FOSTERING FINANCIAL EMPOWERMENT:

A NEEDS ASSESSMENT OF FINANCIAL INCLUSION FOR MIGRANT WORKERS IN THAILAND

PROMISE
POVERTY REDUCTION THROUGH SAFE MIGRATION, SKILLS DEVELOPMENT AND ENHANCED JOB PLACEMENT

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FOREWORD

Labour migration has long been a key driver of socioeconomic development in Thailand. Migrant workers, particularly those from Cambodia, the Lao People's Democratic Republic and Myanmar, contribute significantly to Thailand's economy. Simultaneously, their contributions extend beyond borders, fostering prosperity for their families in countries of origin through remittances. Despite their vital economic contributions, migrant communities continue to grapple with institutional and social barriers that hinder their financial inclusion. The exclusion of migrant workers from financial institutions, such as banking services, limits their ability to safely send remittances and build savings, thus impeding their ability to reap the full benefits of labour migration.

Financial inclusion thus remains a key developmental concern, which has become more acute in the wake of the coronavirus disease 2019 (COVID-19) pandemic. The pandemic significantly impacted the financial well-being of migrant workers due to factors such as border closures, restricted access to financial services, job losses, and reduced income. A study on the Socioeconomic Impact of COVID-19 on Migrant Workers conducted by the International Organization of Migration (IOM) revealed that during the pandemic, fewer migrants sent remittances and in smaller amounts, while others took on additional debt to cover expenses. These trends highlighted the limited financial resilience of many migrant workers in Thailand, emphasizing the need for enhanced financial inclusion to promote post-pandemic recovery and resilience.

A critical first step in assessing the need for financial inclusion among migrant workers in Thailand begins with building a solid evidence base. Therefore, IOM, under the Poverty Reduction through Safe Migration, Skills Development and Enhanced Job Placement (PROMISE) Programme, conducted Thailand's first dedicated financial inclusion needs assessment to better understand the degree of access migrant workers have to formal financial institutions in Thailand, as well as their personal financial management practices. It assessed their remittance-sending practices, access to formal banking services, and their financial literacy needs. The study also explores the pivotal role of technology in bridging financial gaps, thereby complementing a recently published study on digital inclusion among migrant workers, also carried out under the PROMISE programme.

The findings from this study provide evidence and recommendations for the structural development of migrant-inclusive policies and services towards the financial inclusion of migrant workers in Thailand. It will also serve as the foundation for the development of financial literacy training guidelines, tailored to the specific capacity-building needs of migrant workers from Cambodia, the Lao People's Democratic Republic and Myanmar. Such an approach is necessary to realize the commitments made under the United Nations 2030 Agenda for Sustainable Development Goals (SDGs) and the Global Compact for Safe, Orderly and Regular Migration.

Moreover, this report is a call to action for policymakers, financial institutions, employers, development partners and civil society to improve the financial well-being of migrant workers in Thailand. By recognizing the barriers migrant workers face, identifying strategies to enhance their financial inclusion, and empowering them with financial literacy and knowledge, we can take meaningful steps toward a more equitable and prosperous future for all.

Geraldine Ansart
Chief of Mission
International Organization for Migration, Thailand

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CONTENTS

LIST OF FIGURES

LIST OF ACRONYMS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
COVID-19	Coronavirus disease 2019
FinTech	Financial technology
ILO	International Labour Organization
IOM	International Organization for Migration
KBZ	Kanbawza Bank
MFI	Microfinance institution
NESDB	Office of the National Economic and Social Development Council
OECD	Organisation for Economic Cooperation and Development
PROMISE	Poverty Reduction through Safe Migration, Skills Development and Enhanced Job Placement in Cambodia, the Lao People's Democratic Republic, Myanmar and Thailand
SDG	Sustainable development goal
THB	Thai Baht
USD	United States dollars
UNCDF	United Nations Capital Development Fund
UNHCR	United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

Over the past three decades, Thailand has emerged as the primary destination for migrant workers from Cambodia, the Lao People's Democratic Republic and Myanmar, with over 2.7 million regular migrant workers as of December 2022. Labour migration has become a significant driver of economic development, contributing 4.3–6.6% to Thailand's Gross Domestic Product (GDP) and resulting in a collective USD 2.8 billion in formal remittances to the three countries of origin annually.

Despite their crucial role in fostering sustainable development, many migrant workers are still subject to financial exclusion. They may face structural or practical barriers in opening bank accounts, securing loans, sending remittances safely and affordably, building credit or managing their money on mobile platforms. Often, these barriers exist in the form of limited legal status, financial resources, language proficiency, financial literacy or regulatory restrictions that impede their financial inclusion.

Financial exclusion can have far-reaching consequences, exacerbating poverty and marginalization, and hindering social inclusion and economic progress for migrant workers and their families. The lack of access to affordable credit can push them into cycles of debt with high-interest lenders, while the absence of bank accounts limits their ability to invest savings and build financial security.

Recognizing these challenges, there has been a growing global interest in addressing structural barriers and adopting financial inclusion as a development strategy. Financial inclusion, defined as ensuring accessibility, usage and availability of formal financial services for all members of an economy, has gained prominence in various development agendas. However, migrant workers face not only structural obstacles but also challenges related to financial capacity and skills, including low levels of financial literacy and education. To address these challenges, it is crucial to provide resources for migrant workers to learn effective financial management, including saving, spending and sending remittances safely.

This study, conducted under the "Poverty Reduction through Safe Migration, Skills Development and Enhanced Job Placement in Cambodia, the Lao People's Democratic Republic, Myanmar, and Thailand" (PROMISE) project seeks to address these issues. PROMISE, managed by the International Organization for Migration (IOM) Thailand and funded by the Swiss Agency for Development and Cooperation, aims to enhance skills development, protection, financial literacy, and financial inclusion for migrant workers ultimately contributing to economic resilience and poverty reduction.

The objectives of this research study are twofold: to understand the relevance and availability of financial services for migrant workers in Thailand at a systemic level and to assess individual migrant workers' access to these services as well as their financial literacy needs. The study, based on a desk review and quantitative surveys involving 325 migrant workers, delves into five key sub-areas of financial inclusion: remittances, access to banking services, debt, savings and financial shocks, and financial literacy.

The findings from this study will inform further programming, including the development of financial literacy training guidelines and information, education and communication materials for migrant workers in Thailand. The study also aims to identify gaps in access to formal financial services and to strengthen policy advocacy initiatives with relevant stakeholders, including government authorities, employer associations and financial service providers in Thailand.

Furthermore, the study aligns with a recent IOM research publication on digital inclusion among migrant workers in Thailand. As digital finance rises, the study recognizes the inextricable link between financial inclusion and digital inclusion, emphasizing the need for comprehensive educational interventions addressing both aspects.

Migrant worker on their way to work in Ranong, Thailand. © IOM 2021/Javier VIDAL

KEY FINDINGS

FINANCIAL MANAGEMENT AND DECISION-MAKING

Financial management and decision-making are core components of financial literacy, which has a demonstrated link with financial inclusion. Among surveyed respondents, 43 per cent were sole decision-makers for day-to-day finances in their households, 47 per cent made financial decisions collectively and 10 per cent relied on others.

Notably, women were more likely to be sole financial decision-makers (66%) and less likely to rely on someone else for financial decision-making (18%) compared to men.

Assessing financial planning and management methods revealed that 84 per cent of respondents adopted at least one management method. Among the respondents who did not use any method to plan or manage their finances, more than 80 per cent were men. Notably, almost all sole household decision-makers (99%) used at least one method, underlining the correlation between household financial decision-making and the use of financial planning and management methods.

Common financial planning and management methods included making plans for income and expenses (89%), keeping money for bills separate (31%) and noting spending (18%).

REMITTANCES

The survey on remittance practices reveals that 71 per cent of respondents have sent remittances since arriving in Thailand and more than half (53%) remit at least once a month. Migrants of Myanmar constitute a majority (61%) among those not sending remittances, potentially due to lower incomes and limited financial resilience exacerbated by the country's political instability.

Remittance amounts vary, with an overall average of THB 2,280.[1] Migrant women sent an average of THB 2,644 in remittances while men sent an average of THB 2,998, which may be attributed to the slightly higher average income men received compared to women. Cambodian and Lao respondents remitted, on average, similar amounts at THB 2,688 and THB 2,453, respectively. Myanmar migrant workers, on the other hand, remitted a notably higher average amount of THB 3,349, reflecting less frequent but larger transactions.

Informal remittance channels dominate, with nearly half of respondents (47%) using unregistered money transfer agents, 32 per cent using cash carriers, and 9 per cent using payment transfer operators such as Western Union, Moneygram or Wing. Only 7 per cent of respondents reported using formal banking services to send remittances. Distinct patterns emerged based on country of origin, with migrants of Myanmar primarily using unregistered money transfer agents, Lao migrants relying on cash carriers, and Cambodian migrants opting for payment transfer operators.

Remittance fees varied (THB 10 to 300), with an average fee of THB 62. SDG 10.C specifically targets reducing the transaction costs of remittances to less than 3 per cent of the total remittance amount and eliminating remittance corridors with costs higher than 5 per cent. In this study, the average proportion of remittance fee based on amount remitted was found to be 2.8 per cent. Lao respondents paid the highest average fee proportion of 3.8 per cent, followed by Myanmar respondents with an average of 3.1 per cent, followed by Cambodian respondents who incurred the lowest average of 1.9 per cent.

[1] 1 USD = 35.56 THB on 7 February 2024

Notably, one fifth (20%) of all respondents incurred remittance fees of 5 per cent or more, indicating the need for targeted efforts at lowering transaction costs to ensure the full realization of SDG 10.C. Gender disparities are evident, with women experiencing a higher financial burden due to higher remittance fees (3.1%) compared to men (2.6%).

ACCESS TO BANKING

Findings reveal that only 19 per cent of migrant workers in Thailand possess a bank account, with Migrants of Myanmar comprising 51 per cent of account holders, followed by 28 per cent from the Lao People's Democratic Republic and 21 per cent from Cambodia. Notably, 56 per cent of bank account owners are women, and 68 per cent earn over THB 10,000 monthly. Despite this, only 11 per cent of all account holders use their banks for sending remittance.

Some migrant workers indicated that they were requested and assisted by their employers to open a bank account in order to receive electronic payments of wages, suggesting that employers can play a key role in facilitating access to formal financial institutions for migrant workers. Kasikorn Bank emerged as the preferred choice (66%) of banks, attributed to its migrant-friendly initiatives. Among those without bank accounts (81%), reasons include lack of necessity, insufficient documentation, lack of knowledge on how to open and use an account, language barriers and not having enough money to deposit.

Migrant workers gave a ranking from one to five, with one being not useful and five being very useful, for measures for improved access to formal financial institutions. They favored actions such as reducing paperwork (average rating 4.17), extending opening hours (4.14), minimizing fees (4.08) and having bank personnel proficient in migrants' languages (3.97), reflecting a strong emphasis on simplicity, accessibility and cost considerations.

DEBT AND CREDIT

The study indicates that 48 per cent of migrant workers surveyed have debts, with over half owing THB 20,000 or less. The average amount owed by respondents was THB 34,489 (USD 978) or almost four months' average income.

Notably, women constitute 59 per cent of those with debts and carry a higher average debt than men by THB 9,530, which is more than a month's average income for either sex. Variations by country of origin reveal that Cambodian migrants owe almost 3.5 times more debt than migrants from the Lao People's Democratic Republic or Myanmar who have almost identical amounts of average debt (THB 96,144 compared to around THB 28,500), potentially due to the surge in microcredit in Cambodia, emphasizing the need for regulatory measures.

The primary reason for debt is covering household expenses (92%), suggesting that costs of living are the largest concern for migrants. The next largest categories were personal expenses followed by employment

SAVINGS AND FINANCIAL SHOCKS

The study reveals that one fifth (20%) of migrant workers could not cover their living expenses beyond a week if they lost their main income source and almost half (47%) could not cover their living costs beyond a month.

Women are 1.6 times more likely than men to feel financially secure beyond six months, possibly due to their adept use of financial management tools. Disaggregation by country of origin reveals that Migrants of Myanmar face greater vulnerability, with 75 per cent unable to support themselves for over a month compared to 60 per cent of Cambodian migrants and 9 per cent of Lao migrants.

A key contributor to financial resilience is having adequate savings. Among respondents, more than three quarters (78%) reported saving money in the past 12 months, of whom more than half saved cash in a physical location like their home, rather than a bank. Of those who had not saved any money, an overwhelming majority (88%) reported not being able to cover their costs of living beyond a month if they lost their source of income.

In addition, among respondents who reported not using any financial management or planning methods, three quarters (75%) would not be able to cover their expenses beyond a month. This finding further illustrates the importance of financial education, both in terms of savings and financial planning and to promote financial resilience among migrant workers.

More than half (54%) of respondents experienced financial gaps in covering basic expenses in the past year. Of those respondents, the average participant spent 3.3 months unable to pay for their necessities. Once again, Migrants of Myanmar face the direst financial realities, with 77 per cent lacking money to cover their basic expenses in the past year, for an average of 4.14 months of the year.

Coping mechanisms reported during income loss include reducing spending, primarily on non-food items and borrowing money.

FINANCIAL LITERACY

While migrant workers generally exhibit good basic financial literacy, they struggle with more complex concepts such as inflation and interest rates.

The top three areas for further financial education are savings, migrant rights and budgeting. Notably, women show a higher interest in financial literacy in every topic listed other than remittances and speaking to their households about money, in which men showed slightly more interest Desired topics for education vary across nationalities. For example, Migrants of Myanmar prioritize learning about savings, budgeting and opening bank accounts, while Cambodian respondents were most interested in savings, migrant rights and budgeting. Lao respondents, on the other hand, were most interested in learning about migrant rights, closely followed by financial scams and opening bank accounts.

In terms of preferred mode of learning, Myanmar migrant workers preferred long classes, Lao migrant workers preferred online courses and Cambodian migrant workers leaned towards using brochures as their learning resources.

CONCLUSION AND RECOMMENDATIONS

This comprehensive study reveals critical insights into the financial behavior of migrant workers in Thailand, particularly in regard to remittance practices, banking access, debt levels, financial resilience and literacy.

Online money transfer operators, particularly targeting migrant workers, play a significant role in facilitating formal and cost-effective remittances. Notably, Cambodian workers benefit from lower remittance fees due to the success of Wing, a mobile banking service, while Myanmar and Lao workers often rely on informal channels with associated higher fees. A comprehensive strategy utilizing digital financial tools can promote the usage of a formal, safe and cost-effective remittance channel.

Barriers to opening bank accounts persist, primarily due to demanding and unclear documentation requirements. Addressing these barriers requires a multipronged approach involving cooperation between government, bank service providers and employers. Simplifying documentation requirements, offering language support and actively engaging employers in promoting financial inclusion are essential steps in promoting financial inclusion for migrant workers.

Women emerge as primary financial decision-makers, exhibiting higher financial resilience and expressing greater interest in financial education. However, they face heavier financial burdens, higher debts and remittance fees. Targeted efforts are recommended to support women's financial literacy education, promoting a gender-responsive approach to financial inclusion.

Migrant workers, particularly from Myanmar, are highly susceptible to financial shocks, emphasizing the need for effective financial management strategies and building savings. Debt, often incurred for household expenses, is closely linked to lower financial resilience. Financial education initiatives should focus on integrated approaches, addressing both debt management and savings strategies.

Migrant workers express interest in various financial education topics, with preferences varying across migrant groups. Tailored education programmes and diverse learning modes, such as long classes, online courses and brochures, are crucial for effective financial education.

Based on the study findings, it is recommended that the Government of Thailand, banks in Thailand and the Thai Bankers' Association, development partners and civil society organizations, and employers and employer associations take steps to promote financial inclusion for migrant workers through a coordinated and holistic approach.

Returning migrants receive financial literacy training in War Kha Yu Village, Myanmar. © IOM 2023/Yee Lai NAING

Government of Thailand

Facilitate access to banking services for migrant workers by engaging with banks and standardizing documentation requirements for bank accounts. The Government should create an enabling environment for migrant workers to open bank accounts by reducing administrative barriers and simplifying documentation requirements. Under the leadership of the Ministry of Foreign Affairs, Ministry of Interior and Ministry of Labour, a system should be established to verify the authenticity and validity of migrant workers' identity documents, including passport, non-Thai identification card (pink card) and work permit, in compliance with anti-money-laundering laws and the Bank of Thailand's regulations. This mechanism can serve as a means to inform commercial banks and the Thai Bankers' Association of the type of documents being issued to migrant workers, as well as its authenticity and validity, ultimately standardizing eligibility requirements across all banks.

Incorporate financial education and information on banking services in Thailand and safe remittance channels during pre-departure orientations in collaboration with countries of origin and during post-arrival orientations at Migrant Workers Assistance Centres. Efforts should be made to disseminate financial education and information to migrant workers living in Thailand through digital platforms and educational brochures made available in government-run centres frequently visited by migrant workers. Enhanced coordination between the Royal Thai Government and governments in countries of origin should also prioritize initiatives that incorporate financial education and literacy for migrant workers during pre-departure orientations.

Leverage digital finance tools to promote the development of secure, cost-effective and migrant-friendly remittance channels. Financial technology can play a significant role in facilitating access to safe remittance channels, especially for unbanked migrant workers and family recipients. The Government should capitalize on the widespread use of mobile technology among migrant workers in Thailand and collaborate with financial institutions to offer secure digital finance tools that cater to the needs of migrant workers. The Government should also collaborate with telecommunication companies and encourage the adoption of mobile banking applications and digital wallets that offer remittance services. Digitalization can contribute to the growth of the formal remittance market in the region, in turn increasing transparency and accountability.

Banks in Thailand and the Thai Bankers' Association

Engage with banks in countries of origin to promote a coordinated approach in facilitating access to banking services and safe remittances. Study findings indicate that banking providers that have developed partnerships with banks in Myanmar to promote safe remittance channels saw a significant rise in their services being used by migrant workers. Banks in Thailand should continue to expand on such initiatives, including in the Lao People's Democratic Republic and Cambodia, considering benefits derived through increased remittance flows.

Offer migrant-friendly banking services and reduce the fees associated with transferring money. Banks should aim to develop specialized banking services tailored to the needs of migrant workers. This includes providing information and services in migrants' native languages and having a multilingual staff or interpreters in migrant-dense areas. Banks should consider adopting mobile banking applications with multilingual interfaces and user-friendly features that promote secure transactions. To encourage migrant workers to save and send remittances through formal channels, consideration should be given to providing waivers for certain banking services as a means of promoting accessibility.

Expand outreach to migrant communities by setting up pop-up booths in areas densely populated with migrant workers to facilitate access to banking services and information. Brochures with information on financial services in migrants' languages should also be distributed and available in bank offices.

Collect data on the usage of bank features among migrant customers through migrant-inclusive client surveys with the aim of establishing a standardized guideline. By conducting migrant-inclusive client surveys, banks can gain valuable insights to better understand and cater to the specific needs of migrant customers, thereby promoting financial inclusion and providing a more inclusive banking experience. Key trends, preferences and areas of improvement for bank features among migrant customers can be identified and used to develop a standardized guideline that outlines recommendations for banks to better serve their migrant clientele. This guideline can cover aspects such as language support, tailored services, ease of access and improved communication channels.

Development partners and civil society organizations

Develop a financial literacy training curriculum tailored to the specific needs of migrant workers. Training modules should incorporate the following:

- Savings, including information on good practices to save money and the use of various channels to generate interest on savings.
- Migrant rights, including information on accessing bank services, minimum wage and overtime pay, and social security benefits.
- Opening and using bank accounts in Thailand, including information on migrant-friendly banks, documents required to open an account and an overview of different bank features.
- Digital finance tools and digital safety, including tips on how to navigate mobile banking applications, make online payments and transfer money, and steps that can be taken to promote digital safety through information on recognizing scams and phishing attempts.
- Sending remittances, including information on different remittance channels and their benefits, respective price comparisons, identifying reliable channels to be protected against fraudulent practices and an introduction to navigating the SaverAsia mobile application.
- Debt management, including information on ways to avoid incurring excessive debt and developing a plan to pay off debt without resorting to harmful coping strategies.
- Access to credit, including information on types of available loans, identifying lenders and factors to consider, interest rates and collateral, and pros and cons to borrowing money.
- Budgeting and financial management methods, including income and expense tracking, planning for future financial shocks and budgeting expenses

Ensure a diversified approach to training programmes that can be adapted and administered through different channels based on the needs of migrant workers. There was a wide variation in migrants' preferred mode of learning. Training programmes should aim to provide multiple channels of education, including brochures and information booklets in migrants' languages to increase accessibility, options for long courses or short courses to promote time-flexibility and e-learning modules to expand the reach of migrant workers. Civil society organizations that work closely with migrant communities should also provide one-on-one financial counselling to migrant workers who may need more individualized support. The study found that Myanmar migrant workers preferred long classes by far, while Laomigrant workers favored online courses and brochures. Cambodian migrant workers preferred brochures followed by one-on-one classes.

Target women migrant workers for participation in financial education programmes. Considering the active role of women in managing household finances and their relatively higher interest in financial education, development partners and civil society organizations should seek to adopt a gender-responsive approach by targeting women migrant workers for specialized financial education programmes. Doing so could alleviate some of the financial hardship women are more prone to facing, such as lower wages and higher burden of debt.

Employers and employer associations

Facilitate migrant workers' access to bank accounts and promote the use of electronic wage payments. Findings indicate that support from employers can contribute to determining whether migrant workers successfully open bank accounts. Employers who promoted the use of electronic wage payments were more likely to provide direct support to migrant employees in opening bank accounts, thus facilitating their access to formal financial institutions. Employers should seek to adopt electronic wage payments both as a means of promoting financial inclusion and increasing wage protection for migrant workers. However, it remains crucial that migrant workers have the exclusive control over their bank accounts.

Coordinate with governmental, private and non-profit partners including development agencies and civil society organizations to disseminate financial education training programmes for migrant employees. Employer associations should closely coordinate with development partners and civil society organizations to ensure that migrant workers have access to financial education programmes and advocate for the prioritization of financial inclusion for migrant workers. Efforts should also be made to incorporate financial education training into existing skills development programmes and onboarding processes for migrant workers.

1

INTRODUCTION

1.1 BACKGROUND

Over the last three decades, Thailand has become the main country of destination for migrant workers from Cambodia, the Lao People's Democratic Republic and Myanmar. As of December 2022, there were over 2.7 million regular migrant workers in Thailand. Migrants of Myanmar constituted nearly 75 per cent of the total migrant workforce, while migrant workers from Cambodia and the Lao People's Democratic Republic constituted 18 per cent and 8 per cent, respectively (Department of Employment, 2022).

Labour migration is a pathway to economic development for both countries of origin and countries of destination. According to the Thailand Migration Report (United Nations Thematic Working Group, 2019), migrant workers made up over 10 per cent of the workforce and contributed 4.3–6.6 per cent of Thailand's gross domestic product. These migrant workers also collectively contribute 2.8 billion United States Dollars (USD) in formal or authorized remittances to their home countries each year. Informal remittance channels are common in Thailand, although they are more difficult to track. The International Monetary Fund estimates that unofficial remittances generally add 50 per cent to recorded amounts (Ratha, 2005). In Thailand, this means that an additional USD 1.4 billion is sent via informal channels.

Despite their vital role in the sustainable development of both Thailand and their countries of origin, many migrant workers are still subject to financial exclusion. They may face structural or practical barriers to opening bank accounts, accessing loans, sending remittances safely and at low cost, building credit or managing their money on mobile platforms (UNHCR 2023, Pistelli 2018). Often, migrant workers and their families are excluded from these systems because they lack the legal status, financial resources, language proficiency or knowledge to become actively involved, or they face regulatory restrictions that prevent them from fully participating in the system (Ahairwe and Bisong, 2022).

