from the word 'remit', which means 'to send back'. Remittances can be sent via a wire transfer, electronic payment system, mail, draft or cheque.

Remittances can be used for any type of payment including invoices or other obligations. But the term is typically used to refer to money sent to family members by the migrant, back in his or her home country.

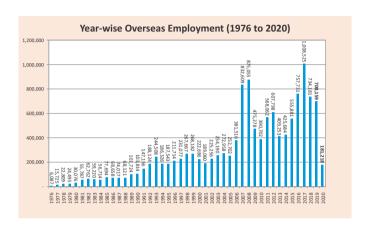


### REMITTANCE FLOW IN BANGLADESH

## Overseas Employment & Remittances (1976 to 2020)

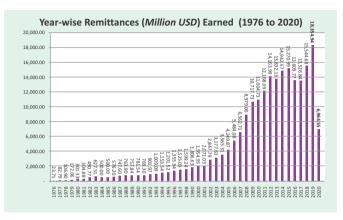
																								L	Up to May. 2020
																						Misc.	Total	Remi	ittances*
Year	KSA	UAE	Kuwait	Oman	Qatar	Bahrain	Lebanon	Jordan	Libya	Sudan	Malaysia	Singapore	S.Korea	UK	Italy	Japan	Egypt	Brunei	Mauritius	Iraq	Others		Employment	Million USD	Crore Tk.
1976	217	1,989	643	113	1,221	335	-	-	173	-	-	-	-	-	-	-	-	-	-	-	1,396	-	6,087	23,71	35.85
1977	1,379	5,819	1,315	1,492	2,262	870	-	-	718	-	-	-	-	-	-	-	-	-	-	-	1,870	-	15,725	82,79	125.16
1978	3,212	7,512	2,243	2,877	1,303	762	-	-	2,394	-	23	-	-	-	-	-	-	-	-	-	2,483	-	22,809	106.90	165.59
1979	6,476	5,069	2,298	3,777	1,383	827	-	-	1,969	-	-	110	-	-	-	-	-	-	-	-	2,586	-	24,495	172.06	266.95
1980	8,695	4,847	3,687	4,745	1,455	1,351	-	-	2,976		3	385	-	-	-	-	-	-	-		1,929	-	30,073	301.33	492.95
1981	13,384	6,418	5,464	7,352	2,268	1,392	-	-	4,162		-	1,083	-	-	-	-	-	-	-	-	14,264	-	55,787	304.88	620.74
1982	16,294	6,863	7,244	8,248	6,252	2,037	-	-	2,071	-	-	331	-	-	-	-	-	-		-	13,422	-	62,762	490.77	1,176.84
1983	12,928	6,615	10,283	11,110	7,556	2,473	-	-	2,209	-	23	178	-	-	-	-	-	-	-	-	5,845	-	59,220	627.51	1,568.76
1984	20,399	5,185	5,627	10,448	2,726	2,300	-	-	3,386	-	-	718	-	-	-	-	-	-	-	-	5,925	-	56,714	500.00	1,265.49
1985	37,133	8,336	7,384	9,218	4,751	2,965	-	-	1,514	-	-	792	-	-	-	-	-	-	-	-	5,601	-	77,694	500.00	1,419.61
1986	27,235	8,790	10,286	6,255	4,847	2,597	-	-	3,111	-	530	25	-	-	-	-	-	-	-	-	4,982	-	68,658	576.20	1,752.85
1987	39,292	9,953	9,559	440	5,889	2,055	-	-	2,271	-	-	-	-	-	-	-	-	-	-	-	4,558	-	74,017	747.60	2,313.94
1988	27,622	13,437	6,524	2,219	7,390	3,268	-	-	2,759	-	2	-	-	-	-	-	-	-	-	-	4,900	-	68,121	763.90	2,423.59
1989	39,949	15,184	12,404	15,429	8,462	4,830	-	-	1,609	-	401	229	-	-	-	-	-	-	-	-	3,227	-	101,724	757.84	2,446.00