Financial exclusion can have negative repercussions for migrant workers, their families and their countries of origin and destination. It exacerbates poverty and marginalizes individuals, serving as a barrier to social inclusion and economic progress. Exclusion from formal financial services can further heighten financial instability. For example, without access to affordable credit, migrant workers may seek loans from high-cost lenders and consequently end up in the cycle of debt associated with high interest rates. Similarly, without a bank account, migrant workers may lack the resources to invest their savings and build financial security for the future (Blake and Jong, 2008).

In recent years, there has been increasing interest in addressing structural barriers and adopting financial inclusion as a global development strategy (World Bank, 2014). Financial inclusion refers to the process that ensures the accessibility, usage and availability of formal financial services for all members of an economy (Sarma and Pais, 2011). The concept has been included in many development agendas, such as at the G20 Summit in Seoul in 2010. Each set of the G20 principles highlights the necessity for a coordinated policy response using an integrated framework of consumer protection, financial inclusion and financial education (Atkinson and Messy, 2013).

In addition to structural obstacles, migrant workers may face barriers related to their financial capacity and skills surrounding financial management, including low levels of financial literacy and financial education (OECD, 2019). It is essential that migrant workers have access to resources that enable them to learn to save, spend and send remittances safely and effectively (OECD, 2016; ADB, 2018). Financial literacy training can provide migrant workers with the skills they need to feel confident in managing their own finances and livelihoods, thus improving their migration outcomes and overall livelihoods.

This study was conducted under the project "Poverty Reduction through Safe Migration, Skills Development and Enhanced Job Placement in Cambodia, the Lao People's Democratic Republic, Myanmar and Thailand" (PROMISE). PROMISE is a regional programme managed by the International Organization for Migration (IOM) Thailand and funded by the Swiss Agency for Development and Cooperation. It aims to promote decent employment and improved livelihoods for migrant workers from Cambodia, the Lao People's Democratic Republic and Myanmar in Thailand through enhanced skills development and protection, including financial literacy and financial inclusion. PROMISE's overall objective is contributing to economic resilience and poverty reduction among migrant workers.

1.2 RESEARCH OBJECTIVES

The overall objective of this study is two-pronged. On a systemic level, it seeks to understand which financial services are relevant and available to migrant workers in Thailand and on an individual level, migrant workers' access to these services and their financial literacy needs. As such, this research seeks to provide a holistic overview of migrants' experiences with formal financial institutions and personal financial management practices. The study will inform further programming, including the development of financial literacy training guidelines and financial information, education and communications materials for migrant workers in Thailand. It also aims to identify gaps in access to formal financial services for migrant workers and to strengthen policy advocacy initiatives with relevant stakeholders, including government authorities, employer associations and bank service providers in Thailand.

The study draws on extensive desk review and quantitative surveys with 325 migrant workers to provide insights into five key sub-areas of financial inclusion:

1.Remittances: How much money migrant workers are sending home, how frequently they remit, which channels they use and the factors that influence these decisions.

2.Access to banking services: Whether migrant workers have bank accounts, which specific banks they prefer and why, the main purposes for which they use their bank accounts and the factors that hinder or facilitate their access to formal banking services.

3.Debt: The impacts of debt on migrant workers and how it influences their day-to-day decisions.

4.Savings and financial shocks: The importance of savings to migrant workers, as well as their saving methods and their resilience to financial shocks such as a sudden loss of income.

5.Financial literacy: Migrant workers' current levels of financial literacy, the top financial skills they want to learn, and their preferred mode of learning.

Lastly, this study seeks to complement a study recently conducted by IOM in collaboration with the International Telecommunication Union on digital inclusion among migrant workers in Thailand. With the rise of digital finance, financial inclusion and digital inclusion are inextricably linked and effective educational interventions must aim to incorporate both subject matters.

Migrant youth at an IOM-supported digital skills training in Bangkok, Thailand. © IOM 2022/Rachaphon RIANSIRI

2

LITERATURE REVIEW

2.1 FINANCIAL INCLUSION AND FINANCIAL LITERACY

Financial inclusion means that everyone, especially individuals from vulnerable communities, has access to fundamental financial services in the formal financial sector (Allen et al., 2016; Ozili, 2020a). Financial inclusion is necessary to achieve many of the United Nations' Sustainable Development Goals (SDGs), including SDG 1 on ending poverty, SDG 5 on achieving gender equality, SDG 8 on promoting decent work and economic growth and SDG 10 on reducing inequalities (Demirgüç-Kunt and Singer, 2017; Sharma and Changkakati, 2022). Increasing financial inclusion for all members of society has been shown to significantly reduce poverty rates and income inequality in developing countries (Omar and Inaba, 2020; Neaime and Gaysset, 2018; Park and Mercado, 2018), help build social inclusion (Ozili, 2020b), increase learning outcomes for girls (Koomson and Afoakwah, 2022) and stabilize domestic banking industries (Danisman and Tarazi, 2020). Policymakers in many nations have begun promoting financial inclusion as the path to economic empowerment and as a remedy for rising poverty rates (United Nations Thematic Working Group, 2019).

IOM provides financial literacy training for migrant workers in Bangkok, Thailand. © IOM 2022

Thailand has higher levels of financial inclusion than many neighbouring countries. The 2021 Global Findex report shows, for example, that Thailand has near-universal bank account ownership among its citizens, with 96 per cent of Thai adults owning an account, including 93 per cent of women and 98 per cent of low-income adults (World Bank, 2022). However, migrant workers in the country face several structural barriers and challenges to their full financial inclusion. Migrant workers often face difficulties due to the extensive documentation required by banking services such as work permits or proof of residency, which they may not possess. Since many migrant workers earn lower wages, banking fees can also serve as a deterrent from using formal banking services. In instances where migrant workers do have the required documentation and funds, language and communication barriers may still pose challenges in understanding and navigating financial processes (IOM, 2021). Discriminatory attitudes, negative perceptions, stereotypes and social biases against migrant workers may also create barriers to financial inclusion, limiting their opportunities for social inclusion, economic empowerment and participation in the formal financial system (UNCDF, 2017).

At the structural level, financial inclusion can be achieved through improved financial infrastructure, including in rural or remote locations and legal frameworks that offer equal protections to migrant workers. At the personal level, individual financial inclusion is supported through financial literacy education and financial technology, such as money transfer mobile phone apps (Ozili, 2020a; Hasan et al., 2021). Financial literacy is people's ability to make informed decisions regarding their savings, loans and use and management of their money (Kapadia, 2019). Atkinson and Messy (2013) studied 14 countries and showed that low levels of financial inclusion are associated with lower levels of financial literacy. They suggest the development of financial literacy and education policies to support financial inclusion and increase consumer protection.

Other strategies for increased financial inclusion include women empowerment (Shetty and Hans, 2019), entrepreneurship (Kimmitt and Muñoz, 2017), self-help groups (Pati, 2009), branchless banking (Diniz et al., 2012), mobile phone banking (Chinoda and Kwenda, 2019) and transparent, affordable digital credit (Owens, 2018).

IOM provides financial literacy training for community leaders and returning migrants in Myanmar. © IOM 2023/Yee Lai NAING

2.2 REMITTANCES

International remittance flows are increasingly recognized as a crucial source of income in countries of origin, holding significant potential to contribute to both household and national economic development. In 2022, global remittances reached a staggering USD 794 billion (Broom, 2023). The significance of remittances is widely recognized, with SDG 10.C specifically aiming to reduce the transaction costs of remittances to less than 3 per cent and eliminate corridors where costs exceed 5 per cent. According to the World Bank's Remittance Prices Worldwide report, the global average cost for sending remittances remains at 6.3 per cent as of 2022, more than double the SDG target (World Bank, 2022).

Prior to the onset of the COVID-19 pandemic, migrant workers in Thailand collectively contributed USD 2.8 billion in formal or authorized remittances to their country of origin each year (United Nations Thematic Working Group, 2019). However, the actual amount of remittances is likely to be significantly higher due to the prevalent use of informal channels to send money among migrant workers, which results in unrecorded transactions. It is estimated that approximately 50 per cent of global remittances are sent through informal channels each year, such as through a friend or family member (Chowdhury et al., 2022). This underscores the substantial role of informal remittance channels in facilitating the flow of funds from migrants to their origin countries, potentially surpassing the recorded figures.

For migrant workers, remittances offer a key entry point to financial services and security. These funds serve as a pivotal source of income for many communities of origin, with families in vulnerable conditions often relying on them to cover critical expenses such as education and medical costs (Ardic et al., 2022). Remittances have the potential to alleviate poverty and are typically a stable source of income in volatile economies, given that they are less likely to be impacted by administrative hold-ups such as corruption (Vargas-Silva et al., 2009). Moreover, remittances can play a stabilizing role in the economies of countries of origin (Ajide and Olayiwola, 2020).

Despite their importance, remittance flows in Southeast Asia experienced a decline during the second and third quarters of 2020 due to business closures and job losses resulting from the COVID-19 pandemic. This period saw, on average, a 50 per cent decrease in remittances sent from Thailand to households in Cambodia, the Lao People's Democratic Republic and Myanmar, significantly impacting the families of at least one third of respondents in a recent IOM (2021) study on the impacts of COVID-19 on migrant workers. However, evidence suggests that despite the disruptions caused by the COVID-19 pandemic, remittance flows in the region "grew and remained stable" in the final quarter of 2020 (IOM Asia–Pacific Regional Data Hub, 2021, p. 35). This resilience indicates the high priority placed by migrant workers on their ability to send money to their families, showcasing the enduring importance of remittances in times of crisis (IOM Asia–Pacific Regional Data Hub, 2021).

In Thailand, prior to the COVID-19 pandemic, remittances were often sent through informal channels, including gifts or cash carried by friends, relatives, informal brokers or the workers themselves. Few nationals from Cambodia, the Lao People's Democratic Republic, or Myanmar sent money home from Thailand through formal financial services. A study conducted by ILO and IOM in 2017 found that only 15 per cent of migrant workers used banks to send remittances. In comparison, one third used the "hundi" or broker system, one fifth relied on others to hand carry money for them, 7 per cent transported the money themselves, and 7 per cent used other channels (Harkins et al., 2017).

However, with the lockdowns and travel restrictions imposed during COVID-19, these informal channels became impractical. Workers switched to more formal channels, including banks and Money Transfer Firms such as Western Union (IOM Asia–Pacific Regional Data Hub, 2021). While they may have previously avoided these alternatives due to concerns about fees, lack of documentation, language barriers or distrust in formal institutions, the pandemic left them with little choice (Mercer-Blackman, 2021). This trend of increasing reliance on formal remittance channels appears to be continuing. Between 2023 and 2027, it is projected that the transaction value of digital remittances from Thailand will experience an annual growth rate of 8.15 per cent, generating a total value of USD 2.38 billion (Statista, 2023). This shift towards digital remittances suggests a changing landscape in how migrant workers in Thailand send money to their home countries, driven in part by the disruptions caused by the COVID-19 pandemic.

2.3 DIGITAL FINANCE

Southeast Asia has seen a sharp upswing in the adoption of digital financial channels, particularly mobile banking applications. For example, in Thailand, the use of cashless payments increased by 17 per cent between 2018 and 2021 (Tech For Good Institute, 2021).

Digital financial channels can be especially useful for sending remittances. Globally, international remittances sent through mobile money reportedly increased by 65 per cent in 2020 (GSM Association, 2021). This trend has not only contributed to the resilience of remittances during the COVID-19 pandemic, as mentioned above, but has also accelerated the growth of formal digital finance channels. Many of these formal money transfer services now provide flexible online options for users to send money to friends or family back home. The advantages of online remittance providers include 24-hour access, the convenience of not having to visit a physical storefront, reduced risks of money theft or loss, and the ability to receive services in a language of the user's preference, depending on the platform (Metzger et al., 2019).

The emergence of mobile wallet applications and other forms of electronic transfer options for remittances aims to provide pathways for users to remit small amounts of money more frequently, matching the convenience of informal channels used in some communities (United Nations Thematic Working Group, 2019). However, for these online payment platforms to be successful, they must build trust and familiarity with their users (Lee and Lingad, 2021). An example of this phenomenon in the region is Grab Application, which began as a ride-hailing platform in 2012. The success of GrabPay, its money transfer app launched in 2017, is attributed to the fact that users were already familiar with the Grab Application.

The digitization of remittance channels not only serves to formalize informal remittances, which enhances transparency and accountability, but also extends access to financial services for those in rural and remote areas (ADB, 2021). Mobile money providers, for instance, enable recipients of remittances to make payments digitally, potentially establishing a payment history that can be valuable for credit-building or insurance purposes in the future (ADB, 2021). However, despite the growth of digital options, most remittances are still provided in cash, as cash transactions do not require an account or extensive paperwork. Additionally, users must have access to the internet, trust in the digital ecosystem and a certain level of digital literacy to safely operate web-based remittance platforms (Metzger et al., 2019).

Access to the Internet and the ability to navigate digital platforms are critical for migrant workers to utilize digital financial tools effectively. In the ASEAN region, 44 per cent of the population has internet access, with the vast majority (90%) using mobile phones to access the web (ILO, 2019). Furthermore, a recent study conducted by IOM on the digital inclusion of migrant workers in Thailand revealed that 95 per cent of migrant workers used smartphones daily, and nearly three-quarters had access to their own Wi-Fi network or data plan. However, migrant workers reportedly still lacked the confidence or experience to use digital tools for purposes beyond social media and communication with family and friends. External factors, such as language barriers on certain digital platforms, may further contribute to this gap in digital literacy. Notably, the majority of migrant workers surveyed in the study reported being most interested in learning how to use mobile banking applications, signifying the recognition of its growing importance. Particularly in Southeast Asia, digital literacy is a crucial step in achieving financial inclusion and empowering migrant workers to maximize the benefits of digital financial services.

2.4 ACCESS TO BANKING SERVICES

Bank accounts are essential for financial inclusion as they serve as a gateway to formal financial services. Therefore, supporting migrant workers in opening bank accounts in both their country of origin and country of destination is a vital step towards financial inclusion. Bank accounts can offer a secure and regulated environment to save, and can help migrant workers manage their finances and build credit history. For instance, a study conducted among migrant workers in Mexico revealed that those who opened bank accounts increased their savings as a share of income by 9 per cent compared to those who did not (Chin et al., 2010). Bank accounts also facilitate access to other financial services, including credit cards, loans and mortgages (Grandolini, 2015).

However, nearly half (44%) of adults in the Association of Southeast Asian Nations (ASEAN) region do not have a bank account, with migrant workers being even less likely to open one (Alliance for Financial Inclusion, 2021). Only an estimated 22 per cent of migrant workers in Southeast Asia have a bank account in their country of destination, and a mere 11 per cent have opened a bank account in their country of origin (Harkins et al., 2017).

Whether a migrant has a bank account can be influenced by the financial situation in their country of origin. For example, an unstable financial history in Myanmar has left many nationals wary of using banks, and some Cambodians have a distrust of banks dating back to when the Khmer Rouge abolished money entirely (Harkins et al., 2017). Some migrant workers from Cambodia and Myanmar have reported fearing that the government or employers can seize funds from accounts or that their account balances will reduce without explanation (ILO, 2018). Other reasons for not having a bank account may relate to their experience as migrant workers in a new country, where they may not have the required documentation, may experience language barriers, be overwhelmed by paperwork, or simply feel unwelcome in banks due to fears of or experience with discriminatory treatment (UNCDF, 2017; Thailand Migration Report, 2019). Irregular migrants are less likely to open a bank account compared to regular migrants (Harkins et al., 2017). While opening a bank account marks an important initial step, it does not guarantee the full benefits associated with banking. The term “underbanked” refers to individuals who have a bank account but primarily rely on alternative channels, such as using only cash or accessing loans through informal lenders (Barcellos and Zamarro, 2019).

Even those individuals who have opened bank accounts may not use them regularly. Evidence shows that people are more likely to use financial products, such as bank accounts or mobile money platforms, if their social networks also use these products (Lyons et al., 2019). Therefore, a key goal for financial inclusion should be ensuring that networks of migrant workers not only open bank accounts but actively use banking services.

The regular and fair payment of wages is a key enabling factor for financial inclusion and management of migrant workers. Non-payment or underpayment of wages is one of the most common grievances among low-wage migrant workers (ILO, 2023). International labour protections apply to all persons to whom wages are paid or payable, including migrant workers, irrespective of whether they possess a valid employment permit or a formal contract (ILO, 2023). These standards mandate that all workers be paid their wages in a regular and timely fashion (ILO, 1949). Nonetheless, gaps in wage protections persist in Thailand. Migrant workers in subcontracted or outsourced labour situations, such as the construction industry, temporary migrant workers, and migrant workers in sectors excluded from traditional labour law protections, such as domestic work, are particularly vulnerable to wage-related abuses (ILO, 2023).

While wage protection is not within the scope of this report, some data suggests that the use of bank accounts can contribute to safeguarding workers against wage-related abuses (Lindgren et al, 2019). In 2018, the Royal Thai Government passed a law requiring workers in the migrant worker-dominated fisheries industry to be paid by electronic transfer directly into a personal bank account, instead of by cash or alternative payment methods (Chandran, 2018). The shift to electronic payments aimed to bring greater transparency and accountability to a sector that had been notorious for wage exploitation. This law resulted in higher and more punctual payments, with less illegal deductions (Lindgren et al., 2019). However, underbanked symptoms persist. The majority of fishery workers (95%) had never visited a bank, indicating that they may not have access to bank statements or know how much money was going into or out of their accounts. More than half (53%) of workers did not have access to their ATM card, and 1 in 5 workers had to borrow their card from their employer if they wanted to use it (Lindgren et al., 2019). These findings underscore that while having a bank account can enhance wage protection, persistent gaps between opening a bank account and its regular usage pose obstacles to achieving full financial inclusion. Moreover, they reaffirm the importance of migrant workers having full ownership and control over their bank accounts.

Migrant workers at an IOM-supported financial literacy training in Bangkok, Thailand. © IOM 2022

2.5 DEBT AND CREDIT

Many migrant workers incur debt at some point during their migration journey. This can happen in their country of origin, prompting their migration, or while they are living in their country of destination. Many people take out loans to fund their migration, to afford recruitment fees and related costs. A 2017 study found that more than half of migrants either borrowed money to migrate to Thailand or obtained a de facto loan from employers through wage deductions (Harkins et al., 2017). Debt can prevent migrant workers from returning to their countries of origin until the money is repaid (IOM, 2019). Roughly one third of migrant workers in Thailand were in debt before the onset of the COVID-19 pandemic, and about one fifth saw their debt level increase because of the pandemic (IOM, 2021). However, borrowing money is not inherently detrimental. Loans can fund business expenses, cover educational costs or address emergencies. When migrant workers have access to safe credit and are protected by equitable labour laws, loans can help them build a better future for themselves and their families.

High levels of debt are correlated with a higher likelihood of migrants taking on unsafe or exploitative work, which can include instances of debt bondage (Baey and Yeoh, 2015). Debt bondage, or bonded labour, occurs when individuals are compelled to work, often for low wages or in hazardous conditions, to repay a debt to a money lender or landlord. Article 1 of the United Nations Slavery Convention includes debt bondage in its definition of slavery (ECOSOC, 1956). As of 2018, an estimated 610,000 people were living in modern slavery in Thailand, with more than half held in debt bondage (Global Slavery Index, 2018). Migrant workers are particularly vulnerable to bonded labour as they often lack the financial knowledge, credit, or proper documentation to access regulated loans through formal channels (ILO, 2017).

Undocumented or irregular migrant workers face a higher risk of exploitation when borrowing money (Derks, 2010). Due to difficulties accessing loans and credit through formal financial channels, they may resort to borrowing money from informal brokers or other high-risk institutions, often resulting in exorbitant interest rates and agreements with illegal terms or hefty penalties for loan default. This situation can lead to a negative debt spiral, in which desperate individuals borrow from other sources to repay existing loans, accumulating an overwhelming amount of debt. This debt may then have to be repaid through bonded labour (Crane et al., 2021).

Microfinance institutions (MFIs) are a growing source of loans for migrant workers and their communities across Southeast Asia (IOM, 2019). MFIs offer a range of financial services to low-income or underbanked individuals, with their primary services being the provision of small loans, commonly referred to as "microcredit". While these institutions began as non-governmental organization projects, offering small, low-interest, collateral-free loans, the model has evolved in recent years to larger, profit-motivated loans provided by large institutions (IOM, 2019). Microcredit is often hailed as a pathway toward financial inclusion (Hassan, 2015; Islam, 2014). However, it can also carry risks for borrowers, including high-interest rates for low-income borrowers (Gutiérrez-Nieto et al., 2016).

Informal money lenders represent an alternative financing option for some migrant workers. Occasionally, these loans are taken alongside, or to pay off, MFI loans. Informal loans are often favored as they are typically collateral-free and relatively easy to access (Meta and Baliga, 2020). They can also be more manageable than MFI loans. For example, in Cambodia, informal lending is illegal, which compels money lenders to be more cautious and offer smaller loans with more reasonable repayment terms, in the absence of legal protection against defaults (Bateman, 2017). On the other hand, these loans are still associated with high interest rates (ILO, 2020). Their illegal nature can also lead moneylenders, sometimes referred to as "loan sharks", to employ illegal or aggressive tactics (Idris, 2020).

2.6 SAVINGS AND FINANCIAL SHOCKS

Saving money can protect individuals from financial shocks such as job losses or falling into negative debt spirals. The pursuit of savings is a significant motivating factor for many people who decide to migrate for work (ILO, 2013). However, without access to gainful employment, proper education and financial services, they risk returning home empty-handed. Estrella Mai Dizaon-Anonuevo, Executive Director of Atikha, a non-governmental organization that supports Filipino migrant workers living abroad, writes that if migrant workers are unable to make productive use of remittances, they "will come home with regrets" (UN Women, 2019).