1990	57,486	8,307	5,957	13,980	7,672	4,563	-	-	471	-	1,385	776	-	-	-	-	-	-	-	-	3,217	-	103,814	781.54	2,691.63
1991	75,656	8,583	28,574	23,087	3,772	3,480	25	-	1,124	-	1,628	642	-	-	-	-	-	-	-	-	585	-	147,156	769.30	2,818.65
1992	93,132	12,975	34,377	25,825	3,251	5,804	37	-	1,617	-	10,537	313	-	-	-	-	-	228	-	-	16	-	188,124	901.97	3,513,26
1993	106,387	15,810	26,407	15,866	2,441	5,396	37	-	1,800	-	67,938	1,739	-	-	-	-	-	328	12	-	347	-	244,508	1,009.09	3,986.97
1994	91,385	15,051	14,912	6,470	624	4,233	382	-	1,864	-	47,826	391	1,558	-	-	-	-	1,335	12	-	269	-	186,326	1,153,54	4,629,63
1995	84,009	14,686	17,492	20,949	71	3,004	406	-	1,106	-	35,174	3,762	3,315	-	-	-	-	2,659	26	-	681	-	187,543	1,201.52	4,838,31
1996	72,734	23,812	21,042	8,691	112	3,759	490	-	1,966	-	66,631	5,304	2,759	-	-	-	-	3,062	229	-	1,156	-	211,714	1,355,34	5,685,30
1997	106,534	54,719	21,126	5,985	1,873	5,010	907	-	1,934	-	2,844	27,401	889	-	-	-	-	303	196	-	1,314	-	231,077	1,525.03	6,709,15
1998	158,715	38,796	25,444	4,779	6,806	7,014	1,389	-	1,254	8	551	21,728	578	-	-	-	-	169	238	-	420	-	267,667	1,599.24	7,513.23
1999	185,739	32,344	22,400	4,045	5,611	4,639	219	- 05	1,744	16	47.007	9,596	1,501	-	-	7	-	1 100	16	-	181	-	268,182	1,806.63	8,882.74
2000	144,618	34,034	594	5,258	1,433	4,637	-	95	1,010	54	17,237	11,095	990	-	-	22	9	1,420	139	-	4	-	222,686	1,954.95	10,199.12
2001	137,248 163,269	16,252 25,462	5,341	4,561 3,854	223 552	4,371	-	1,829	450 1.574	153	4,921	9,615	1,561 28	-	- 10	19	17	2,958 154	271 272	-	1,017	-	189,060 225,256	2,071.03	11,590.79 16.484.53
2002	162,131		15,769 26,722	4,029	94	5,421	2		2,855	136 784	85 28	5,304	3,771	166	19 28			980	59	-	301	-	254,190	3,177.63	18,485,12
2003	139,031	37,346 47,012	41,108	4,029	1,268	7,482 9,194	3	9,101	606	923	224	6,948	215	2.055	550	47		1.802	59	-	2.859	8.582	172,958	3,177.63	21,286,52
2004	80.425	61,978	47,029	4,435	2,114	10,716	14	2,822	972	885	2.911	9,651	223	2,055	950	79		1,002	44	-	4.015	12,240	252,702	4.249.87	27,304,34
2005	109,513	130,204	35,775	8,082	7,691	16,355	821	494	104	2,380	20,469	20,139	992	1.625	1,428	174		496	1,381	-	8,995	10,722	381,516	5,484.08	38,366,56
2007	204,112	226,392	4,212	17,478	15,130	16,433	3,541	682	1,480	1,726	273,201	38.324	39	972	10,950	164		1,186	2,090	-	1,827	10,722	832,609	6,562.71	45,337,35