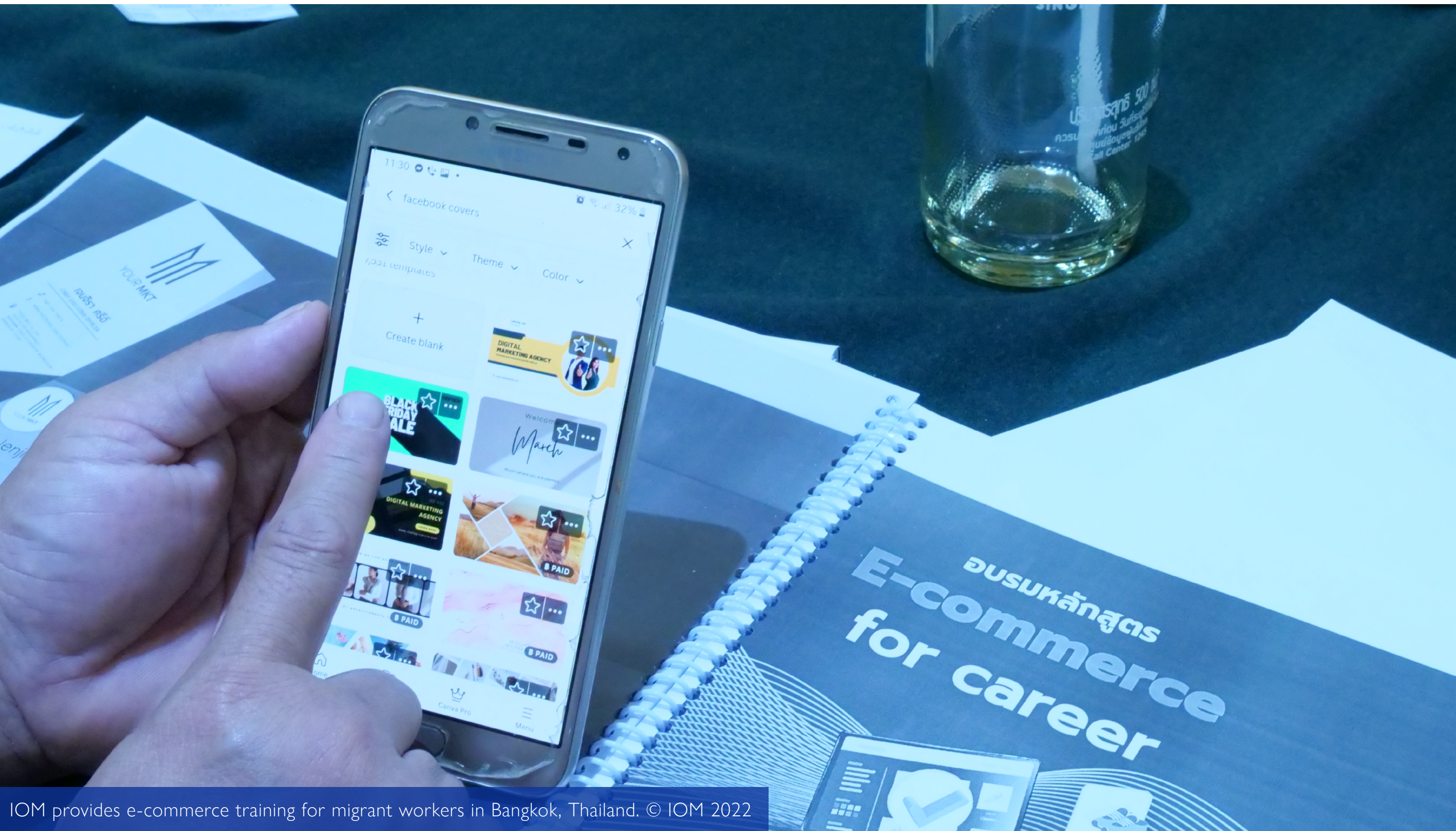
Most financial education around savings begins with a discussion of goals (ILO, 2019). It is important for individuals to be able to articulate what they are saving for and why. Otherwise, migrant workers, especially women, may find themselves sending home all their wages without setting aside any funds to deal with financial shocks or to contribute to their goals (UN Women, 2019). Access to savings can enhance migrant workers' resilience in the face of job losses, rent increases or unexpected illnesses. However, migrant workers may struggle to set aside money or afford fees in financial institutions (Harkins et al., 2017). One potential solution is community or informal savings groups. These are groups of people who all save into a common fund. Contributors can access loans from this fund, often on a rotating basis (Allen and Panetta, 2010). According to Oranu et al. (2020), informal savings groups can increase financial inclusion, especially amongst rural women, one of the most financially excluded groups. The authors also note that participation in these groups can be a pathway to gaining greater financial knowledge and opening a bank account.

2.7 FINANCIAL INCLUSION INITIATIVES IN THAILAND

Thailand has experienced high levels of migration through which its economy has derived significant value. The rate of migration has been enhanced through the establishment of ASEAN Economic Community, which is likely to lead to the continuous integration of labour markets in Southeast Asia. With increased labour mobility, it is anticipated that there will be a greater demand for cross-border financial services and the provision of financial services for non-Thai citizens (ADB, 2011).

Over the past decade, the Royal Thai Government has increasingly focused on financial inclusion as a policy priority. As part of its 20-year National Strategy (2018–2037), Thailand aims to develop a modern entrepreneurship-based economy by improving access to financial services and loans. The 12th National Economic and Social Development Plan (2017–2021) further encourages the use of financial technology (FinTech) to boost the efficiency of the financial system, making financial services more accessible and cost-effective for individuals and businesses (NESDB, 2017). As a result, the growing presence of digital technology is transforming the financial sector, with FinTech applications being increasingly adopted to reshape and enhance the way financial service providers interact with consumers (OECD, 2018).

Recognizing the importance of the FinTech industry in driving financial inclusion, the Bank of Thailand has taken on the role of facilitating FinTech expansion in Thailand. Their efforts include considering the licensing of digital-only banks to promote financial inclusion across the country, while continuously adapting to the evolving landscape of the digital age. Additionally, Thailand is actively prioritizing digital transformation through its Thailand 4.0 economic model, which aims to transform Thailand into an innovative, technology-based, and service-focused economy (Ministry of Foreign Affairs, 2018).



IOM provides e-commerce training for migrant workers in Bangkok, Thailand. © IOM 2022

Migrant worker attends an IOM-supported social protection workshop in Mae Sot, Thailand. © IOM 2023

Financial service providers in Thailand have already begun incorporating FinTech tools to promote financial inclusion. For example, TrueMoney, an e-payment and financial service provider under True Corporation, expanded its e-wallet user base in Thailand through the launch of "TrueMoney Wallet for Foreigners". The expansion aims to facilitate international money transfers and promote financial inclusion for unbanked foreigners in Thailand, with a specific focus on Myanmar migrant workers. The application introduced a Myanmar language menu to attract more users and partnered with the Asia Green Development Bank in Myanmar to facilitate safer and more affordable remittances through formal channels (Leesa-Nguansuk, 2016). This initiative has reportedly expanded to Cambodia and the Lao People's Democratic Republic, although information on its usage and success in those countries is limited.

The substantial remittance flows between Thailand and Myanmar have also sparked interest from banking service providers in Thailand. For example, in 2017, Kasikorn Bank in Thailand launched an initiative in cooperation with Kanbawza Bank (KBZ) in Myanmar to introduce safe remittance services between the two countries via ATMs. Myanmar migrant workers who have a bank account with KBZ are eligible to open an account with Kasikorn and receive a Myanmar Remit Card, provided they meet the necessary documentation requirements. More recently, Siam Commercial Bank has also signed a memorandum of understanding with Ayeyarwady Bank in Myanmar to promote safe remittances services (Wantanasombut, 2022).

Several initiatives led by development partners and civil society organizations have also aimed to promote financial education among migrant workers in Thailand as a means of achieving financial inclusion. One noteworthy initiative is the "Save Smart" financial planner launched by the ILO in 2019. This eight-module financial planner for ASEAN migrant workers covers topics such as savings, goal setting, budgeting, and assessing the risks and benefits of labour migration (ILO, 2019).

3

METHODOLOGY

The study adopted a quantitative research approach, primarily relying on surveys conducted among a total of 325 migrant workers across seven provinces in Thailand. Snowball sampling, a non-probabilistic sampling technique, was employed to select participants for the surveys. In addition to the survey data, the study also incorporated a comprehensive literature review of secondary sources to inform the development of survey tools and to contextualize the findings.

3.1 LITERATURE REVIEW

The study incorporated an extensive desk review of eighty documents consisting of books, journals, academic papers, articles and similar research publications conducted by national and international organizations.

The objective of the literature review was to investigate different aspects of financial inclusion in Thailand and other South-East Asian countries, as well as to identify pertinent financial inclusion trends observed worldwide. Subject areas covered in the literature review include financial inclusion and literacy, remittances, access to banking, savings and financial shocks, digital finance, impacts of COVID-19 on overall financial well-being and remittances, and lastly, national policies on labour migration and financial inclusion in Thailand.

To facilitate the qualitative analysis, all research studies were organized in a spreadsheet and coded according to their thematic subject area and geographical scope. The relevant findings were then extracted and summarized, and this information informed the design of the survey tool and the data collection methodology.

Migrant worker cooking in Mae Sot, Thailand. © IOM 2022/Javier VIDAL

3.2 DATA COLLECTION

A quantitative survey comprised of 42 questions was developed and divided into five broad thematic areas in alignment with the key sub-areas of the research objectives – remittances, access to banking, debt, savings and financial shocks, and financial literacy. The survey also collected general demographic information from the respondents to provide context for the study findings.

Figure 1 summarizes the main areas of inquiry for the research based on each thematic area. The complete survey questionnaire is included in Annex A.

Figure 1. Research Questions

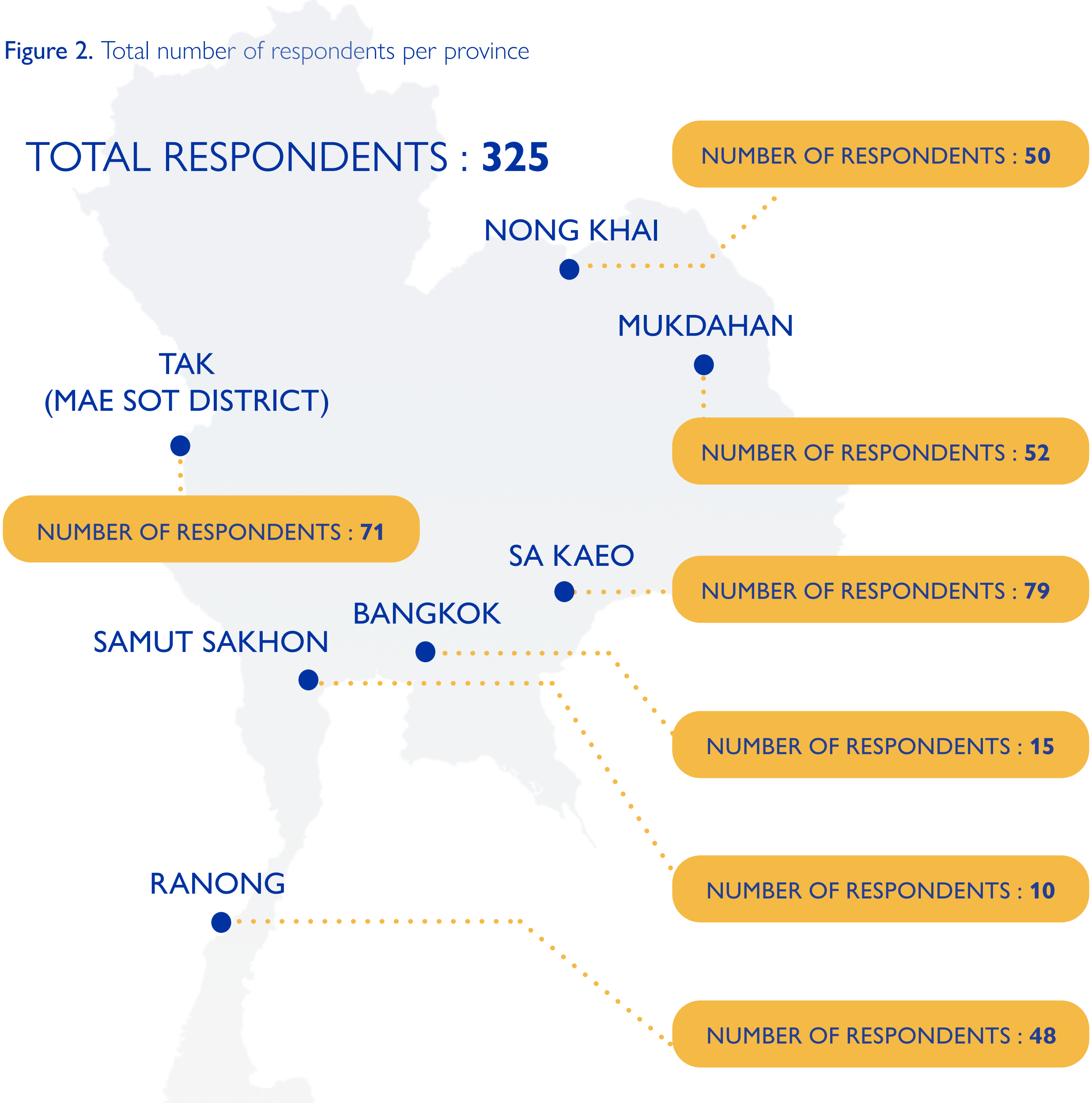
THEMATIC AREA	RESEARCH QUESTION
REMITTANCES	• How much do migrants send home in remittances? • What service providers are being used and why? • How much does it cost to remit?
ACCESS TO BANKING	• How prevalent is the use of formal banking services among migrants? • Which bank providers are commonly used and why? • What are the obstacles to using formal banking services?
DEBT	• How much do migrants owe in debt and how is it incurred?
SAVINGS AND FINANCIAL SHOCKS	• How resilient are migrants to financial shocks and how do they cope with such events? • What methods of savings do migrants use?
FINANCIAL LITERACY	• What are migrants' current levels of financial literacy?[2] • In which areas would migrants like to receive further financial education and through which channels would they like to receive such education?

[2] To assess migrants' financial literacy, three questions were derived from measurement guidelines produced by the Organisation for Economic Co-operation and Development (OECD). Questions tested the ability of migrants to perform basic mathematical calculations as well as their conceptual understanding of interest rates and inflation.

The target group for this study consisted of migrants from Cambodia, the Lao People's Democratic Republic and Myanmar who were currently living and working in Thailand and between the ages of 18–55 years. Provinces with large or accessible populations of Cambodian, Lao or Myanmar migrant workers and existing IOM networks were targeted for data collection, resulting in a total of seven selected provinces – Ranong, Tak (Mae Sot), Nong Khai, Mukdahan, Sa Kaeo, Bangkok and Samut Sakhon.

Efforts were made to maintain a relatively balanced sample size across genders and nationalities, allowing for slightly more Myanmar respondents given their predominant representation among the migrant workforce in Thailand. The study aimed to conduct surveys with a minimum of 300 migrant workers. Ultimately, 325 valid surveys were completed, with an additional 100 surveys disqualified during the data validation process. An overview of the survey respondents is provided in Figure 2 and Figure 3.

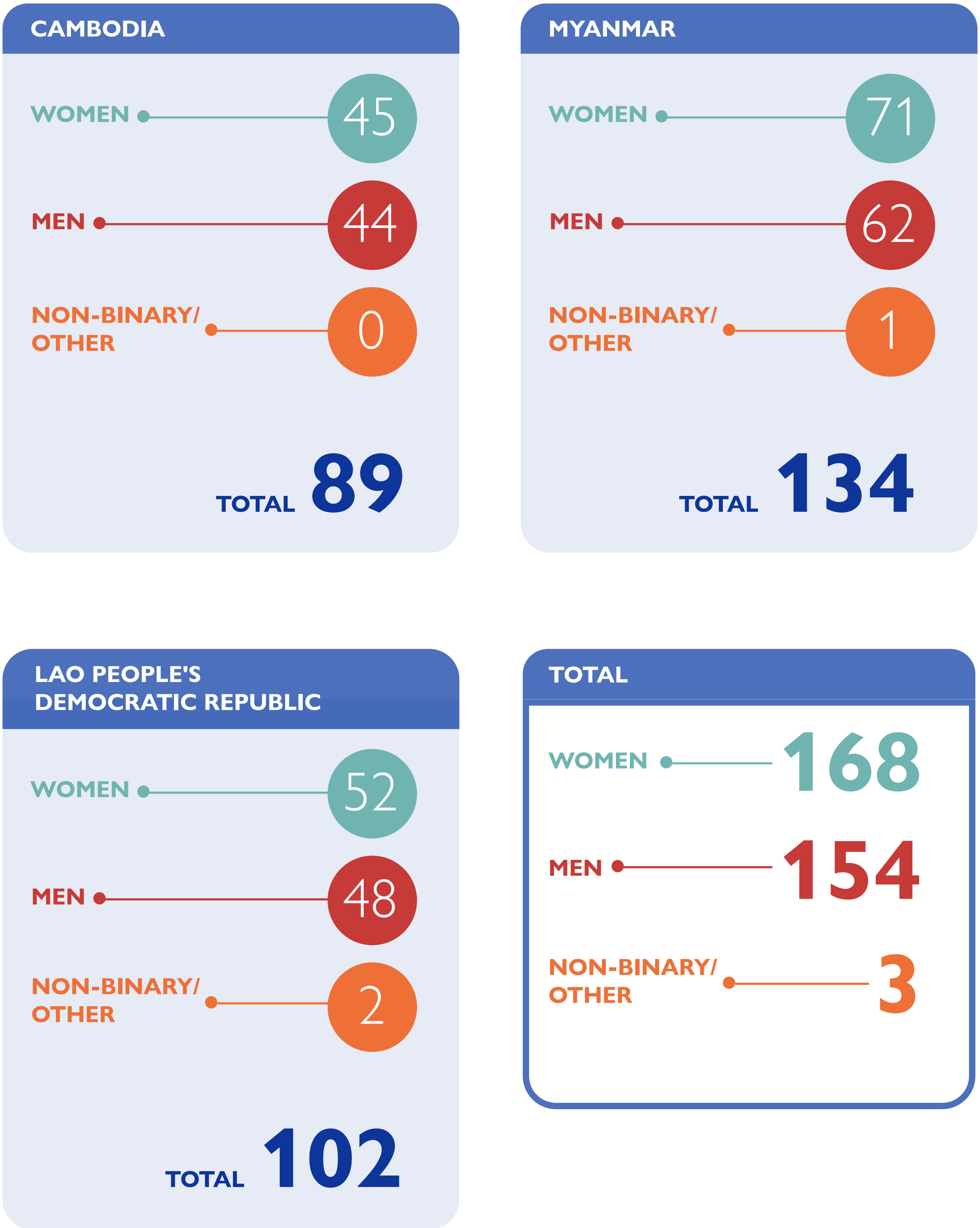
Figure 2. Total number of respondents per province



Source: Pixel Map Generator

Note: This map is for illustration purposes only. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the International Organization for Migration.

Figure 3. Total number of respondents based on nationality and gender




IOM staff conducts a survey with a migrant worker in Mae Sot, Thailand. © IOM 2022/Javier VIDAL

Migrant workers were identified by a team of community-based enumerators consisting of six women and one man. These enumerators had pre-existing contacts with migrant communities and civil society organizations in the selected provinces. Enumerators utilized several methods to identify potential respondents. They either tapped into their own migrant networks or leveraged their connections with civil society organizations for referrals to respondents. Alternatively, they conducted visits to local areas with a higher concentration of migrant workers to locate initial respondents. Once initial respondents were identified, the enumerators employed a snowball sampling technique to expand the pool of survey participants. Data collection took place over a one-month period between January to February 2023.

Throughout the research and data collection process, strict adherence to IOM's Data Protection Principles was maintained to ensure the privacy and security of respondents' information. The enumerators responsible for administering the survey received two half-day trainings led by the research team. Enumerators were provided with comprehensive training that covered various aspects of the study, including its objectives, survey interpretation and comprehension, methods for approaching potential respondents, obtaining informed consent, ensuring confidentiality of information, and navigating the e-survey tool used for data collection. The second day of training involved conducting mock survey trials and role plays to ensure the readiness of enumerators to commence fieldwork. Enumerators were also provided with a contact list of referrals in the event a respondent expressed an urgent need for assistance during the survey process.

3.3 CHALLENGES AND LIMITATIONS OF THE STUDY

The study aims to provide a holistic understanding of migrants' access to financial services and financial literacy; however, there are certain constraints and limitations that need to be considered.

Given the use of a snowball sampling method, findings are not intended to be statistically representative of the entire migrant population in Thailand and may not apply to the broader migrant population. Although snowball sampling enhances the ability to connect with otherwise hard-to-reach groups, it also gives rise to sampling bias. Instead, the study provides a descriptive analysis based on the respondents who were reached, to better understand their access to financial services, identify key trends and draw comparisons between key subgroups of migrants, including gender and country of origin.

The survey was designed in a way whereby respondents were asked certain questions only if they answered affirmatively to preceding questions. This approach may have resulted in a smaller sample size for specific areas of analysis, such as the use of bank accounts. The survey also consisted of multiple choice questions that allowed respondents to select more than one answer. Enumerators were instructed not to read out the answer choices. While this approach aimed to collect data in a non-leading manner, it may mean that not all answers potentially applicable to a respondent were captured. For example, regarding the question on documentation status, respondents may have simply identified one form of documentation they held without elaborating on other forms of documentation.

Additionally, identifying and connecting with Cambodian migrant workers who were willing to participate in the study proved challenging due to limited outreach networks. Consequently, the sample size of Cambodian respondents was smaller and primarily concentrated in one province. The study also did not restrict the sample eligibility criteria based on documentation status or length of time in Thailand, both of which may potentially impact the level of financial inclusion migrant workers experience in the country. Lastly, the majority of surveyed respondents resided in border provinces as opposed to in-land provinces. This geographic distribution may influence access to financial services as well as remittance practices.

These limitations should be considered when interpreting the study's findings and their applicability to the broader migrant population in Thailand.

Migrant worker resting in their home in Mae Sot, Thailand. © IOM 2022/Javier VIDAL

4

FINDINGS

4.1 DEMOGRAPHIC OVERVIEW

Among respondents, slightly more than one fourth (27%) were from Cambodia, one third (31%) were from the Lao People's Democratic Republic and the remaining 42 per cent were from Myanmar (Figure 4). The majority of Myanmar respondents surveyed were in Tak and Ranong provinces, with a few respondents in Samut Sakhon and Bangkok. All Lao respondents were in Mukdahan and Nong Khai provinces located in the Northeast region of Thailand, bordering the Lao People's Democratic Republic. Cambodian respondents were primarily based in Sa Kaeo province with the remaining few in Bangkok (Figure 5).

Figure 4. Nationality breakdown of respondents

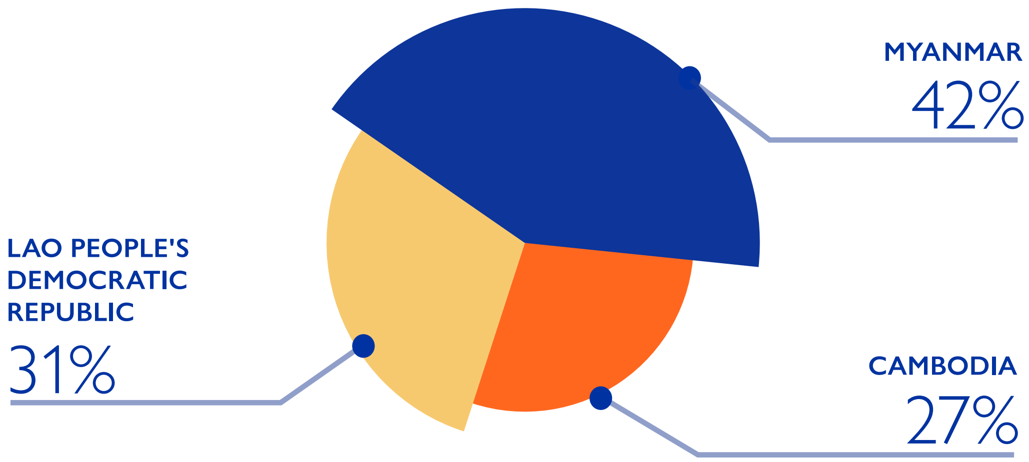
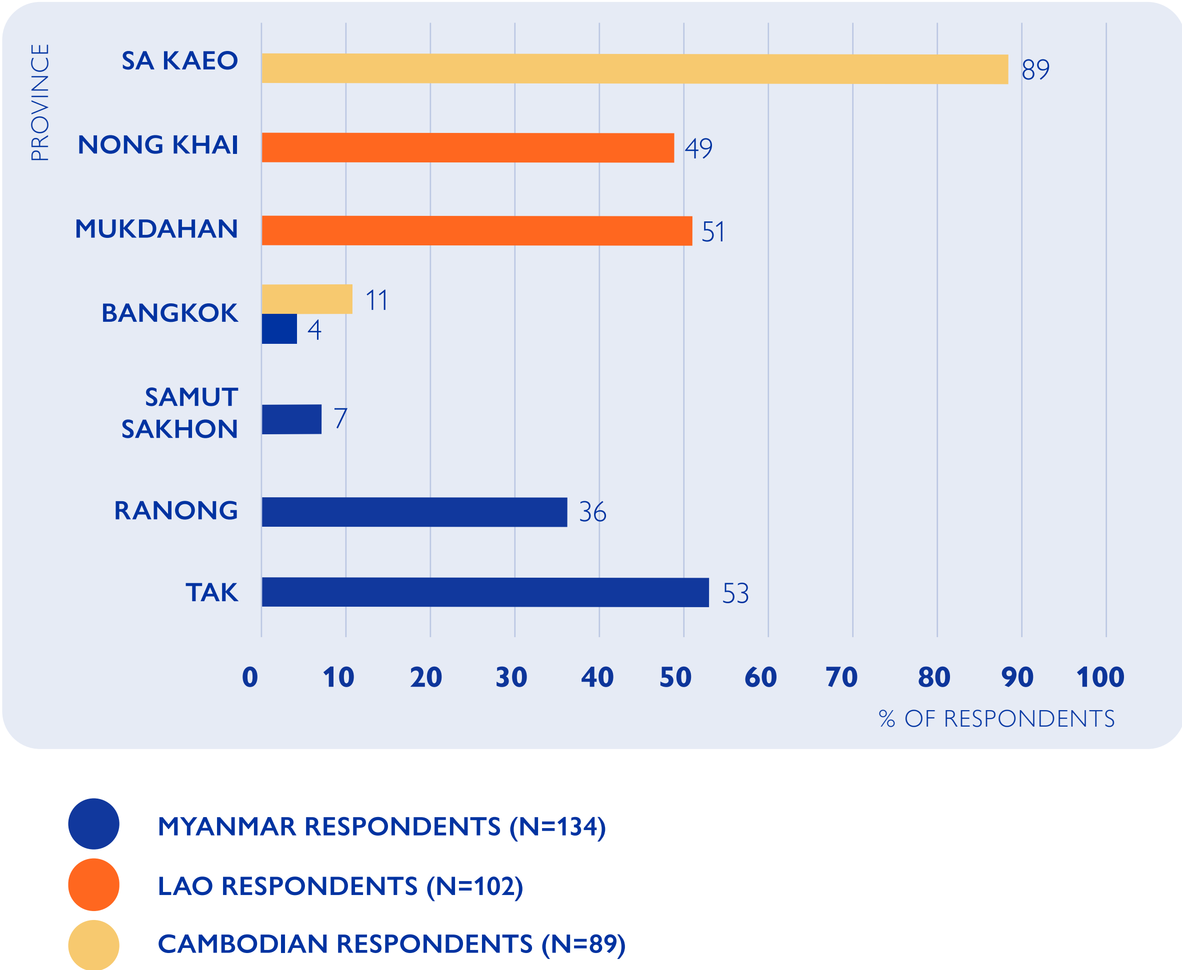
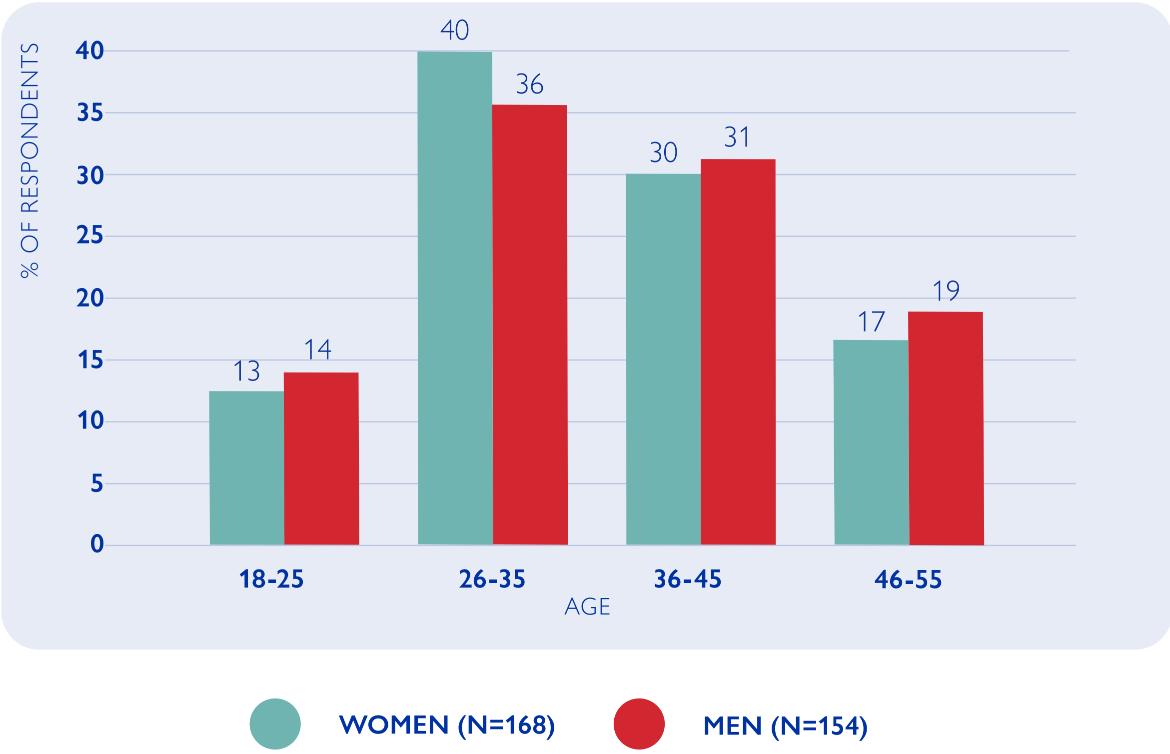


Figure 5. Breakdown of respondents and survey provinces



There was a near-even gender balance in the sample with 47 per cent of respondents identifying as men, 52 per cent identifying as women and 1 per cent as non-binary/other. The age of respondents ranged from 18 to 55 years, with the majority (38%) between the ages of 26 and 35 years, followed by one third (31%) aged 36–45 years, while 18 per cent were aged 46–55 years. The remaining 13 per cent of respondents were younger than 26 years. The gender breakdown was fairly even across age brackets, as illustrated in, except for women being more represented in the 26–35-year bracket (Figure 6).

Figure 6. Age breakdown of respondents, by gender[3]



More than half of the respondents (52%) earned a monthly income between 5,001 and 10,000 Thai Baht (THB), followed by 23 per cent who earned THB 10,001–15,000, while 19 per cent earned THB 5,000 or below per month.

As of February 2023, Thailand's daily minimum wage varies between THB 328 and THB 354, depending on the province. For the purpose of this study, the referenced daily minimum wage is THB 332, in line with minimum wages in Tak and Ranong provinces where the majority of respondents resided. As such, respondents earning a monthly income of less than THB 7,968 (based on a calculation of THB 332 x 24 days) are believed to fall under the minimum wage bracket. Over one third (34%) of respondents earned less than this amount, with 45 per cent of Myanmar migrant workers falling in this category.

Respondents who earned below the legally mandated minimum wage, were primarily living and working in the provinces Tak, Sa Kaeo and Mukdahan. These are border provinces where migrant workers may often be irregularly or informally employed. For example, IOM's multisectoral assessment of needs in Tak, conducted in 2022, showed two thirds of the population to be undocumented (51% without any documentation and 15% holding informal documentation).

3 Respondents who identified as non-binary/other (3 respondents) were excluded from gender-based analysis and data visualization here and throughout the report due to a small sample size.

On average, women respondents earned a slightly lower monthly income than men respondents, respectively THB 9,270 and THB 9,420, indicating only a slight gender pay gap.

Monthly income reported by respondents also varied based on nationality, with Cambodian migrant workers earning, on average, the highest monthly income at THB 10,160, followed by Lao migrant workers at THB 9,699, while respondents from Myanmar earned the lowest average monthly income at THB 8,500.

Figure 7. Monthly income of respondents, by gender

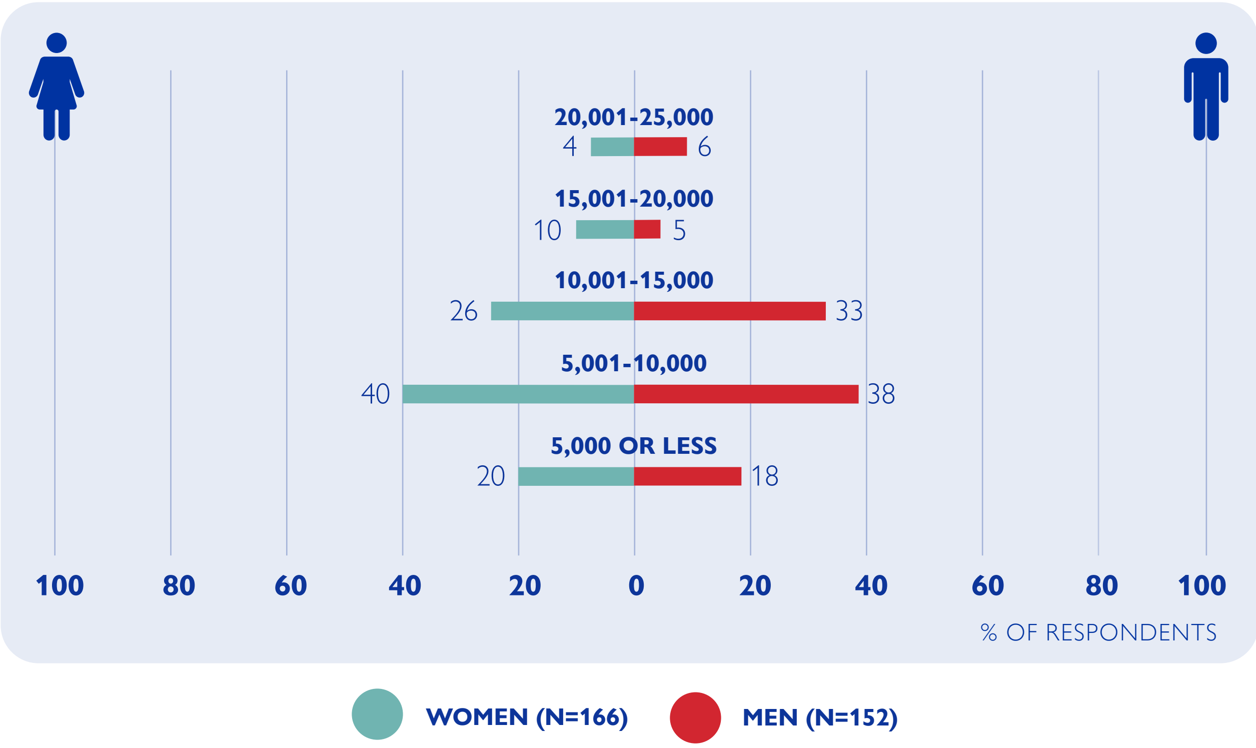
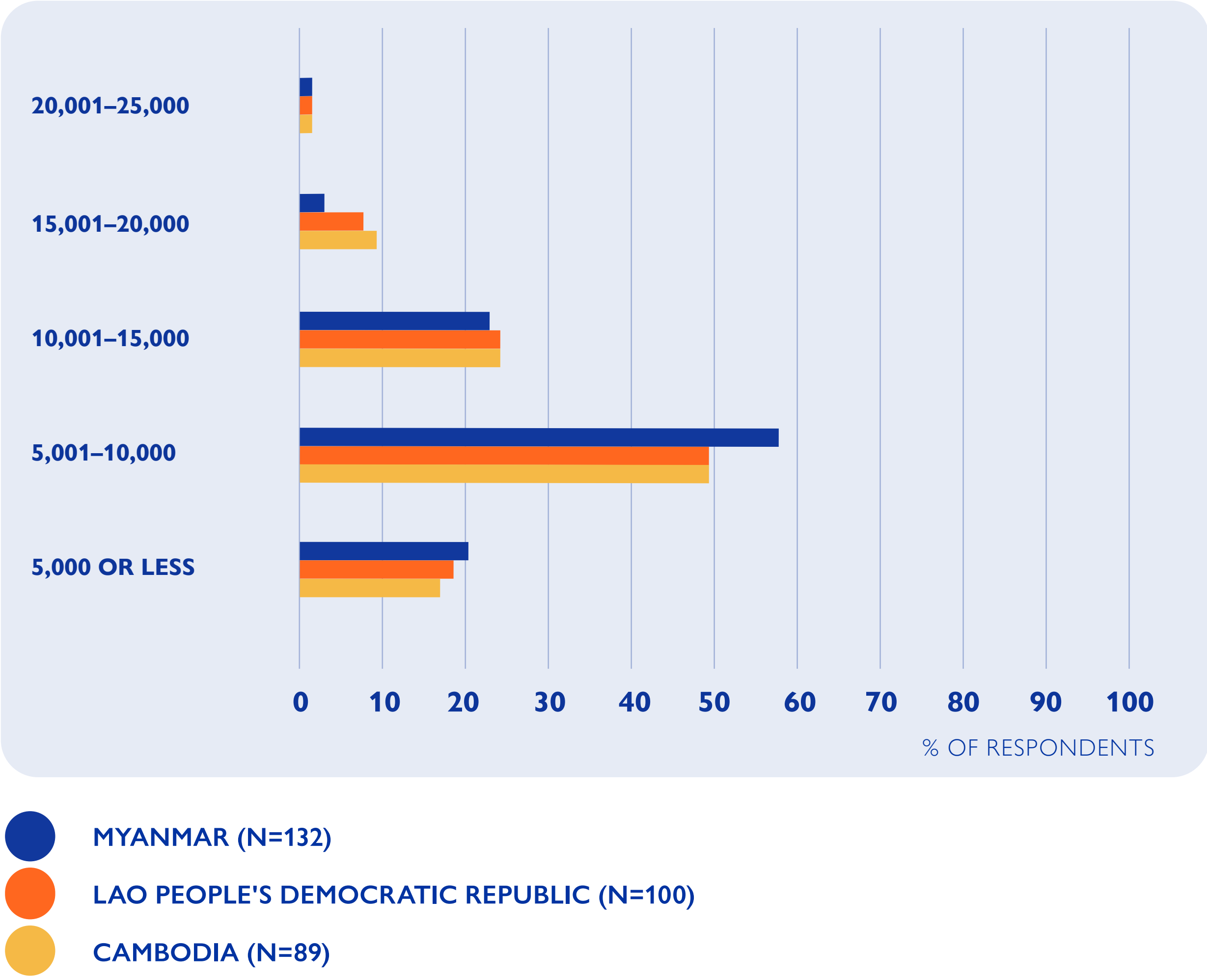


Figure 8. Monthly income of respondents, by country of origin



Among the surveyed respondents, 84 per cent possessed some form of documentation. For the purposes of this study, documentation includes passport, visa, work permit, pink card or border pass. The remaining 16 per cent of respondents did not have any documentation or had only unauthorized local documents at the time of this interview.

Undocumented migrant workers are more likely to experience financial exclusion as they lack the required paperwork to access formal financial institutions. However, documented migrants may also face exclusion if they do not have sufficient paperwork, such as a passport and a valid work permit, which is typically required to open a bank account in Thailand (IOM and ILO, 2017).

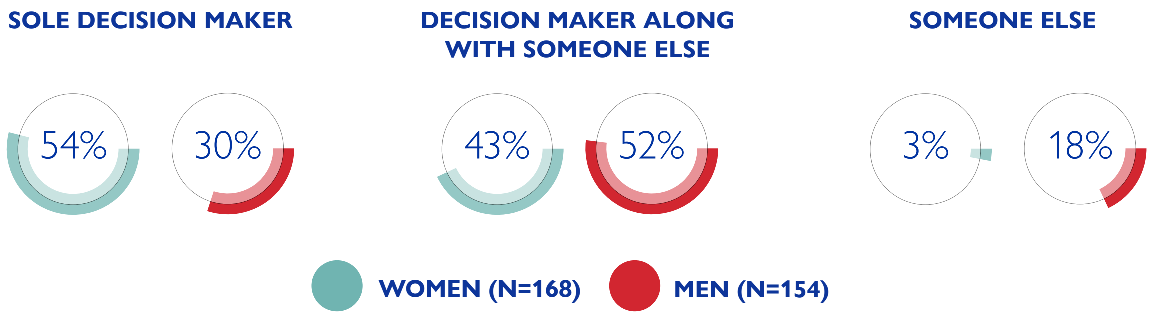
4.2 FINANCIAL MANAGEMENT ROLES AND METHODS

Overall, most respondents lived in households consisting of two to five people (81%), while 10 per cent lived in households consisting of 6 to 10 people, and the remaining 9 per cent reported living alone.

Financial management and decision-making are core components of financial literacy, which has a demonstrated link with financial inclusion (Atkinson, 2013). Individuals who are confident in managing their own finances and in financial planning may be more resilient to financial shocks and more likely to make choices toward consuming financial services and products provided by formal financial institutions (Bongomin, 2018). Among respondents, most were responsible for day-to-day financial decisions and management in their households, with 43 per cent being the sole decision maker, 47 per cent making decisions with someone else and only 10 per cent relying on someone else to make financial decisions. Of those who relied on someone else to make financial decisions, almost one third were younger than 26 years old.

Women were more likely to be sole financial decision makers (66%) and less likely to rely on someone else for financial decision-making (18%) compared to men. A separate study conducted by IOM in which 2,318 respondents were surveyed found that three quarters of migrant households were led by men (IOM, 2022). This finding suggests that the role of head of the household may not necessarily correspond with the role of day-to-day financial decision-making in the household, where women seem to play a more active role. Some of the surveyed women reported overseeing food expenditures and preparation, which constitutes a significant proportion of daily spending. Since the survey only inquired about daily financial decisions, it remains unclear if the same trends translate to overall larger-scale financial decisions such as education, housing and investments.

Figure 9. Responsible for daily financial decision-making in household, by gender



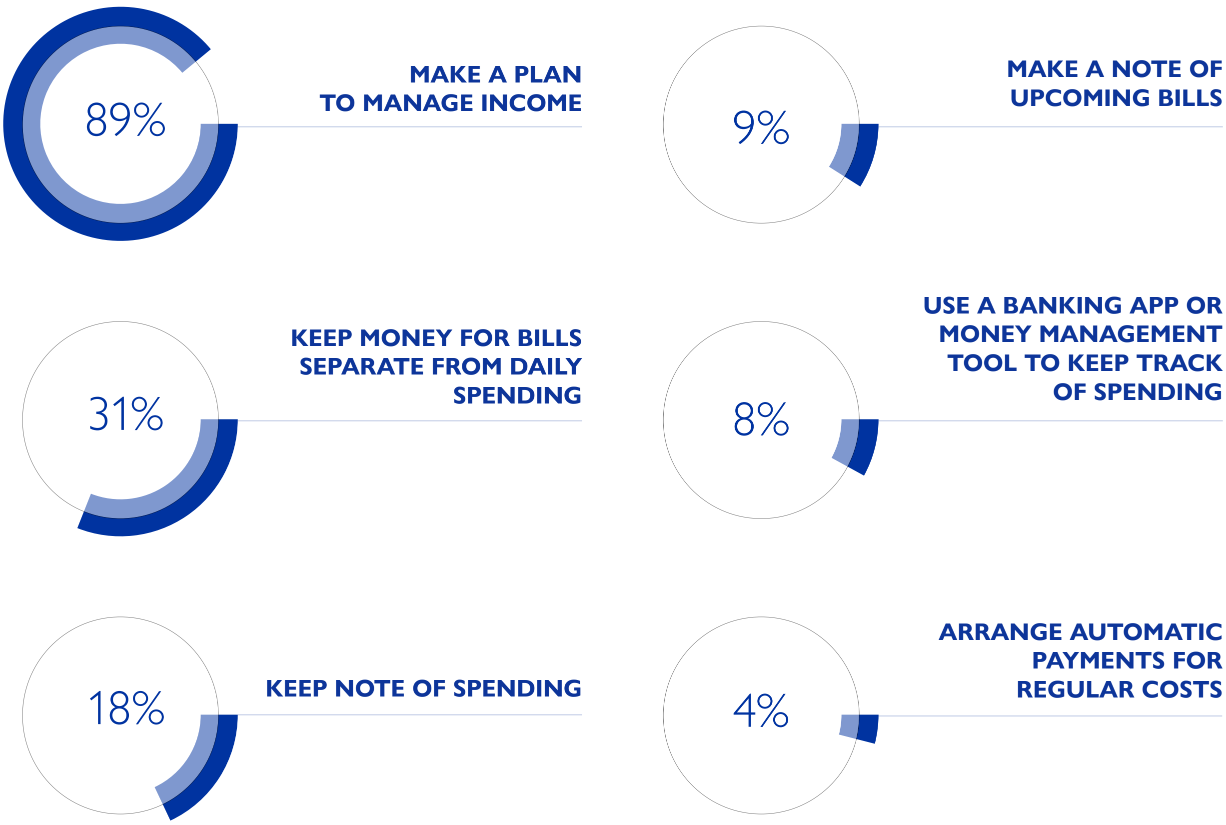
IOM provides e-commerce and financial literacy training for migrant workers in Bangkok, Thailand. © IOM 2022

As financial management constitutes one element of financial literacy, assessing the management and planning methods adopted by respondents provides some insight into their financial literacy levels. The majority of surveyed respondents (84%) reported incorporating at least one financial planning and management method, either for themselves or their households, while 16 per cent reported not using any specific financial management method. Among the respondents who did not use a method to plan or manage their finances, more than 80 per cent were men. Additionally, more than half were those who relied on someone else for day-to-day financial decision-making in their households, suggesting that finances are more likely to be managed at household level and not at individual level.

By comparison, almost all sole household decision makers (99%) used at least one method, indicating a strong correlation between household financial decision-making and the usage of financial planning and management methods.

Among those who did adopt at least one financial planning and management method, the most common methods include making a plan to manage their income and expenses, keeping money for bills separate from daily spendings and keeping note of spending. Nearly half of these respondents (49%) reported using two or more of such methods to manage their finances.

Figure 10. Financial planning and management methods reported by respondents



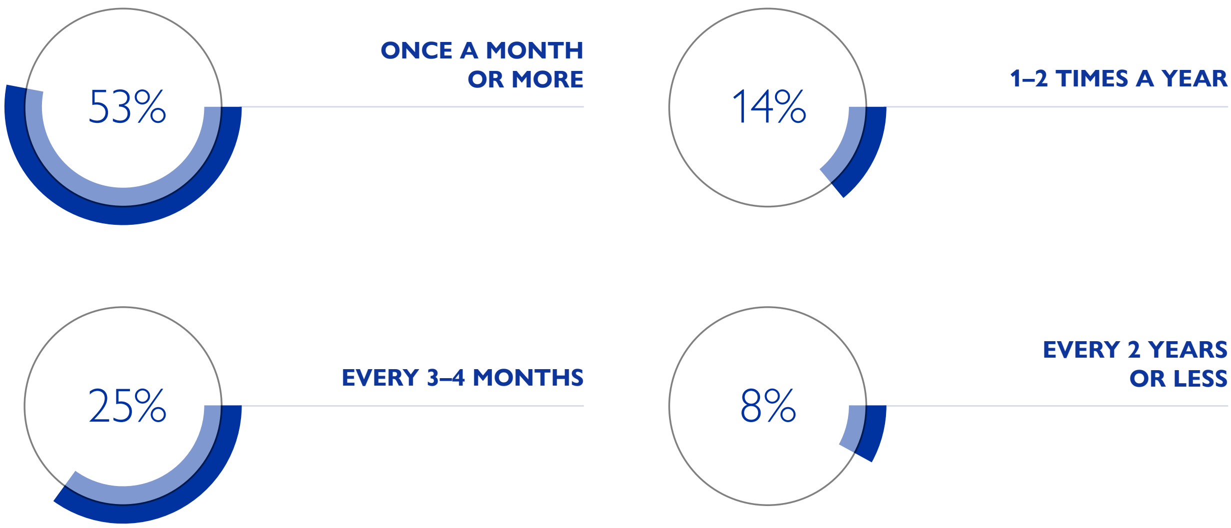
Note: Multiple answers were allowed so results may exceed 100 per cent

4.3 REMITTANCES

Almost all respondents (92%) had family members still residing in their countries of origin, suggesting an increased likelihood for the need to send remittances. As such, nearly three quarters of respondents (71%) reported having sent remittances since arriving in Thailand and more than half of these respondents (53%) sent remittances at least once a month. Figure 11 provides an overview of the frequency of remittances sent by migrant workers.