2007	132,124	419,355	319	52,896	25,548	13,182	8,444	1,691	5,067	170	131,762	56,524	1,521	952	6,928	133		1,160	3,658	-	2,461	10,222	875,055	8,979,00	61.587.83
2009	14,666	258,348	10	41,704	11,672	28,426	13,941	2,235	22,742	514	12,402	39,581	1,474	1.253	5,339	39		2,699	3,030	412	5,036	8,485	475,275	10,717,73	73,981,46
2010	7,069	203,348	48	42,641	12,085	21.824	17,268	4,387	12,132	14	919	39.053	2,699	173	6,726	17		2,191	1,826	2.288	4,017	7,560	390,702	11.004.73	76,639,97
2010	15,039	282,739	29	135,265	13,111	13,996	19,169	11,26	89	79	742	48,667	2,021	30	7,624	20		5,150	3,705	234	3,566	7,440	568,062	12,168,09	90.240.85
2012	21,232	215,452	2	170,326	28,801	21,777	14,864	21.383	14,975	23	804	58,657	1,447	17	9,280	420		5,038	5,353	359	10,190	9,509	607,798	14,163.99	115,816,93
2013	12,654	14,241	6	134,028	57,584	25,155	15,098	20,338	7,175	211	3,853	60,057	2,121	14	4,792	41	949	5,971	5,421	7,456	21,279	9,224	409,253	13,832,13	108,066,93
2014	10,657	24.232	3,094	105,748	87,575	23,378	16,640	22,093	4,461	86	5,134	54,750	1,748	16	856	55		6,633	5,938	13,627	28,762	11,690	425,684	14.942.57	115,969,62
2015	58,270	25,271	17,472	129,859	123,965	20,720	19,113	23,017	231	350	30,483	55,523	2,359	4	44			6,354	4,753	13,982	19,638	4,697	555,881	15,270,99	119,363,62
2016	143,913	8,131	39,188	188,247	120,382	72,167	15,095	20,449	-	739	40,126	54,730	1,980	11	3		758	5,836	4,679	4,738	23,236	10,590	757,731	13,690,77	107,294,60
2017	551,308	4,135	49,604	89,074	82,012	19,318	8,327	9,724	1	1,716	99,787	40,101	1,829	7	1		30	8,587	5,942	3,819	9,731	12,302	1,008,525	13,526,84	110,246,67
2018	257,317	3,235	27,637	72,504	76,560	811	5,991	20.347	63	824	175,927	41,393	2.287	8	-	163	48	4,480	6,608	19,567	15,790	13,244	734,181	15.544.68	130,293,61
2019	399,000	3,318	12,299	72,654	50,292	133	4,863	3,068	213	1	545	49,829	1,647	11	2	229	1	3,628	7,576	9,266	10,619	53,686	700,159	18.354.94	155,021,58
2020	133,997	853	1,743	17,398	3,503	1	479	183,631	-	2	121	9,418	208	11	-	99	-	528	2,000	-	3,425	4,364	181,218	6,964.55	59,295.70
Total	4,183,585	2,372,398	630,693	1,518,268	811,593	410,461	167,565	1.40	122,402	11,794	1,057,177	792,075	41,760	10,118	55,520	2,186	23,084	75,421	71,476	75,748	258,075	205,471	13,080,501	217,052.07	
0/0	31,98	18,14	4.82	11.61	6,20	3,14	1,28		0.94	0.09	8.08	6,06	0,32	0.008	0,42	0.02	0.18	0,58	0,55	0,58	1,97	1,57	Pon	ittance Uo to I	May 2020

<sup>\*\*</sup>Remittance Source: Bangladesh Bank (www.bangladesh-bank.org/econdata/wegermidtl.php)





Migration plays a vital role in the national economy mainly in two major ways; firstly, it reduces unemployment and secondly, migration results in remittance flows for the country. The migration has shown steady growth over the year that is favorable to the development of Bangladesh; as inflow of remittance has increased every year. The links between migration and remittances are self-evident. Both have a strong correlation to poverty reduction in home countries. Remittance has become an important aspect for the developing countries like Bangladesh for socio-economic



advancement. Remittance has a significant role to maintain balance of payment and to enrich foreign

Remittance, its Impact on balance of payment

Year	Remittance	Import	Export	Trade balance			
2002-2003	3.06	9.66	6.44	3.11			
2003-2004	3.37	10.86	7.6	3.25			
2004-2005	3.85	13.18	8.65	4.52			
2005-2006	4.8	4.75	10.53	4.22			
2006-2007	5.98	17.16	12.18	4.98			
2007-2008	7.92	21.63	14.11	7.52			
2008-2009	9.69	22.51	15.57	6.94			
2009-20010	10.97	23.74	16.2	7.53			

currency reserve. It also has a great contribution to Gross Domestic Product (GDP) of the country.

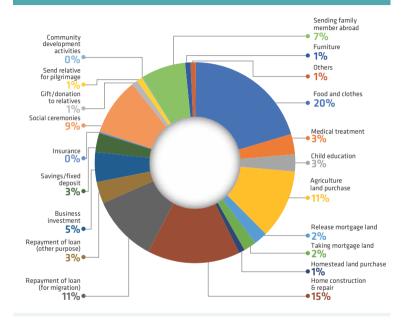
## NECESSARY DOCUMENTS OF A NEW BANK ACCOUNT FOR REMITTANCE

- Banks prescribed account opening application form
- 2. National ID card/passport
- 3. Copies of passport size photo
- 4. Copy of identity card of nominee (national id card/passport/birth certificate)
- 5. Copy of a passport size photo of a nominee
- 6. Photocopy of passport
- 7. Copy of visa
- 8. Contract agreement

## UTILISATION PATTERN OF REMITTANCE "

A significant portion of remittance is used for purchase of land and home construction. While going abroad, a migrant worker usually manages the fund for his or her migration either by selling or mortgaging land or other properties. So, to retrieve the sold or mortgaged land, some portion of remittance is used. See below table for more information:

#### Utilisation patterns of remittances in Bangladesh



### **BOOST UP REMITTANCE INFLOW**<sup>iv</sup>

A number of steps have been taken by Bangladesh Bank to boost up remittance inflow. Some notable steps are:

40 banks have been allowed for establishing 885 drawing

arrangements with 300 exchange houses all over the world for collecting remittances, of which approximately 650 drawing arrangements with 250 exchange houses are operative now.

- Some banks have already established their offices abroad to collect remittances by their own.
- 69 exchange houses/branch offices/representative offices abroad of 24 local banks are permitted for onward sending of remittances to the country.
- Bangladesh Electronic Funds Transfer Network (BEFTN) was inaugurated from 28 February 2011, with other funds transfer activities, will facilitate the quick delivery of remittances to beneficiaries through bankto-bank clearing systems.
- 16 MFIs are allowed to perform the job of remittance distribution. Banks (Bank Asia Ltd., BRAC Bank Ltd., Dhaka Bank Ltd., Trust Bank Ltd., Mercantile Bank Ltd., Citibank N.A. and Sonali Bank Ltd.) are now allowed to distribute remittance using the countrywide outlets of different mobile operators like Grameenphone, Banglalink & Robi.
- To increase the competition among the money transmitters, commercial banks are instructed to amend the contracts with some multinational money remitters/exchange houses through their mutual

understanding to remove "Pay Cash Exclusivity Clause" or any other such clause that can put a ceiling on the competition in the market among the related parties.

#### LOAN

A loan is when you receive money from a friend, bank or financial institution in exchange for future repayment of the principal, plus interest. The principal is the amount you borrowed and the interest is the amount charged for receiving the loan.

# CHARGES AND RULES FOR REPAYING MIGRATION LOAN FROM PROBASHI KALLYAN BANK'

- In case of migration loan, the interest rate is only 09 percent.
- A maximum grace period of 02 (two) months is given from the day of payment.
- The maximum loan repayment period is two years (in 22 monthly installments the loan has to be repaid) as per the visa validity granted in the country. Such as Saudi Arabia, United Arab Emirates, Bahrain, Mauritius, Brunei, Qatar, Italy, Europe, etc.
- In case of Singapore, the loan has to be repaid in 10 installments within 01 year.

## TYPE OF LOAN FOR MIGRANTS FROM PROBASHI KALLYAN BANK

- Migration loan
- Rehabilitation loan

#### **SAVINGS**

Savings is not the opposite of spending. It is simply means keeping your money to spend it in the future.