Among migrants who reported sending remittances, there were minimal variations based on gender and nationality. However, it is noteworthy that more than half (61%) of those who reported not sending any remittances were Myanmar migrant workers. Among these Myanmar migrant workers, almost 70 per cent earned a monthly income less than THB 8,000 and nearly three quarters (74%) reported an inability to cover living expenses for more than a month if they were to lose their main source of income, indicating limited financial resilience, which may impact their capacity to send remittances. External factors may have also contributed to this finding, specifically the ongoing political instability in Myanmar, which had initially led to temporary closures of formal financial institutions, disruptions in mobile financial services and increased surveillance of informal remittance channels (UNCDF, 2022).

Figure 11. Frequency of remittance sending



% OF RESPONDENTS (N=231)

Three quarters of respondents (74%) remitted between THB 1,000 THB and 3,000 each time they sent remittances with an overall average amount of THB 2,820. Reportedly, surveyed women sent an average of THB 2,644 in remittances while men sent an average of THB 2,998, which may be attributed to the slightly higher average income men received compared to women. Previous studies have found similar results in that the average amount remitted was higher for men compared to women; however, this is largely due to the gender pay gap as men and women remitted nearly the same proportion of their income, with women remitting slightly higher proportions (Harkins et al., 2017).

In terms of remittance amounts, Cambodian and Lao respondents remitted, on average, similar amounts at THB 2,688 and THB 2,453, respectively. Myanmar migrant workers, on the other hand, remitted a notably higher average amount of THB 3,349. Such differentials can be partially explained by the frequency of remittances, with three quarters (75%) of Cambodian migrants remitting at least once a month compared to almost half (47%) of Migrants of Myanmar, indicating that Migrants of Myanmar remit money less frequently but in larger amounts compared to Cambodian migrants.

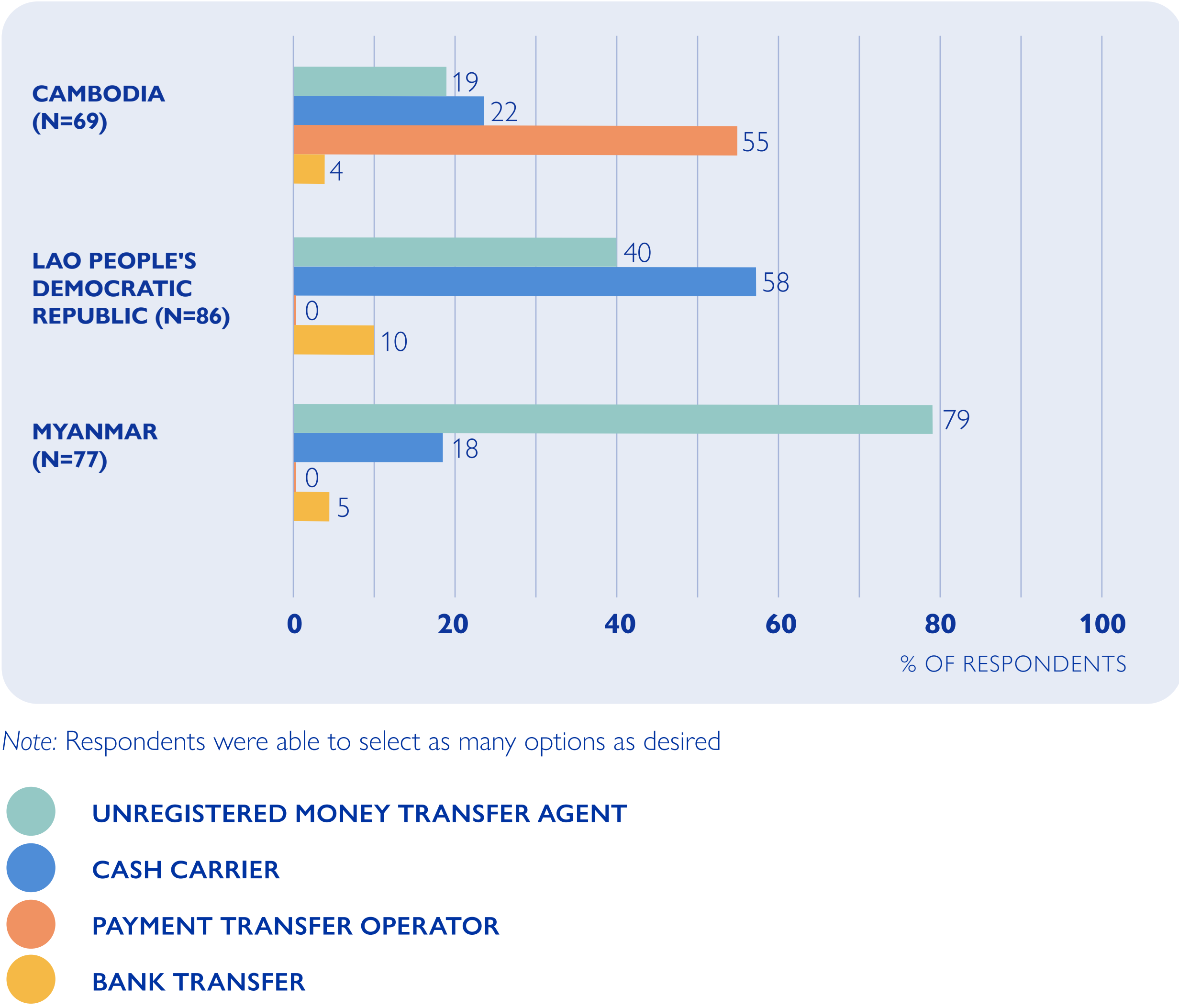
To send remittances,[4] nearly half of the respondents (47%) relied on unregistered money transfer agents, followed by cash carriers (32%) and payment transfer operators such as Western Union, Moneygram or Wing (9%). Only 7 per cent of respondents reported using formal banking services such as ATMs and online banking to send remittances, making it the least used channel. These findings are consistent with other studies that demonstrate the prevalent use of informal channels and lower usage of formal banking services (Jampaklay and Kittisuksathit, 2009; Harkins et al., 2017).

There were marked differences in the remittance channels used based on country of origin. Unregistered money transfer agents were primarily used by migrant workers from Myanmar (56%) and over three quarters of Myanmar respondents (79%) reportedly sent remittances through this channel. Cash carriers were the most frequent choice by Lao migrant workers (63%), some of whom reported carrying the money to the Lao People's Democratic Republic themselves due to proximity to the border, followed by migrant workers from Cambodia (19%) and Myanmar (18%). Payment transfer operators were used solely by Cambodian migrants, many of whom reported using Wing,[5] and it was also the selected channel by more than half of Cambodian respondents who sent remittances (55%). The higher use of formal channels by Cambodian migrants can be attributed to Cambodia's more formalized remittance markets in comparison to the remittance markets in the Lao People's Democratic Republic and Myanmar, which are still at early stages of infrastructural development (UNCDF, 2017). For Myanmar migrant workers, the widespread use of informal channels may be exacerbated by the country's political instability, leading to a heightened lack of trust in formal institutions due to concerns about security, bureaucracy or regulatory issues (UNCDF, 2022).

[4] The survey question on the use of remittance channels was a multiple-choice question, enabling respondents to select more than one channel.

[5] Wing is a mobile banking service provider that enables customers to transfer, store and withdraw their money using a mobile phone. It was launched in Cambodia in 2009 by the Australia and New Zealand Banking Group (ANZ), with the aim of promoting financial inclusion for unbanked Cambodians.

Figure 12. Channel of remittances used, by country of origin



Note: Respondents were able to select as many options as desired

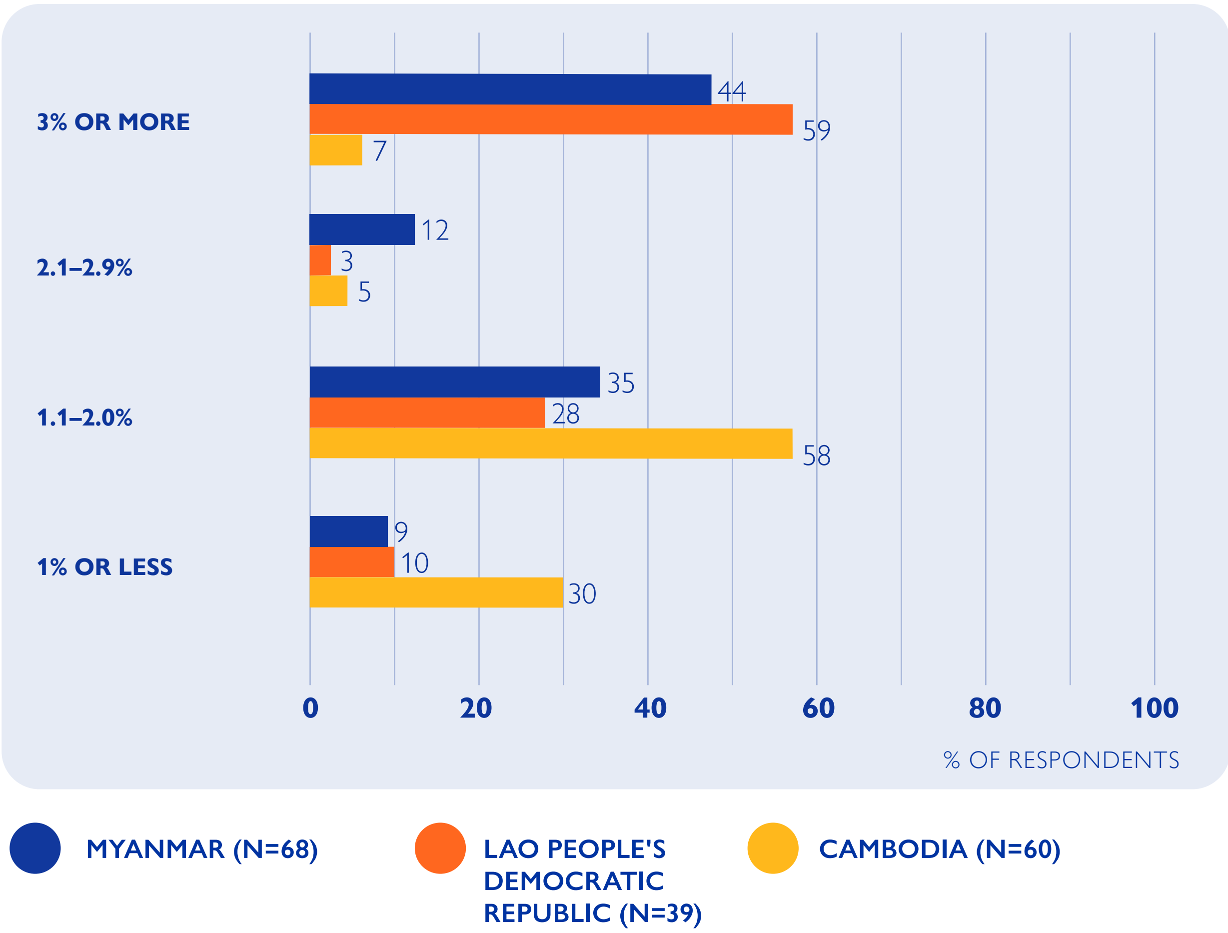
Considering the prevalence and frequency at which migrant workers send remittances home, remittance fees can have a significant impact on their financial well-being, typically leading migrants to seek out channels that are most cost-effective. Among the respondents who reported the remittance fees they pay, the amount ranged between THB 10 and THB 300, and the average remittance fee was THB 62. Although the sample size is relatively limited,[6] particularly that of Lao migrant workers, it is worth noting that Lao respondents who agreed to answer this question reported a higher average remittance fee of THB 86, compared to Cambodian respondents who reported an average of THB 46 and Myanmar respondents with an average of THB 80.

SDG 10.C specifically targets reducing the transaction costs of remittances to less than 3 per cent of the total remittance amount and eliminating remittance corridors with costs higher than 5 per cent. In this study, the average proportion of remittance fee based on amount remitted was found to be 2.8 per cent. This lower rate is likely due to the high prevalence of remittances sent through informal channels, which gives rise to a wide variance in fees. Myanmar respondents incurred an average of 3.1 per cent in remittance fees, with almost half (44%) incurring 3 per cent or more. Cambodian respondents incurred the lowest average of 1.9 per cent, while Lao respondents paid the highest average fee proportion of 3.8 per cent.

6 Only 167 respondents answered this question while the remaining 65 respondents either did not know or preferred not to answer.

Notably, one fifth (20%) of all respondents incurred remittance fees of 5 per cent or more, indicating the need for targeted efforts at lowering transaction costs to ensure the full realization of SDG 10.C. In regard to gender, women were met with greater financial burden due to higher remittance fees (3.1%) compared to 2.6 per cent among men. This difference is consistent with findings from other studies, which suggest that women tend to remit smaller amounts of their income more frequently and are therefore subject to higher remittance fees (Hennebry et al., 2017).

Figure 13. Proportion of remittance fees, by country of origin



Reported remittance fees varied based on the selected channel of remittance. Unregistered money transfer agents, although the most used among migrant workers, had the highest variation in fees incurred, with an average fee of 3.1 per cent. Payment transfer operators proved to be the most cost-effective remittance channel, with an average fee of 1.8 per cent. The fact that payment transfer operators, specifically Wing, are primarily used by Cambodian migrants, also accounts for the finding that Cambodian migrants paid on average the lowest remittance fees compared to migrants from Myanmar and the Lao People's Democratic Republic. The majority of respondents who reported using cash carriers either did not know the remittance fee they paid or preferred not to answer this survey question. Of the 25 respondents who did provide a response, the average remittance fee of cash carriers was found to be 2.7 per cent. Similarly, only 10 of the 16 respondents who remitted through bank transfers reported the fees they incurred, which averaged at 3.4 per cent, indicating that formal banking services was the costliest remittance channel for migrant workers.

Figure 14. Average proportion of remittance fees based on remittance channel

REMITTANCE CHANNEL[7]	AVERAGE REMITTANCE FEE (THB)	AVERAGE FEE PROPORTION (%)
UNREGISTERED MONEY TRANSFER AGENT (N=101)	80	3.1%
CASH CARRIER (N=25)	77	2.7%
PAYMENT TRANSFER OPERATOR (N=37)	39	1.8%
BANK TRANSFERS (N=10)	85	3.4%

Migrant workers most frequently cited convenience and familiarity as the main reasons for selecting remittance channels, followed by money being kept secure, money being delivered directly to the recipient and affordability. Figure 15 illustrates the percentage breakdown of reasons associated with each specific channel reported by migrant workers.[8] Convenience was the main reason for all channels with the exception of cash carriers, which was primarily used as it enabled money to be delivered directly to their family and friends. Most respondents who used formal banking services also noted that in addition to being convenient, the channel provided a secure way of sending remittances.

Migrant worker on a farm in Mae Sot, Thailand. © IOM 2022/Javier VIDAL

[7] Respondents were allowed to select multiple remittance channels but were only asked to provide one remittance fee. While the majority of respondents reported only one remittance channel, in instances where two or more remittance channels were selected, the associated remittance fees were counted towards all selected channels, resulting in a conflation of findings on remittance fees.

[8] The percentage breakdown exceeds 100 per cent as respondents were able to select up to three choices.

Figure 15. Reasons associated with the usage of select remittance channels

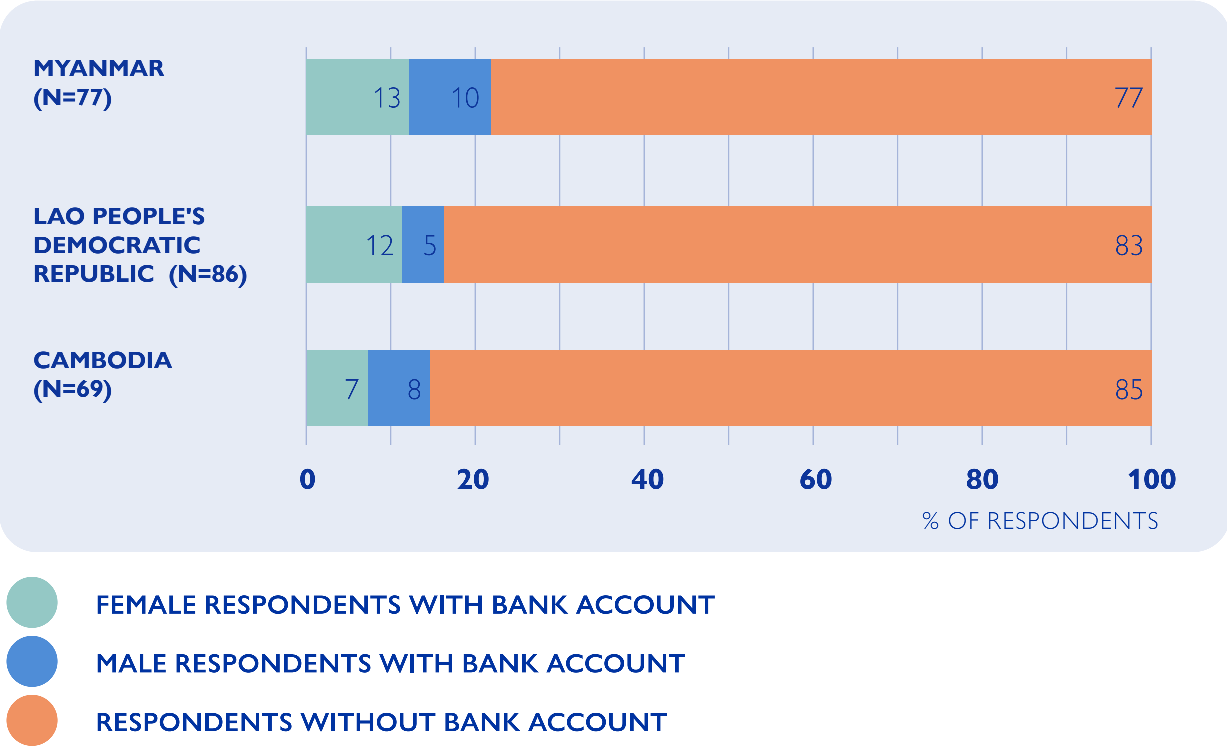
	CONVENIENCE	FAMILIARITY	SECURITY	DELIVERED DIRECTLY	AFFORD-ABILITY
UNREGISTERED TRANSFER MONEY AGENT	81%	69%	35%	4%	10%
CASH CARRIER	53%	72%	20%	65%	0%
PAYMENT TRANSFER OPERATOR	86%	70%	22%	0%	16%
BANK TRANSFER	75%	63%	75%	6%	19%

Note: Multiple answers were allowed so results may exceed 100 per cent

4.4 ACCESS TO BANKING SERVICES

Among respondents, only 19 per cent reported having a bank account in Thailand. Among these migrant workers, half (51%) were from Myanmar, followed by 28 per cent from the Lao People's Democratic Republic and 21 per cent from Cambodia. Slightly more than half (56%) of bank account owners were women and nearly two thirds (68%) earned a monthly income of THB 10,000 or more, an amount higher than the average monthly wages of survey respondents. The majority of migrants used their bank accounts either daily (42%) or weekly (34%); however only 11 per cent of bank account owners used it to send remittances. This practice can be due to the relatively underdeveloped banking infrastructures in Cambodia, the Lao People's Democratic Republic and Myanmar, making bank-to-bank transfers more challenging for recipients to access (Jampaklay and Kittisuksathit, 2009).

Figure 16. Percentage of respondents with a bank account, by country of origin

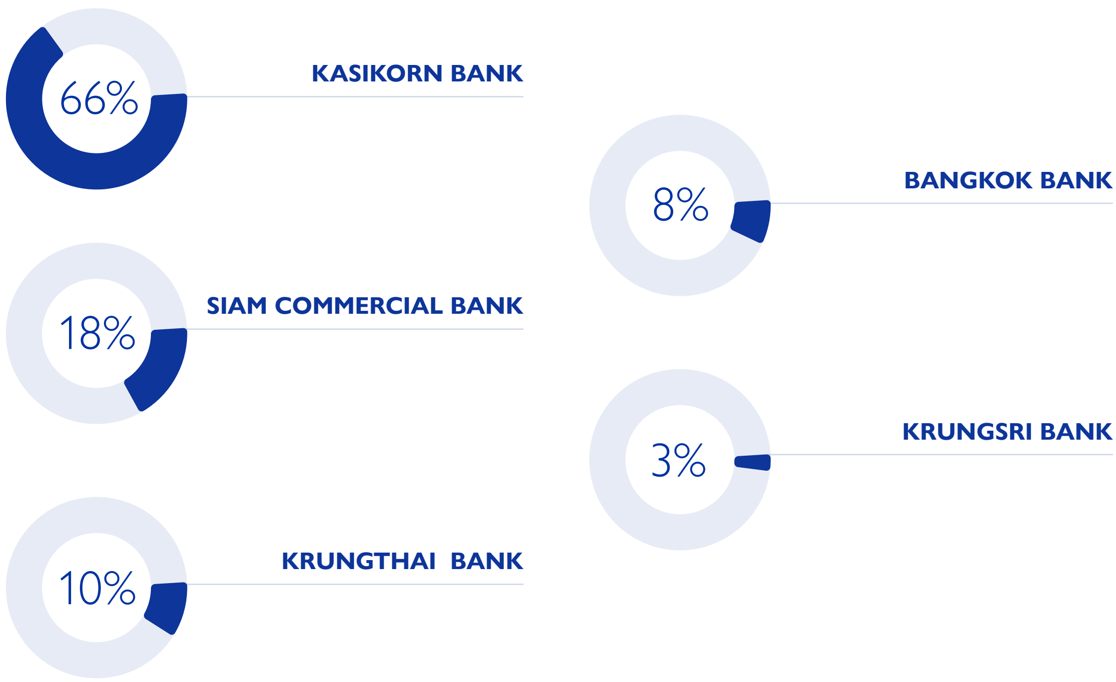


Some migrant workers indicated that they were requested and assisted by their employers to open a bank account in order to receive electronic payments of wages. A separate study found that the majority of migrant workers who had bank accounts cited their employer as having arranged it for them, suggesting that employers can play a key role in facilitating access to formal financial institutions for migrant workers (Jampaklay and Kittisuksathit, 2009). A few migrant respondents also explained they had opened a bank account during the COVID-19 pandemic to receive social security benefits.

Kasikorn Bank was by far the most popular choice as banking provider among migrant workers (66%), followed by Siam Commercial Bank (18%), Krungthai Bank (10%), Bangkok Bank (8%) and Krungsri Bank (3%). Some of the migrants who used the services of Kasikorn Bank noted that it was easier to open a bank account with Kasikorn compared to other banks, which likely contributes to the higher proportion of migrants who opted for this banking provider.

Kasikorn Bank has been recognized to be migrant-friendly, having undertaken initiatives such as being the first Thai bank to cooperate with Myanmar's Asia Green Development Bank in 2013 to promote money transfer services through ATMs using a Myanmar-language menu. Thai banks are increasingly putting more effort into financial services within Myanmar given the high remittance flows between the two countries, which may further contribute to the higher rates of Myanmar migrant workers who have bank accounts. Interestingly, a 2009 study conducted by the ILO found that Kasikorn Bank was one of the least used banks among migrant workers. Their subsequent efforts to engage with banks in Myanmar to facilitate safe remittances have seemingly had a significant impact on its popularity among migrant workers, indicating that banks hold an especially influential role in promoting financial inclusion for migrants.