#### IMPORTANT TIPS IN SUCCESSFUL SAVING

- Save before you spend.
- Recognize your NEEDS versus your WANTS.

Write your budget and life goals and stick to your financial plan.

#### **INSURANCE**

Even if you don't have the savings, your insurance will give your loved ones the money and social protection that they need.

#### Therefore...

Saving is not the end itself.

One must learn to SAVE and INVEST and INSURE oneself.

However, you must first learn to SAVE before you can invest or pay for the insurance.

#### TIPS TO ACHIEVE YOUR SAVINGS GOAL

- Increase income
- Decrease expenses
- Increase the years to save
- Lower the amount required for the goal
- Diversify investment to earn higher rate of return



## 2 % CASH INCENTIVE ON THE REMITTING AMOUNT\*

 Wage earners' remittance worth BDT 150,000 or equivalent currency sent by wage earner through exchange houses/banks will not require any documents to get 2% cash incentive as applicable.

- For wage earners' remittance above BDT 150,000, beneficiary need to claim the incentive. If the beneficiary and remitter are the same person and residing abroad, then the beneficiary will communicate directly over phone or e-mail to his/her bank branch in Bangladesh for claiming cash incentive.
- If the remitter is sending money to beneficiary in Bangladesh (the beneficiary is other than remitter and the amount is more than BDT 150,000), the beneficiary in Bangladesh is required to claim incentive from his/her bank in Bangladesh.
- Correspondent bank/payee bank may ask beneficiary to submit the following documents at the time of payment of cash incentive:
  - Passport copy
  - Appointment letter copy/no. provided by foreign employer/BMET (Bureau of Manpower, Employment and Training) approval copy/no.
  - Residence permit copy/no.
  - Copy of trade license in case of remittance generated from business proceeds abroad
- Beneficiaries of wage earners' remittance also need to submit the above-mentioned documents to their bank branches within five working days for claiming cash incentive.



#### INVESTMENT

Saving is not enough; you have to make your money grow by investing it properly.

#### IMPORTANT TIPS ON INVESTING

- Pay yourself first
- Know your investment goal
- Diversify your investment; do not put your eggs in one basket
- Start early (the earlier you start investing, the better.
   The sooner you start, the less money you will need every year to achieve your investing goals. Your earnings will increase over time, so don't be afraid to start investing)



#### CREATING SCOPES FOR INVESTMENT

#### State

- The state-run PKB offers a maximum loan of 01 lac BDT (USD 1,250) for re-migration of returnees to cover the cost of airfare. It also offers up to 10 lac BDT (USD 12,500) for reintegration with only property documents and without collateral or mortgage.
- Loan facility of Tk 700 crore for returning migrants to use in business, investment or livelihood.

#### Private sector

Banks offer reintegration loans under its general loan schemes. BRAC Bank offers reintegration loans under its general loan scheme.

#### **Civil society**

CSOs and microfinance organization offer migration loans for returnees wishing to emigrate.

## Nobody plans to fail, some just fail to plan



- Bureau of Manpower, Employment and Training (BMET)
- Profile of migration, remittance and impact on economy by Dr. Md. Nurul Islam, Director, BMET.
- Profile of migration, remittance and impact on economy by Dr. Md. Nurul Islam, Director, BMET.
- iv. Bangladesh Bank, Research Department
- v. Probashi Kallyan Bank
- vi. Bangladesh Bank

# If family concerns are not addressed; financial goals will not be achieved...



## Migrant Resource Centre-Dhaka

District Employment and Manpower Office, Dhaka Ground Floor, Probashi Kallyan Bhaban 71-72 Old Elephant Road, Eskaton Garden Dhaka-1000, Bangladesh



District Employment and Manpower Office, Cumilla 25, Chandala House, Bagichagaon, Cumilla-3500 Bangladesh

You have to make your money grow

■ 01730666936 (Dhaka), 01713086330 (Cumilla)

♠ info@mrc-bangladesh.org 
⊕ www.mrc-bangladesh.org

Migrant Resource Centre Bangladesh

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State Secretariat for Migration SEM

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