Figure 17. Overview of banking providers used by migrant workers



Respondents rated the level of ease of opening their bank account, with a score of one for "very difficult" and five "very easy". The majority of migrants gave a rating of four (56%) and five (35%) indicating that most migrants found the process of opening a bank account to be uncomplicated. None of the respondents provided a score of one. No marked variations in level of easiness were identified across different banking providers. The bank account features migrant workers frequently cited as being their favorites include it being a secure place to store money, being able to use mobile applications to access banking services, being able to send money within Thailand, paying bills more easily and convenience in withdrawing money from ATMs.

Of the 81 per cent of migrants who did not have bank accounts, the major reasons include not having a reason to get one and not having the right documents, followed by not knowing how to open an account or how to use it once opened, language barriers and not having any money to deposit. Only 8 per cent of these migrants had attempted to open a bank account at one point but were refused. The main reason for refusal was insufficient documents, most notably a work permit. A few migrants were also asked to have an employer act as a guarantor, a request typically made on a case-by-case basis, once again highlighting the role of employers in facilitating access to banking services for migrant workers. Although discrimination was not a salient factor identified in this research, a separate study on migrant customer experiences at banks in Thailand found that some migrants avoided using banking services as they did not feel welcome due to discriminatory treatment by bank personnel (UNCDF, 2017).

To assess and prioritize concrete actions that can be undertaken to facilitate better access to formal financial institutions, migrant respondents were asked to rate certain bank provider features on a scale of one to five, with one being the least helpful and five being the most helpful in opening a bank account. The following features are ranked based on the highest average rating scale provided by migrant workers: reducing paperwork and documentation required (4.17), extending opening hours (4.14), reducing or eliminating fees (4.08) and employing bank personnel who speak migrants' languages (3.97).

4.5 DEBT AND CREDIT

Almost half of all respondents, or 48 per cent, answered yes to the question "do you owe any debt?". Of those respondents with debt, more than half (58%) owed THB 20,000 or less. The remaining 42 per cent of migrant workers owed above this amount, with two outliers at the far end owing THB 600,000 and THB 2.1 million respectively. The average amount owed by respondents when removing these two outliers was THB 34,489 (USD 978) or almost four months' average income.

A potential limitation of this data point is that 170 respondents declined to state their debt amount. Therefore, results in this study are possibly skewed low, as those with higher amounts of debt may have been reluctant to reveal the amount owed. Results in this study reflect the answers of 155 respondents.

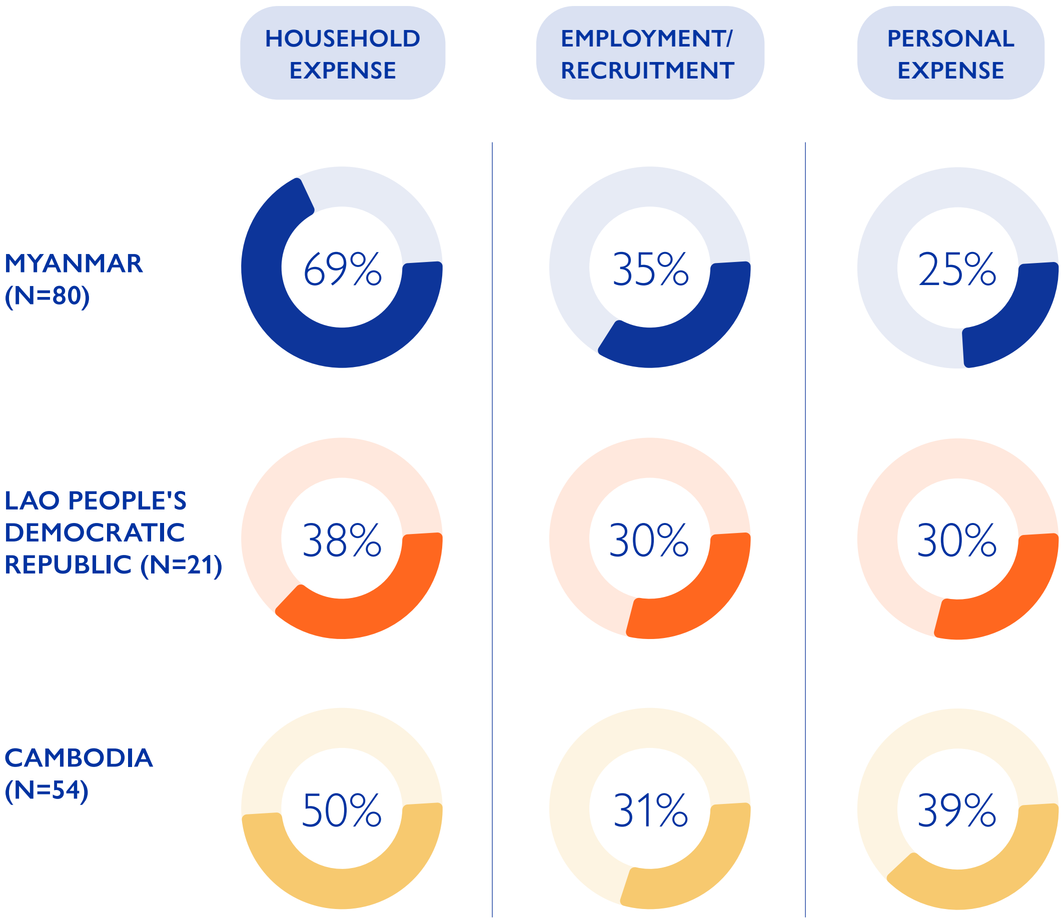
Disaggregating data by gender reveals an unequal burden carried by women. Women respondents make up 59 per cent of those with debt, compared to 41 per cent of men. Furthermore, their debt load is generally higher. Women owe an average of THB 9,530 more than men, which is more than a month's average income for either gender.

The data also show differences by country of origin. While those migrating from the Lao People's Democratic Republic or Myanmar have almost identical amounts of average debt (around THB 28,500 per person), those from Cambodia owe an average of THB 96,144. Cambodians owe almost 3.5 times as much as those from the Lao People's Democratic Republic or Myanmar. This may be attributed to the rapid expansion of MFIs and microcredit in Cambodia over the past decade. Although initially introduced to promote economic growth and financial inclusion, microfinance has led to a sharp spike in over-indebtedness among microcredit borrowers in Cambodia, particularly due to the ease of accessing loans far greater than the average national income (IOM, 2019). The rising microcredit debt in Cambodia has been labeled by experts as an "unfolding calamity" (Bateman, 2017) and has brought attention to the importance of having a strong regulatory framework and social protection system around initiatives that aim to promote financial inclusion.

There was no strong difference on average debt amount based on age, indicating that age does not necessarily impact likelihood to take on debt or the amount of money that will be borrowed.

IOM provides economic reintegration assistance to returning migrants in Chaungzon Township, Myanmar. © IOM 2022

Figure 18. Top three reasons for debt, by country of origin



Note: Multiple answers were allowed so results may exceed 100 per cent

The single greatest reason for taking on debt was to cover household expenses, which includes costs for the entire family. Ninety-two respondents cited this as one of their main reasons to borrow money. This expenditure was almost double the next largest categories, suggesting that costs of living are the largest concern of respondents. Analysing this data by country of origin shows that, for respondents with debt, household expenses are the main reason to borrow money for 69 per cent of those from Myanmar, 50 per cent of Cambodians and 38 per cent of respondents from the Lao People's Democratic Republic. The next largest category was personal expenses, which was the largest source of debt for 39 per cent of Cambodians, 30 per cent of those from the Lao People's Democratic Republic and 25 per cent of Myanmar respondents. Overall, the next largest source of debt was employment and recruitment expenses, including spending such as travel, applications and uniforms. This was a cause for 35 per cent of Myanmar respondents, 31 per cent of Cambodians and 30 per cent of those from the Lao People's Democratic Republic. Those from the Lao People's Democratic Republic were less likely to cite recruitment costs in this category and more likely to reference employment costs, either in the agricultural sector or for creating careers in trading.

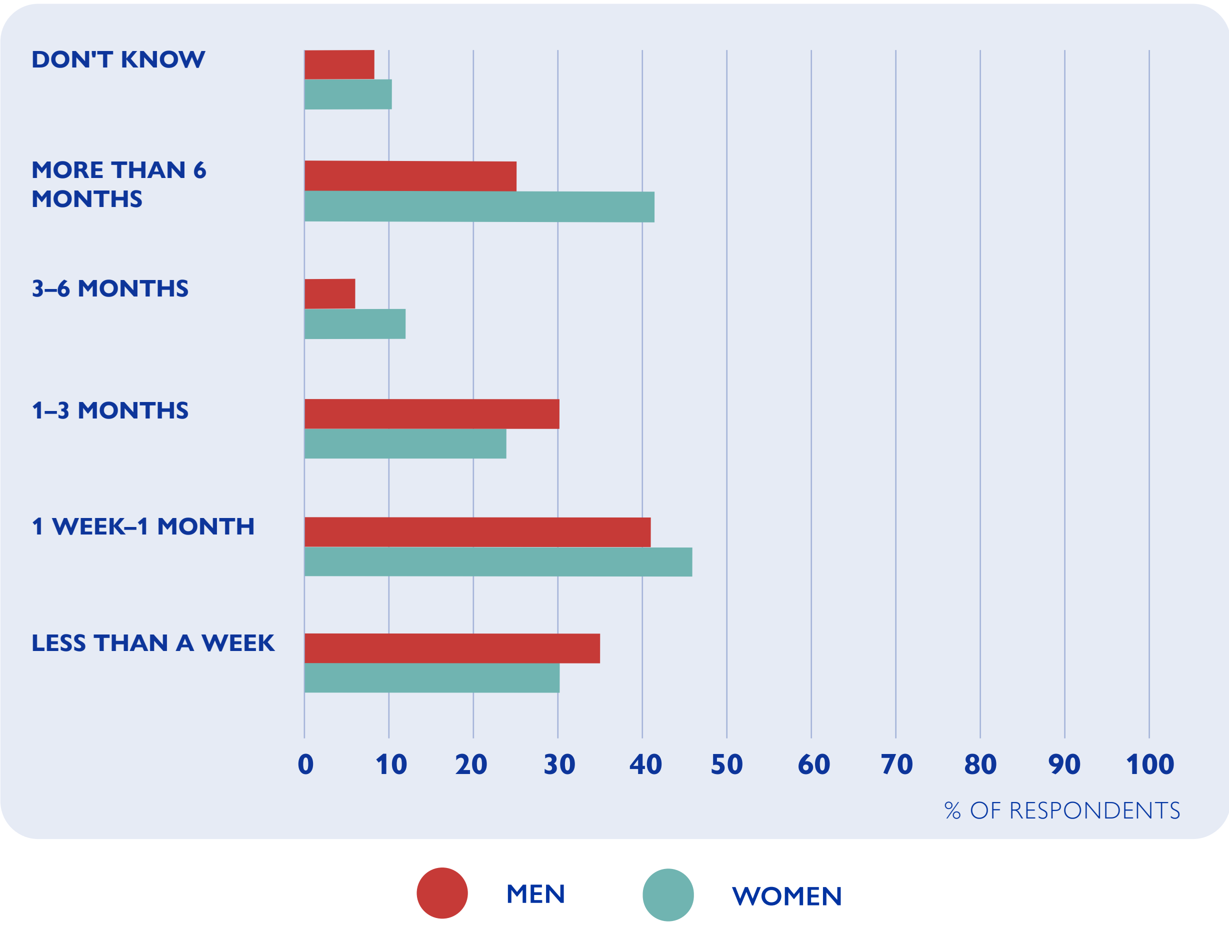
Research done by the IOM and ILO (2019) showed that 42 per cent of migrant workers into Thailand took a loan to cover the costs of migration. However, 1 in 5 of those workers used high-value items such as houses or property as collateral, enhancing their likelihood of debt bondage, although only 1 per cent actually defaulted and lost their collateral. Even those whose costs are covered by employers can still find themselves trapped in low-paying or exploitative jobs until the debt is repaid.

Twenty-one respondents took on debt to cover business costs or start a business, and 16 people, roughly 10 per cent of participants with debt, responded that they borrowed money to pay off other debts. This is the most dangerous and costly kind of debt because it can spark a negative debt spiral, in which borrowers take out loans from increasingly risky sources to pay off their original debts. These can include unlicenced moneylenders with extremely high interest rates, further increasing their debt load. These private service providers may also use predatory practices, such as threats and harassment (IOM, 2019).

4.6 SAVINGS AND FINANCIAL SHOCKS

If they lost their main source of income one fifth (20%) of respondents could not cover their living expenses beyond a week, and almost half (47%) could not cover their living costs beyond a month. These data indicate the precarious financial situation of many migrant workers in Thailand. Savings deficits affect men and women similarly, although women are more likely to be impacted in the short term. On the other hand, 21 per cent of respondents could cover their expenses for over six months, which suggests a high degree of financial resilience.

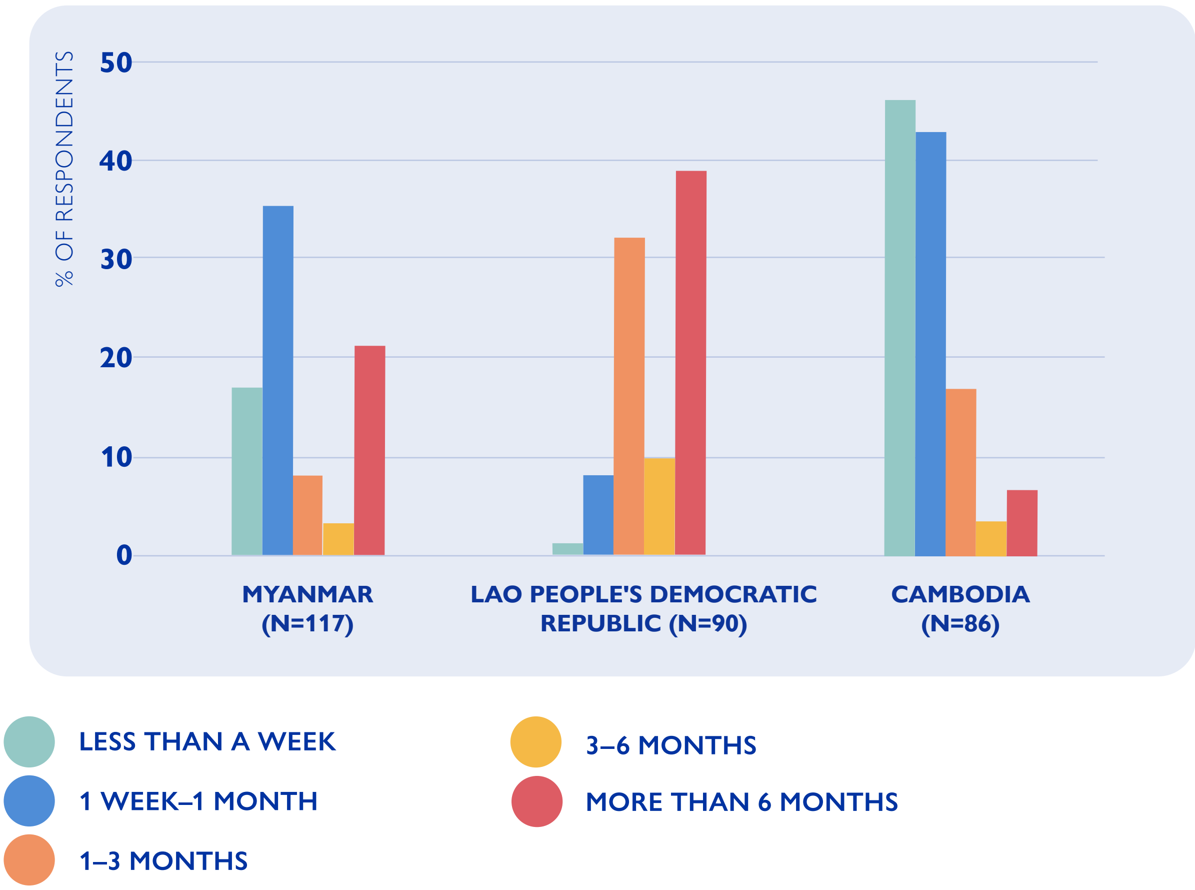
Figure 19. Time respondents could support themselves if they lost their main source of income, by gender



Disaggregating by gender reveals that women are 1.6 times more likely than men to feel that they could support themselves in the long term (beyond six months) without their main source of income. This may be explained by the finding in Section 4.2 Financial management roles and methods, that showed that women are more likely than men to use financial management tools. With these planning tools, women may therefore have more control over their long-term finances. This also connects to the earlier finding that women are more likely to be the sole financial decision makers in the household. While women have lower incomes, they also demonstrate more confidence in financial management.

Dividing the respondents by their country of origin shows stark divisions. Migrants from Myanmar are more vulnerable to financial shocks, with three quarters (75%) of respondents unable to support themselves for more than a month if they lost their income, compared to 60 per cent of Cambodian and only 9 per cent of Lao respondents. Lao respondentsshow strong financial resilience, with 38 per cent of individuals able to support themselves beyond six months. In contrast, only one quarter (24%) of Cambodian and only 6 per cent of Myanmar respondents can support themselves beyond six months.

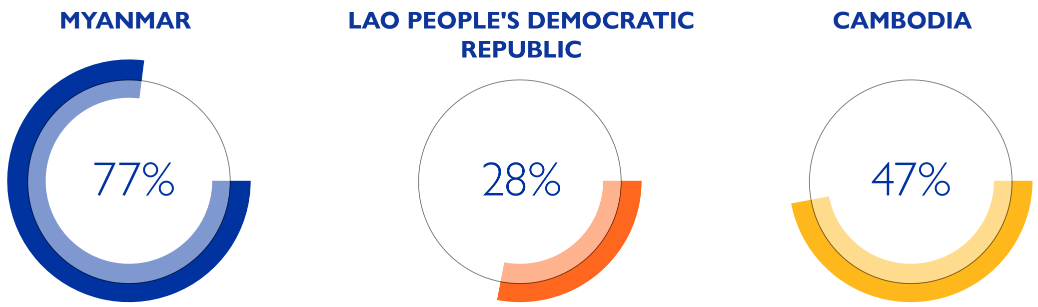
Figure 20. Time respondents could support themselves if they lost their main source of income, by country of origin



A key contributor to financial resilience is having adequate savings. Among respondents, more than three quarters (78%) reported saving money in the past 12 months. More than half (61%) saved cash at home or in another physical location. Almost a quarter (22%) reported having made no savings whatsoever in the past 12 months. Of those who had not saved any money, an overwhelming majority (88%) reported not being able to cover their costs of living beyond a month if they lost their source of income. Financial management and planning strategies may also buttress against the impact of financial shocks to varying degrees. Of the 16 per cent of respondents who reported not using any financial management or planning methods discussed in Section 4.2, three quarters of them (75%) would not be able to cover their expenses for over one month. This finding further illustrates the importance of financial education, both in terms of savings and financial planning, as a means to promote financial resilience among migrant workers.

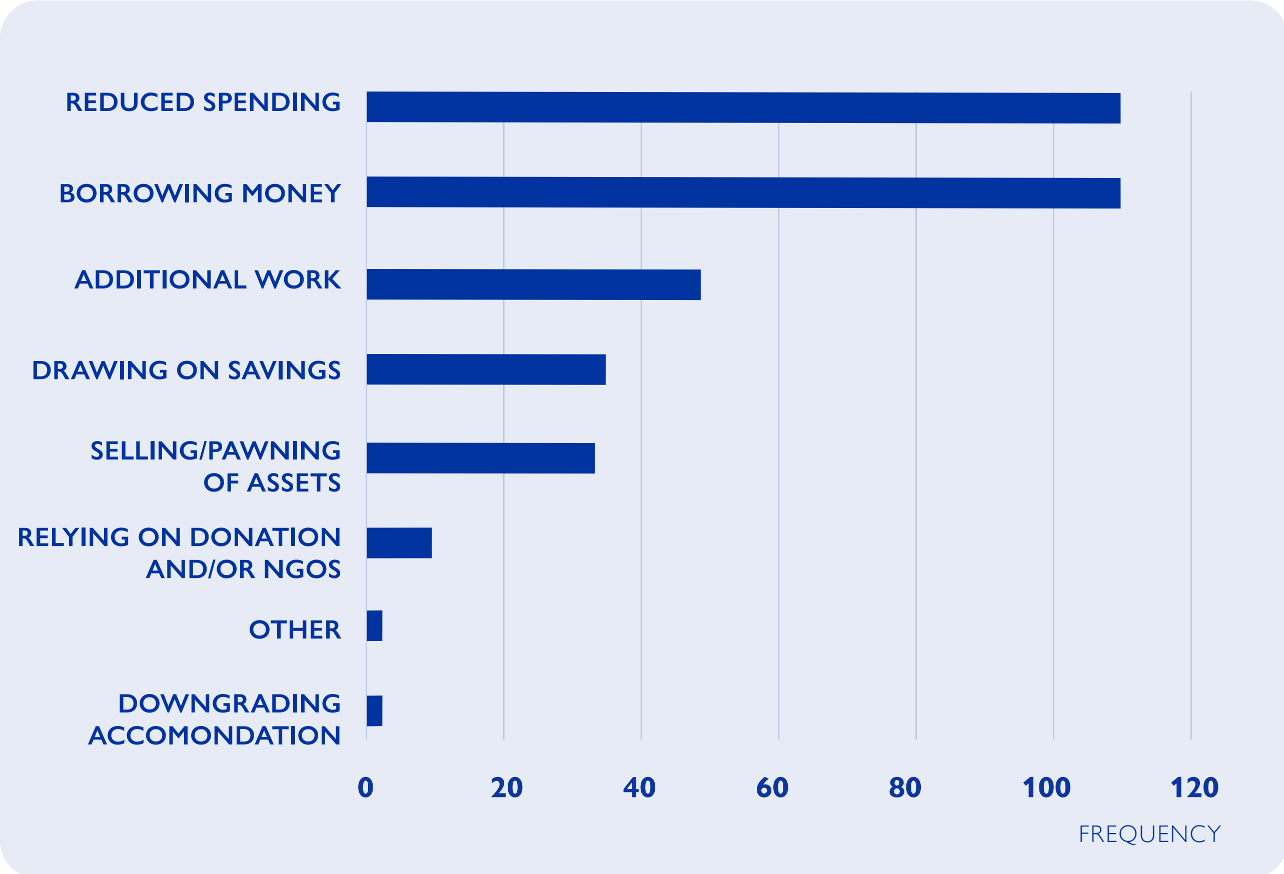
Respondents' resilience to financial shocks is expanded upon in other questions. People of all genders feel similarly prepared for retirement, with a 2.82 rating out of 5 on average. The average response is 2.63 for people in the oldest demographic interviewed (46–55 years). This indicates that old age security does not increase as respondents get older. Likewise, those in the youngest age group (18–25 years) rate their confidence as 3.05, showing that young people are slightly more optimistic about their retirement planning. Taken together these data show a minor but decreasing sense of preparedness for later life as participants get older. Although a wide range of reasons are likely responsible for this steady decline, one contributing factor may be the lack of portability of social protection benefits, particularly in regard to contributions made by migrant workers to the pension fund while living and working in Thailand. In other words, when migrant workers return to their country of origin, they will no longer be able to claim any pension contributions, which may have far-reaching consequences on their ability to retire (IOM, 2021).

Figure 21. Respondents who lacked money to cover basic expenses in the past 12 months, by country of origin



In the past 12 months, more than half (54%) of respondents lacked money to cover their basic expenses. This reflects an even split between all genders. Of those respondents, the average participant spent 3.3 months in the past year unable to pay for their necessities. Once again, those from Myanmar face the direst financial realities. Seventy-seven per cent of all Myanmar migrant workers lacked money to cover their basic expenses in the past year, for an average of 4.14 months of the year. Almost half (47%) of respondents from Cambodia could not cover expenses, for an average of 1.86 months and 28 per cent of Lao respondents for an average of 2.31 months. A separate study conducted by IOM Thailand presented similar trends, observing that migrant workers saw a slight deterioration in their economic situation in the past 12 months, with Myanmar migrant workers experiencing the highest deterioration (IOM, 2022).

Figure 22. Methods of covering expenses during periods of loss of income



Migrant workers use a wide variety of mechanisms to make ends meet during these lean periods. The most popular are reducing spending (111 instances) and borrowing money (110 instances). Reducing expenses can be an effective way to deal with low funds, especially if this means cutting down on non-essentials or impulse buys. The data reveal that, among those who cut down on costs, a little more than half (53%) targeted non-food items. Forty-two per cent reduced spending on food. This finding aligns with data gathered on the coping mechanisms of families that received reduced remittances during the COVID-19 pandemic. These data show they were most likely to reduce spending on non-food items, followed by non-food essentials. The next most prevalent choice, made by roughly one third of respondents, was reducing food intake (IOM, 2021).

The latter is a troubling trend, as lack of food can have serious impacts on a person's physical and emotional health. Equal numbers of men and women cut down on food spending. In times of food scarcity, women generally eat "last and least" (World Food Programme USA, 2023). Therefore, while men and women in this study both reduce food spending, it is likely that women are bearing a larger share of the resulting hunger burden.

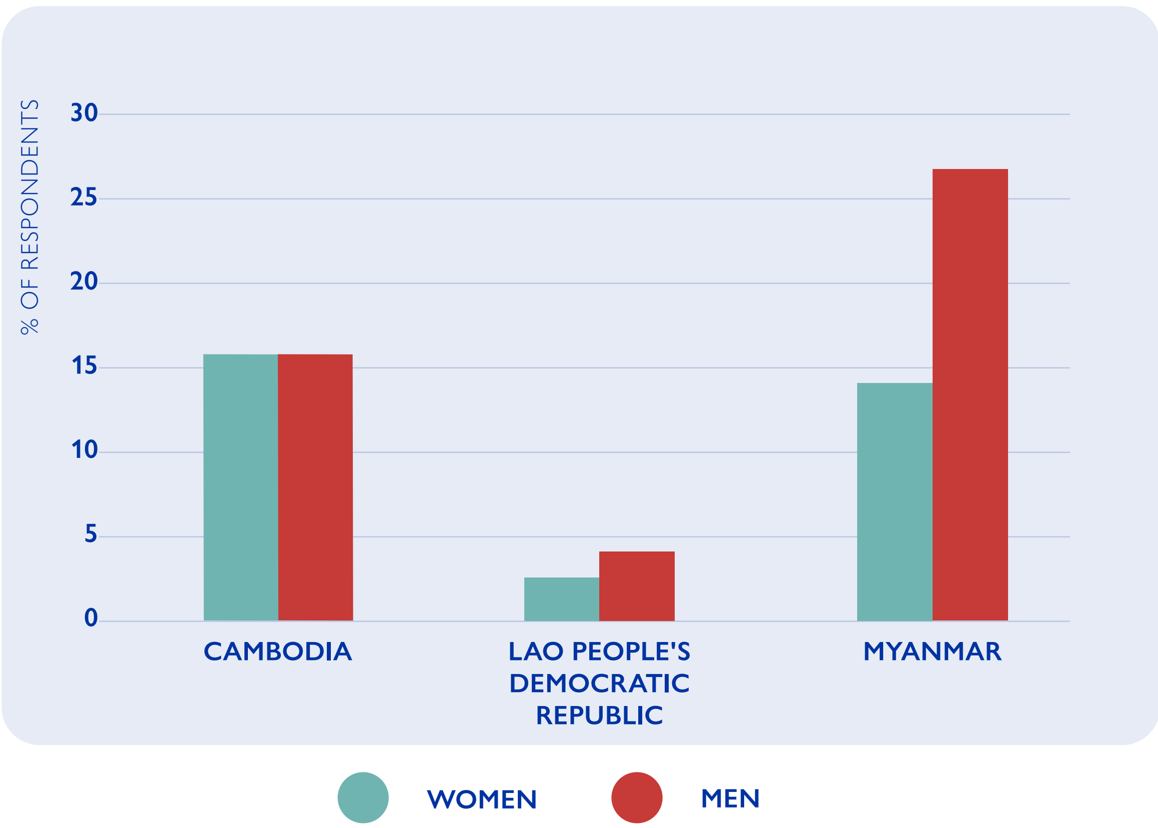
4.7 FINANCIAL LITERACY

4.7.1 SCAMS

Fourteen per cent of respondents have been the victim of a scam or fraud. Data were not gathered on the type of scams. However, Thailand has seen a rise in recruitment scams in recent years, resulting in a loss of roughly THB 100 million (USD 3.14 million) between 2017 and 2020 (Wongsamuth, 2020). In these scams, migrant workers are promised jobs that never materialize. Victims either send money up front for costs they are told are related to their recruitment, or they arrive to jobs that are different from those advertised. In extreme circumstances, these situations can lead to human trafficking. Country disaggregation reveals that respondents from Myanmar are the most likely to being victims of scams (20%) while those from Cambodia are the next largest category (16%). Only 3 per cent of victims came from the Lao People's Democratic Republic. Language skills possibly influence the likelihood of falling victim to scams. Because it is generally easier for Lao migrants to understand and speak Thai, they may be better able to identify suspicious information. However, respondents' language skills were not assessed in this survey.

Depending on their nationality, women were equally or less likely than men to fall prey to fraud. Only 18 women, or 10 per cent of female respondents, indicated that they had been victims of scams, compared to 26 men, or 17 per cent of male respondents. This may point to women's stronger financial literacy skills, including their ability to identify and avoid fraud. However, it may also indicate that men are targeted more often by scammers, leading to their overrepresentation as victims.

Figure 23. Victims of a scam or fraud, by gender and country of origin



4.7.2 FINANCIAL LITERACY SKILLS

Generally, respondents demonstrated good basic financial literacy skills. However, they are less adept at more complicated concepts such as inflation and interest rates. Participants were asked three increasingly challenging questions to assess their financial literacy knowledge. In the first question, respondents were asked to evenly divide THB 1,000 between five brothers. Nearly all respondents (95%) could correctly answer this question, showing confidence with basic division.

The second question was about inflation, which is particularly relevant in the current economic climate. Participants were told that the brothers must wait for one year to get their money, during which inflation is 10 per cent. They were asked to say whether, at the end of that year, the brothers can buy more, less or the same with their money. Almost two thirds (65%) correctly identified that the brothers would buy less with their money after the period of high inflation.

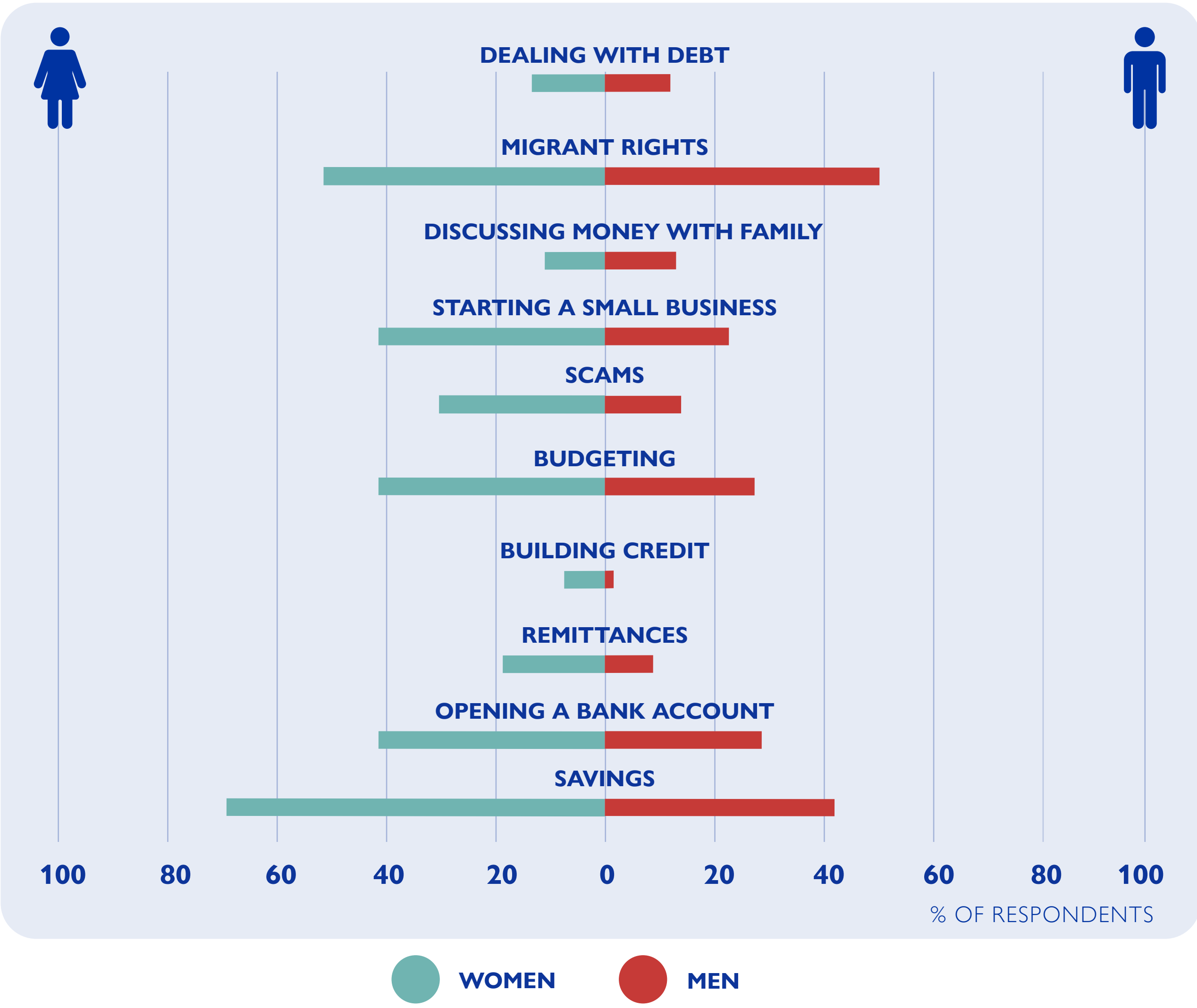
The final question measured familiarity with interest. Only one quarter (24%) correctly answered that if they deposited THB 100 into a bank account with a 2 per cent guaranteed annual interest, at the end of the year they would have THB 102. There are two possible explanations for these results. Respondents may not have the numeracy skills needed to calculate this amount. They also may be part of the large proportion of respondents who are unbanked and have not invested money in a savings account that earns interest. However, this finding should not imply that all unbanked respondents are unfamiliar with the concept of interest. Interest is used in formal and informal financial systems, such as loans between friends or family or from moneylenders.

IOM provides e-commerce and financial literacy training for migrant workers in Bangkok, Thailand. © IOM 2022

This study identifies migrant workers' overall top three choices for future financial education: savings, migrant rights and budgeting. Migrant rights include overtime, social security and minimum wage. Respondents also indicated that they would like more information on the process of starting a small business and entrepreneurship.

Women were more likely than men to show an interest in financial literacy education. Participants could select up to three options. Men selected 233 financial education options (1.5 selections per person) and women selected 321 (1.9 selections per person), pointing to women's enhanced desire to improve their financial literacy knowledge. For every option in the top five most popular financial literacy topics, women self-reported as being more interested to learn than men. This aligns with other findings of this report that demonstrate women's strong interest in expanding their financial literacy.

Figure 24. Areas of further financial interest, by gender



When dividing by gender, men and women shared the top five financial interest areas, albeit with different topics ranking as more or less important. However, when comparing results by country of origin, only migrant rights, starting a small business and opening a bank account were shared in the top five between all countries. Cambodians showed the most desire to improve their financial literacy skills, with the highest percentage of respondents interested in each of the top five topics. The second-most requested topic in the Lao People's Democratic Republic was information on financial scams. This may explain earlier data that showed migrants from the Lao People's Democratic Republic were significantly less likely to be fraud victims than those from Cambodia or Myanmar, as they may be more aware to the existence of scams and more cautious. It could also highlight that the group most interested in learning about scams are least in need of that education. In contrast, 20 per cent of Myanmar respondents reported that they had fallen prey to a scam, but only 7 per cent indicated an interest in learning about scams as one of their top three areas for financial education.

Figure 25. Areas of further financial interest, by country of origin

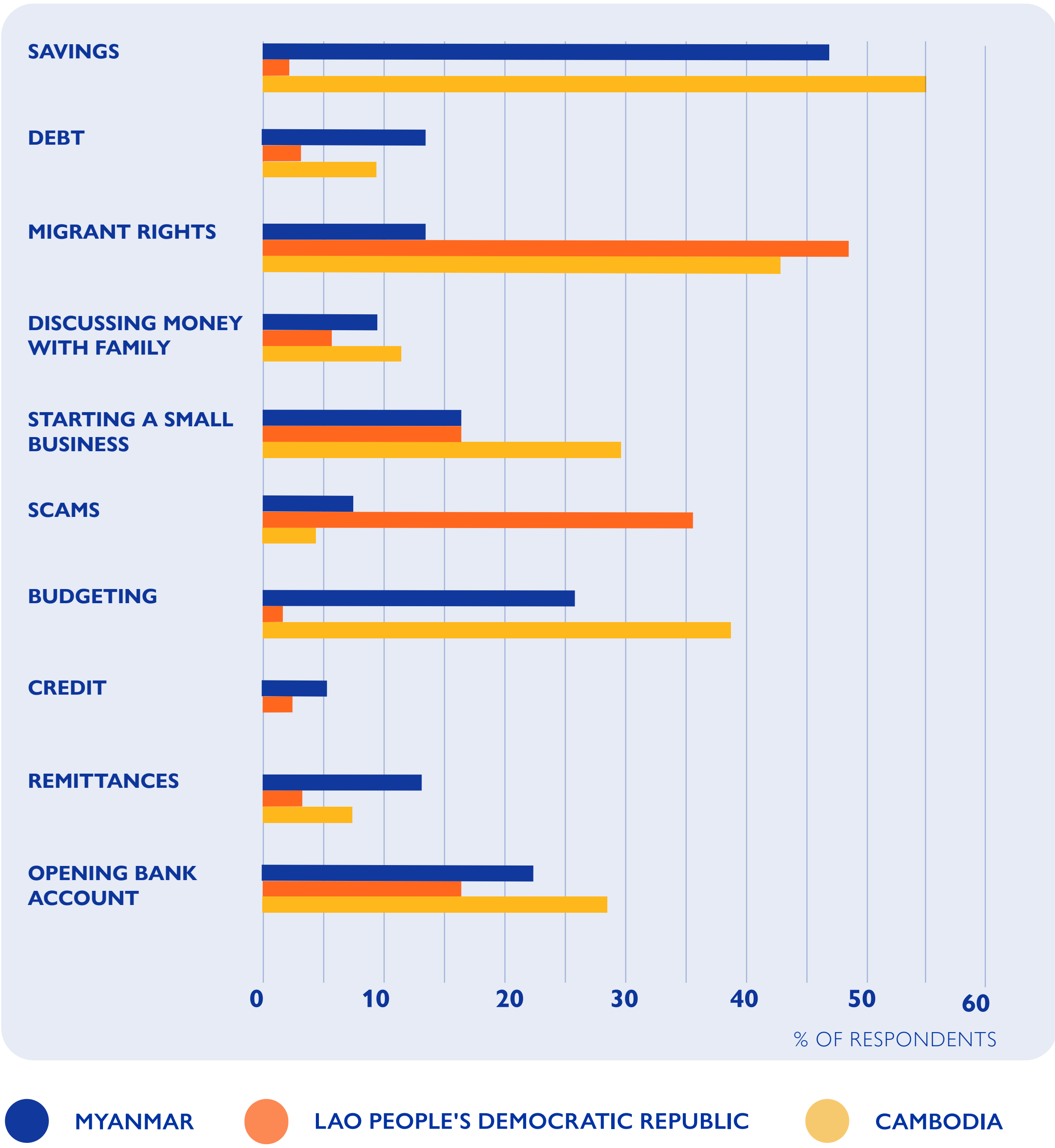
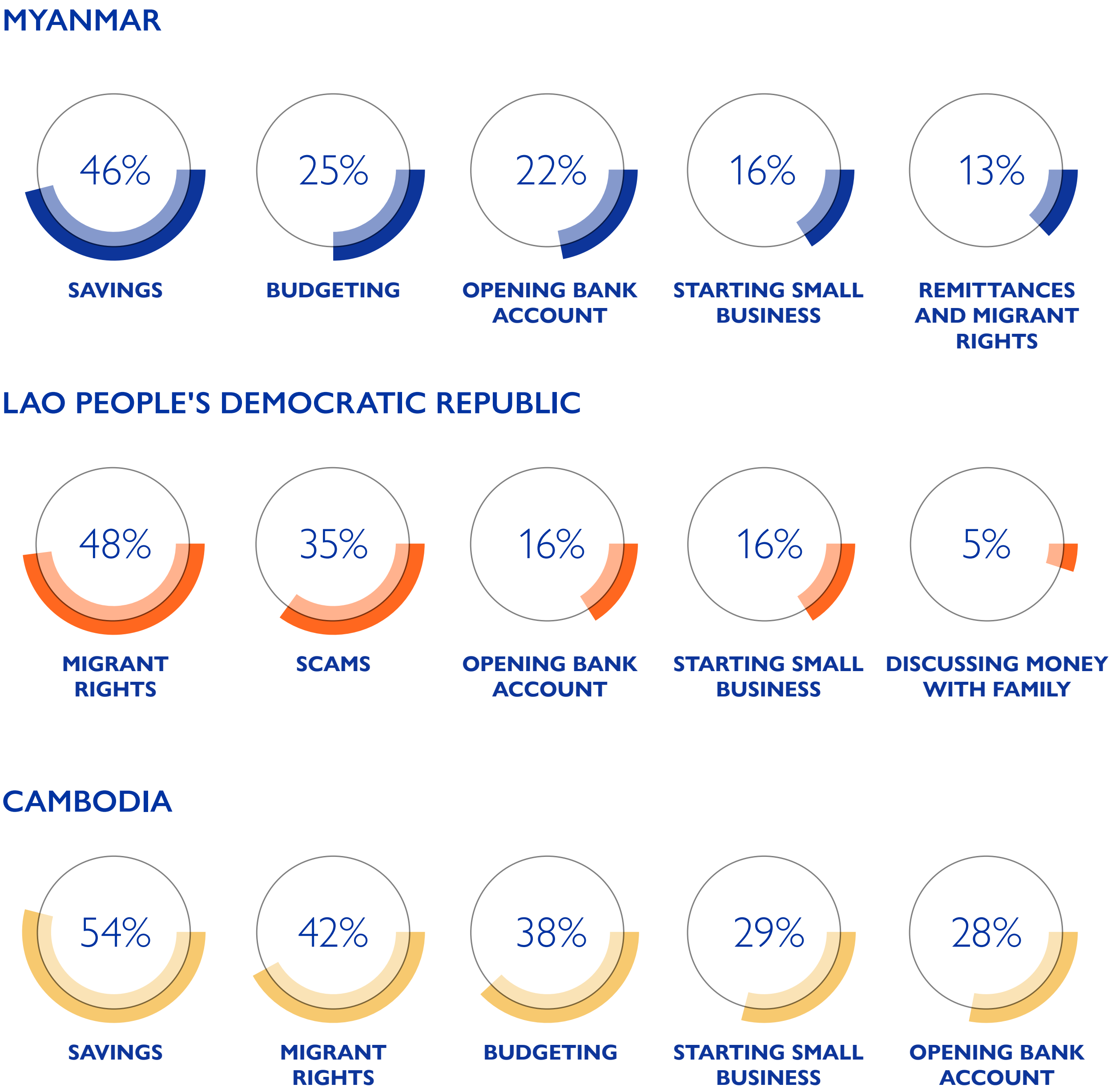
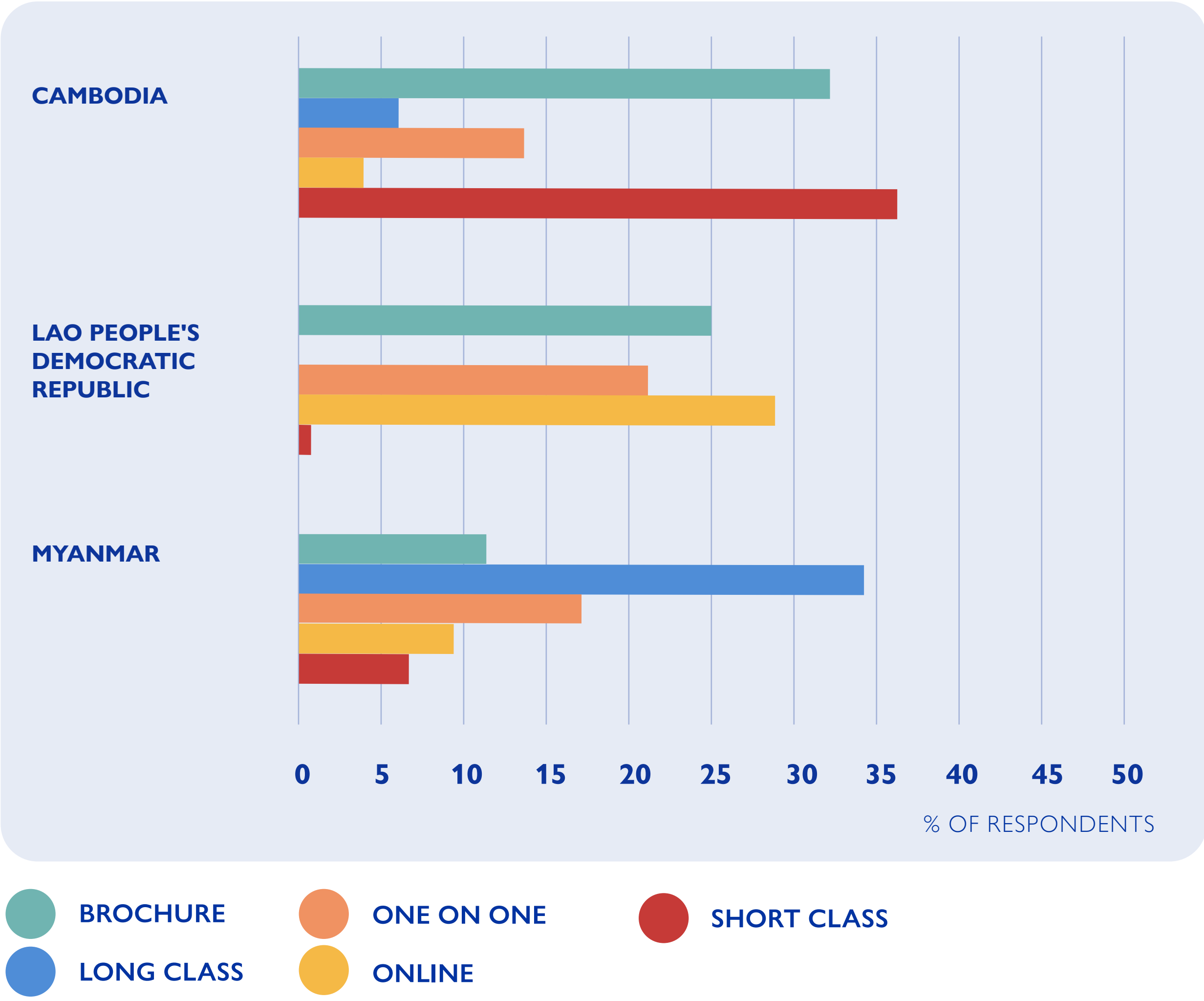


Figure 26. Top five areas of further financial interest per country



The top two channels to learn about finances show a divide between a desire for hands-off, independent learning, in the form of a brochure (21%) and hands-on, one-on-one coaching (17%). There were notable variations in preferences based on nationality. Myanmar respondents most preferred longer classes (34%) while Cambodian respondents selected brochures as their top choice (36%), followed closely by one-on-one classes (33%). Lao respondents were unique in that their top choice, online courses (29%) was near the bottom of options for other nationalities.

Figure 27. Preferred method for financial education, by country of origin



5

CONCLUSION AND RECOMMENDATIONS

5.1 CONCLUSION

This study provides empirical data and insights into the financial behavior of migrant workers in Thailand, focusing on both institutional and individual aspects. The research explores various dimensions of their financial lives, including remittance practices, access to formal banking services, debt levels, financial resilience and financial literacy. The findings of this study can contribute to the development of evidence-based and targeted initiatives aimed at enhancing the financial inclusion of migrant workers in Thailand. This section summarizes the key takeaways of this study.

1. Online money transfer operators that specifically target migrant workers play a pivotal role in facilitating formal and cost-effective remittances while advancing financial inclusion among unbanked migrant workers.

According to the study, more than two thirds of migrant workers (71%) remit money home to family and friends. Findings from this study reveal that Cambodian migrant workers incur significantly lower remittance fees at 1.9 per cent, in contrast to Myanmar and Laotian migrant workers, who face fees of 3.1 per cent and 3.8 per cent, respectively. The discrepancy is mainly attributed to the widespread usage of Wing, a mobile banking service provider launched in Cambodia. Wing enables customers to transfer, store and withdraw their money using their mobile phones. Cambodian respondents reported that this channel is not only convenient but also secure and cost-effective. Consequently, the adoption of mobile banking services supports the realization of SDC 10.C, having successfully reduced remittance fees below the 3 per cent margin.

On the other hand, Myanmar and Laotian migrant workers predominantly rely on informal channels, including unregistered money transfer agents and cash carriers, which lack proper regulation and security. Interestingly, despite the recognized importance of banking access in promoting secure remittances, the study reveals that it is associated with the highest remittance fee at 3.4%. This high fee serves as an additional deterrent for migrant workers to opt for bank transfers, as more than half of respondents with bank accounts still choose alternative remittance methods.

Therefore, a comprehensive strategy that harnesses digital financial tools and addresses the issue of high bank transfer fees is crucial in encouraging migrant workers to utilize formal channels for remittances.

2. Barriers to opening bank accounts persist, primarily due to demanding and unclear documentation requirements. However, proactive initiatives from both bank service providers and employers can help alleviate some of these barriers and contribute to greater financial inclusion among migrant workers.

According to the study, only 19 per cent of respondents had a bank account, which they considered a secure way to store money and access formal financial services. Among the remaining migrant workers who did not have a bank account, the primary reasons cited were not having the required documents and not knowing how to open an account. As a result, migrant workers identified reducing paperwork and documentation requirements as the most helpful factor in facilitating the opening of bank accounts. While such initiative would require a wider governmental response to amend existing laws and regulations, bank service providers and employers can take certain steps to promote financial inclusion for migrant workers under the existing legal framework.

Many migrant workers reported that their employers had requested and directly assisted them in opening bank accounts to receive electronic wage payments. Therefore, employers can play a proactive role in facilitating access to formal financial institutions and ensuring financial security through wage protection.

Furthermore, the study's findings highlights that banks that actively tailor their services to be more migrant-inclusive were successful in attracting migrant clients. For instance, Kasikorn Bank, which was the first bank to introduce a Myanmar language menu in its ATMs, emerged as the most popular bank among the surveyed respondents.

In summary, addressing the barriers to opening bank accounts for migrant workers requires a multi-pronged approach involving cooperation between government, bank service providers and employers. Simplifying documentation requirements, offering language support and actively engaging employers in promoting financial inclusion are essential steps in promoting financial inclusion for migrant workers.

3. Women exhibit a greater likelihood of being primary financial decision-makers and employing financial management strategies compared to men. This trend contributes to enhanced financial resilience among women and a higher interest in financial education.

Despite earning slightly lower monthly incomes than men, women are found to take the lead in making day-to-day financial decisions within households and are more likely to adopt financial planning and management strategies. As a result, women are 1.6 times more likely than men to believe they could support themsleves for over six months without their primary source of income, indicating higher levels of financial resilience. Additionally, women constitute the majority of bank account holders in this study.

However, women also tend to shoulder heavier financial burdens. More women owe debts compared to men, and the debts they owe are notably higher. Furthermore, women face higher remittance fees, averaging 3.1 per cent, compared to an average of 2.6 per cent among men.

Regarding financial literacy education, women expressed a significantly greater interest, selecting nearly five times more financial education options compared to their male counterparts. These findings suggest that women are actively seeking to enhance their financial knowledge and literacy.

Nonetheless, structural barriers and household responsibilities may hinder their efforts to achieve financial equality and security. Addressing these challenges requires targeted efforts to support women's financial literacy education, representing a crucial step in adopting a gender-responsive approach to financial inclusion for migrant workers in Thailand.

4. Migrant workers are highly susceptible to financial shocks, with the majority of respondents unable to cover their expenses for more than a month in the absence of their primary income source. Building savings and adopting effective financial management strategies are crucial elements in bolstering overall financial resilience.

Among migrant workers, those from Myanmar are particularly vulnerable to financial shocks, closely followed by Cambodian workers, while Laotian workers exhibit greater financial resilience. A key determinant of financial resilience is the presence of adequate savings. However, existing debts, the obligation to send remittances home and relatively lower wages, add to the challenges migrant workers face in accumulating savings. This is evidenced by the finding that more than half of migrant workers lacked the financial means to support their basic needs in the past 12 months. Among those who did manage to save, most did so by setting aside cash at home. While some savings are better than none, ensuring that migrant workers have access to and knowledge of interest-generating saving methods is crucial to enhance their financial resilience.

Managing debt is another critical component of financial resilience. Nearly half of the respondents reported owing debt, with Cambodian migrant workers carrying a notably heavier burden of debt. Most respondents incurred debt to cover household expenses, highlighting the close linkages between a lack of financial resilience and a negative cycle of debt. Furthermore, the majority of respondents who demonstrated strong financial resilience, meaning they are able to cover expenses for over six months without their primary income source, were those who did not owe any debt. Hence, debt, savings and financial resilience are inextricably linked.

In light of these findings, financial education initiatives must aim to formulate strategies that help migrant workers manage debt while simultaneously building savings. This integrated approach is vital for promoting their financial resilience, thereby mitigating the impact of financial shocks.

5. Migrant workers expressed a strong interest in several key financial education topics, including savings, migrant rights, bank accounts, budgeting and financial scams. The specific areas of interest vary slightly among different migrant groups, reflecting their unique financial needs and highlighting the importance of tailored education programmes.

Both Myanmar and Cambodian migrant workers exhibited the highest level of interest in learning about savings. This is consistent with the finding that reveals their heightened vulnerability to financial shocks, emphasizing the importance of building savings as a protective measure. They also expressed interest in learning about budgeting, recognizing its significance in promoting financial resilience and managing debt in light of limited resources.

Lao migrant workers, on the other hand, displayed the most interest in learning about migrants' rights, closely followed by financial scams. They were the only group to show relatively high interest in learning about financial scams, indicating a desire to protect themselves from potential fraud and scams in the financial sector. All three migrant groups had moderate levels of interest in learning about opening and using bank accounts.

In terms of preferred mode of learning, Myanmar migrant workers preferred long classes, Laotian migrant workers preferred online courses and Cambodian migrant workers leaned towards using brochures as their learning resources.

Investing in the financial education of migrant workers is crucial. It equips them with the knowledge and skills to manage their finances effectively, improves their overall financial well-being and resilience, and contributes not only to their personal development but also to the economic growth and stability of both Thailand and their countries of origin.

Migrant worker on their way to work on an agricultral farm in Mae Sot, Thailand. © IOM 2022/Javier VIDAL

5.2 RECOMMENDATIONS

This section outlines several recommendations addressed to the Government of Thailand, banks in Thailand and the Thai Bankers' Association, development partners and civil society organizations, and employers and employer associations. The recommendations aim to promote access to financial services for migrant workers while informing the development of financial literacy training programmes.

Government of Thailand

- **Facilitate access to banking services for migrant workers by engaging with banks and standardizing documentation requirements for bank accounts.** The Government should create an enabling environment for migrant workers to open bank accounts by reducing administrative barriers and simplifying documentation requirements. Under the leadership of the Ministry of Foreign Affairs, Ministry of Interior and Ministry of Labour, a system should be established to verify the authenticity and validity of migrant workers' identity documents, including passport, pink card and work permit, in compliance with anti-money-laundering laws and the Bank of Thailand's regulations.

- **Incorporate financial education and information on banking services in Thailand and safe remittance channels during pre-departure orientations in collaboration with countries of origin and during post-arrival orientations at Migrant Workers Assistance Centres.** Efforts should be made to disseminate financial education and information to migrant workers living in Thailand through digital platforms and educational brochures made available in government-run centres frequently visited by migrant workers.

- **Leverage digital finance tools to promote the development of secure, cost-effective and migrant-friendly remittance channels.** The Government should capitalize on the widespread use of mobile technology among migrant workers in Thailand and collaborate with financial institutions to offer secure digital finance tools that cater to the needs of migrant workers. The Government should also collaborate with telecommunication companies and encourage the adoption of mobile banking applications and digital wallets that offer remittance services.

Banks in Thailand and the Thai Bankers' Association

- **Engage with banks in countries of origin to promote a coordinated approach in facilitating access to banking services and safe remittances.** Study findings indicate that banking providers that have developed partnerships with banks in Myanmar to promote safe remittance channels saw a significant rise in their services being used by migrant workers. Banks in Thailand should continue to expand on such initiatives, including in the Lao People's Democratic Republic and Cambodia, considering benefits derived through increased remittance flows.

- **Offer migrant-friendly banking services and reduce the fees associated with transferring money.** Banks should aim to develop specialized banking services tailored to the needs of migrant workers. This includes providing information and services in migrants' native languages and having a multilingual staff or interpreters in migrant-dense areas.

- **Expand outreach to migrant communities** by setting up pop-up booths in areas densely populated with migrant workers to facilitate access to banking services and information.

- **Collect data on the usage of bank features among migrant customers through migrant-inclusive client surveys with the aim of establishing a standardized guideline.** By conducting migrant-inclusive client surveys, banks can gain valuable insights to better understand and cater to the specific needs of migrant customers, thereby promoting financial inclusion and providing a more inclusive banking experience.

Development partners and civil society organizations

- **Develop a financial literacy training curriculum tailored to the specific needs of migrant workers.** Training modules should incorporate the following:

  - Savings, including information on good practices to save money and the use of various channels to generate interest on savings.
  - Migrant rights, including information on accessing bank services, minimum wage and overtime pay, and social security benefits.
  - Opening and using bank accounts in Thailand, including information on migrant-friendly banks, documents required to open an account and an overview of different bank features.
  - Digital finance tools and digital safety, including tips on how to navigate mobile banking applications, make online payments and transfer money, and steps that can be taken to promote digital safety through information on recognizing scams and phishing attempts.
  - Sending remittances, including information on different remittance channels and their benefits, respective price comparisons, identifying reliable channels to be protected against fraudulent practices and an introduction to navigating the SaverAsia mobile application.
  - Debt management, including information on ways to avoid incurring excessive debt and developing a plan to pay off debt without resorting to harmful coping strategies.
  - Access to credit, including information on types of available loans, identifying lenders and factors to consider, interest rates and collateral, and pros and cons to borrowing money.
  - Budgeting and financial management methods, including income and expense tracking, planning for future financial shocks and budgeting expenses.

- **Ensure a diversified approach to training programmes that can be adapted and administered through different channels based on the needs of migrant workers.** Training programmes should aim to provide multiple channels of education, including brochures and information booklets in migrants' languages to increase accessibility, options for long courses or short courses to promote time-flexibility and e-learning modules to expand the reach of migrant workers.

- **Target women migrant workers for participation in financial education programmes.** Considering the active role of women in managing household finances and their relatively higher interest in financial education, development partners and civil society organizations should seek to adopt a gender-responsive approach by targeting women migrant workers for specialized financial education programmes.

Employers and employer associations

Facilitate migrant workers' access to bank accounts and promote the use of electronic wage payments. Findings indicate that support from employers can contribute to determining whether migrant workers successfully open bank accounts. Employers should seek to adopt electronic wage payments both as a means of promoting financial inclusion and increasing wage protection for migrant workers. However, it remains crucial that migrant workers have the exclusive control over their bank accounts.

Coordinate with governmental, private and non-profit partners including development agencies and civil society organizations to disseminate financial education training programmes for migrant employees. Employer associations should closely coordinate with development partners and civil society organizations to ensure that migrant workers have access to financial education programmes and advocate for the prioritization of financial inclusion for migrant workers.

IOM provides financial literacy training for community leaders and returning migrants in Myanmar. © IOM 2023/Yee Lai NAING

6

ANNEXES

6.1 ANNEX A: SURVEY QUESTIONNAIRE

Demographic Overview I

For each question, please mark your response with a tick (√), unless otherwise indicated.
For “Other” responses, provide a brief response.

1. What is your gender?
   - ☐ Male
   - ☐ Female
   - ☐ Others
   - ☐ Prefer not to answer

2. What country did you migrate from?
   - ☐ Cambodia
   - ☐ Lao People's Democratic Republic
   - ☐ Myanmar

3. Do you still have family in that country?
   ☐ Yes ☐ No

4. What is your age?

______ years

Demographic Overview II

5. Including yourself, how many people are in your household?

______

6. Which documents do you hold?
   - ☐ Passport
   - ☐ Visa
   - ☐ Work permit (MoU)
   - ☐ Temporary passport/certificate (CI)
   - ☐ Work permit (NV) (green card)
   - ☐ Registration card (pink card or Tor Ror 38/1)
   - ☐ Border pass
   - ☐ None
   - ☐ Other
   - ☐ Don’t know
   - ☐ Prefer not to answer

7. Where do you keep these documents?
   - ☐ Store these documents myself
   - ☐ My employers keep the documents
   - ☐ Other

8. Who is responsible for making day-to-day decisions about money in your household?
   - ☐ You make these decisions by yourself
   - ☐ You make decisions with someone else
   - ☐ Someone else makes these decisions
   - ☐ Prefer not to answer

9. Do you do any of the following for yourself or your household? (Select all that apply)
   - ☐ Make a plan to manage your income and expenses
   - ☐ Keep a note of your spending
   - ☐ Keep money for bills separate from day-to-day spending money
   - ☐ Make a note of upcoming bills to make sure you don't miss them
   - ☐ Use a banking app or money management tool to keep track of your spending
   - ☐ Arrange automatic payments for regular costs
   - ☐ I do not do any of these for myself or my household
   - ☐ Prefer not to answer

10. What is your current monthly income?
   ______THB

11. How do you get paid?
   - ☐ Cash
   - ☐ Electronic payment (i.e. e-transfer, QR code or direct deposit into bank account)
   - ☐ Other:
   - ☐ Prefer not to answer

Remittances

12. Have you sent remittances back home to your family at least once since arriving in Thailand?
   ☐ Yes ☐ No (If no, skip remaining questions in this section)

13. How frequently do you send money home?
   - ☐ Once a month or more
   - ☐ Every 3–4 months
   - ☐ 1–2 times a year
   - ☐ Every 2 years or less
   - ☐ I have never sent money home

14. How much money do you normally send at a time?
   ______THB

15. How much do you normally pay to send money?
   (either flat amount or percentage of remittance)
   ______THB or ______% of total

16. What channel do you use? (Select all that apply)
   - ☐ Bank transfer such as ATMs, online banking, bank counter, etc.
   - ☐ Unregistered money transfer agent
   - ☐ Cash carriers (friends or family members)
   - ☐ E-wallet and card
   - ☐ Payment transfer operators such as Western Union, Moneygram, etc.
   - ☐ Other:

17. Why do you use these channels? (Select up to three)
- ☐ Convenience
- ☐ Affordability
- ☐ Money is secure
- ☐ It's the channel you've always used
- ☐ Friends and family have access to the channel (i.e. you share a bank account)
- ☐ Money will be delivered directly to recipient
- ☐ Other
- ☐ Prefer not to say

Access to Banking

18. Do you have a bank account?
☐ Yes ☐ No (If no, skip to question 7)

19. How many bank accounts do you have

______

20. What is the name of your bank?
- ☐ Krungthai
- ☐ Krungsri
- ☐ Bangkok Bank
- ☐ Siam Commercial Bank (SCB)
- ☐ Currencyfair
- ☐ Kasikorn Bank
- ☐ TMB Bank
- ☐ CIMB Bank
- ☐ Statrys
- ☐ Bank of Ayudhya
- ☐ Other:

21. How often do you use bank services?
- ☐ Daily
- ☐ Weekly
- ☐ Monthly
- ☐ Yearly
- ☐ Less than once a year
- ☐ Never

22. What are your favourite features of your bank account? (Choose top three)
- ☐ Secure place to store money
- ☐ Access to other services such as credit cards or loans
- ☐ Money earns interest in bank
- ☐ Can send money within Thailand
- ☐ Can send money outside of Thailand
- ☐ Easier to pay bills
- ☐ Phone apps and websites make it easier to access
- ☐ Opening a bank account helps you build credit
- ☐ Convenient to take money out from ATMs
- ☐ Branches are conveniently located close to you
- ☐ Other:
- ☐ I don't know

23. How easy did you find the process of opening a bank account on a scale from 1 to 5, with 1 being very difficult and 5 being very easy?

24. On a scale from 1 to 5, how much easier would the following features make opening a bank account, with 5 meaning that the changes would make the process much easier and 1 meaning the process would not be any easier:
_______ A. Employing bank personnel who speak your language
_______ B. Reducing or eliminating fees
_______ C. Reducing paperwork and documentation required
_______ D. Extending opening hours

25. If you do NOT have a bank account, what is the reason for this? (Check top three)
- ☐ Don't have the right documents
- ☐ No reason to get one
- ☐ Don't know how to open an account
- ☐ Don't know how to use an account if you have it
- ☐ Language barrier
- ☐ Too expensive
- ☐ Nobody you know has one
- ☐ Sense of being unwelcome from staff or other patrons in bank
  Have you actually experienced discrimination or rude treatment from staff or other patrons in the bank?
  ☐ Yes ☐ No
- ☐ Operating hours don't work with your schedule
- ☐ Other:
- ☐ Prefer not to answer

26. Have you ever tried to open a bank account and been refused for any reason?
☐ Yes ☐ No
If yes, what was the reason: (short answer or prefer not to say)

____

____

Debt and Credit

27. Do you owe any debt?
☐ Yes ☐ No (if no, skip to Q.30) ☐ Don't know

28. How much is your debt?
_______THB

29. What did you obtain this debt for?
- ☐ Employment or recruitment costs (travel, applications, uniforms, etc.)
- ☐ Household expenses (expenses for the whole family)
- ☐ Personal expenses
- ☐ Agricultural production in home country
- ☐ To start a business in Thailand
- ☐ To start a business in home country
- ☐ To pay another debt
- ☐ Education expenses for self or others
- ☐ Healthcare expenses for self or others
- ☐ Other
- ☐ Don't know

Savings and Financial Shocks

30. If you lost your main source of income, how long could you continue to cover your living expenses?
- ☐ Less than a week
- ☐ At least a week, but not one month
- ☐ At least one month, but not three months
- ☐ At least three months, but not six months
- ☐ Six months or more
- ☐ Prefer not to say

31. In the past 12 months, have you (personally) been saving money in any of the following ways, whether or not you still have the money?
- ☐ Saving cash at home or in another physical location (like your wallet)
- ☐ Paying money into a bank account
- ☐ Giving money to family to save on your behalf (NOT to support the family's expenses)
- ☐ Saving in an informal savings club
- ☐ Paying into a pension
- ☐ Investing in stocks, shares or bonds
- ☐ Investing in cryptocurrency
- ☐ No savings in the past 12 months
- ☐ Other
- ☐ Prefer not to answer

32. On a scale of 1 to 5, with 1 being not at all confident and 5 being extremely confident, how confident are you that you have made good financial plans for your retirement?

______

33. In the past twelve months, did you ever lack enough money to cover your basic living expenses?

☐ Yes ☐ No

34. If yes, how many months out of the last 12 months did you lack enough money to cover your basic expenses?

______months

35. What did you do to make ends meet the last time this happened? (Check all that apply)
- ☐ Reduced spending (if yes):
  - ☐ On schooling
  - ☐ On health
  - ☐ On food
  - ☐ On non-food items
- ☐ Additional work (if yes):
  - ☐ By working age adults
  - ☐ By retired adults
  - ☐ By children
- ☐ Borrowing money (if yes):
  - ☐ To be reimbursed
  - ☐ To not be reimbursed
- ☐ Selling/pawning of assets
- ☐ Drawing on savings
- ☐ Downgrading accommodation
- ☐ Relying on donations and/or NGO or UN assistance

36. If you or any of your household get sick, what kind of resources do you have to cover it?
- ☐ Government insurance (migrant health insurance scheme)
- ☐ Migrant fund (m-fund)
- ☐ Private insurance
- ☐ From my partner/spouse
- ☐ Employer insurance
- ☐ Social security scheme
- ☐ Personal savings
- ☐ I don't have any resources.
- ☐ Don't know
- ☐ Other:
- ☐ Prefer not to say

Financial Literacy

Have you ever been the victim of a scam or fraud?
(Example: someone accessed your bank account to use funds without permission, you provided financial information to someone who was not genuine, you were tricked or pressured into paying for something)

Enumerator script: The next few questions are just to find out how you think about money. The questions are not designed to trick you, so if you think you have the right answer, you probably do. If you don't know the answer, just say so.

Note for enumerators: It is anticipated that the questions can be answered without a calculator. However, respondents should not be prevented from using a calculator as this is a valid approach to handling numeracy problems in real life.

____
____
____
____
____
____

38. Imagine five brothers are given a gift of THB 1,000. If they want to split it equally, how much would each brother receive?
______THB

39. Now imagine the brothers have to wait one year to get their THB 1,000. Over that year, inflation stays at 10%. At the end of the year, they will be able to buy:
- ☐ More with their share of the money
- ☐ The same amount with their share of the money
- ☐ Less with their share of the money
- ☐ Don't know
- ☐ Prefer not to answer

40. Imagine you put THB 100 into a savings account with a guaranteed interest rate of 2% per year. At the end of the year, how much would you have in the account?
(Hint: how much exists in the account with the original amount plus the amount earned with interest?)
______THB

41. What are the top three areas where you would like more financial education or information?
- ☐ Opening and/or using a bank account
- ☐ Tips for saving money
- ☐ Sending money home
- ☐ Building credit
- ☐ Budgeting
- ☐ Information on scams and financial abuse
- ☐ Support starting a small business or being an entrepreneur
- ☐ How to talk to your family about money
- ☐ Migrant rights, including minimum wage, overtime and social security
- ☐ Dealing with debt
- ☐ Paying taxes
- ☐ Other:
- ☐ Prefer not to say

42. What would be the best way for you to learn about your finances?
- ☐ Several short classes at your work, during lunch breaks
- ☐ All day classes on a weekend or day off
- ☐ Watching videos or taking a course online
- ☐ Speaking to someone one-on-one about your financial questions
- ☐ Reading a document or brochure with information
- ☐ Other:
- ☐ Prefer not to say

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