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JUNE 2017

THE MALAYSIA DEVELOPMENT EXPERIENCE SERIES

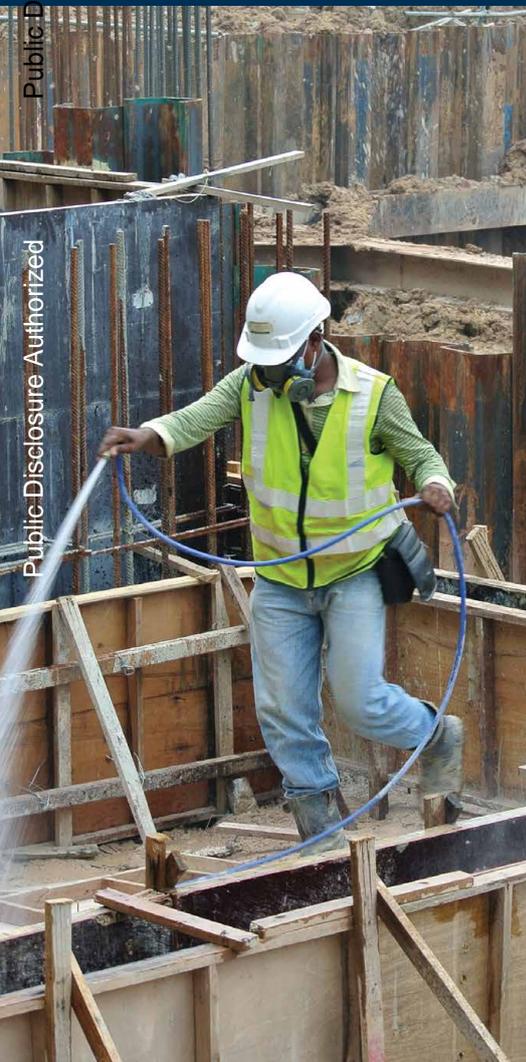
## Greenback 2.0 Johor Bahru Report

### Migrant Workers' Remittances from Malaysia

in collaboration with



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA



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The World Bank Group's current partnership with Malaysia is focused on knowledge-sharing. It is centered on support for Malaysia's vision to join the ranks of high-income economies by 2020 through inclusive and sustainable growth, and to share its lessons with developing countries.

In March 2016, the World Bank Group officially launched its Global Knowledge and Research Hub in Malaysia. The new Hub is the first of its kind, serving both as a field presence in Malaysia and as a global knowledge and research hub. It focuses on sharing Malaysia's people-centered development expertise and creating new innovative policy research on local, regional and global issues.

**Knowledge & Research** reports are flagship work emanating from the teams based in the Malaysia Hub.

**The Malaysia Development Experience Series** captures key lessons from Malaysia relevant for emerging economies in Asia, Africa and elsewhere that are transitioning out of poverty and into shared prosperity.

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Please contact Isaku Endo, the lead author of this report, at [iendo@worldbank.org](mailto:iendo@worldbank.org) and [ddesmet@worldbank.org](mailto:ddesmet@worldbank.org) if you have questions or comments with respect to content.

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# Acknowledgements

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In recent years, global remittance flows to developing countries have received increasing attention from policymakers and the international community. Remittance flows have grown steadily over the years totalling USD582 billion in 2015, of which USD432 billion went to developing countries, involving 232 million migrants. More than 700 million people depended on these remittance flows and paid an excessive price in remitting their money, as the global average cost for sending remittances in 2016 stands at 7.6%. The efforts of the international community and the adoption of the “5x5 objective” by the G8 and G20 – reducing the average cost by five percentage points – would save USD16 billion per year. These funds would simply remain with the migrants and their families and could contribute significantly to improve the living conditions of the migrants themselves as well as reduce poverty in their countries of origin. Recently, in Brisbane, the G20 have renewed their commitment to the cost reduction objective.

Project Greenback 2.0 aims at increasing efficiency in the market for remittances through an innovative approach: promoting change inspired by the real needs of the migrants and their families.

In Project Greenback 2.0, Remittance Champion Cities are selected. Previously, Turin (Italy) and Montreuil (France) were selected. In Asia, Johor Bahru (Malaysia) was selected as the first Remittance Champion City as it has a large number of migrant workers from Indonesia, Nepal, China, Myanmar and Vietnam. The Greenback 2.0 Project, Johor Bahru further builds on the ideas and initiatives of the previous Champion Cities and implements good practices and lessons learned.



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in Malaysia

# Foreword

Remittances have an important role in a country's development. They are a key source of external development finance for many developing countries, contribute to poverty reduction and improve social welfare. ASEAN as a region has more than 21 million nationals living abroad, and is home to more than 10 million migrants. More than 2 million of these migrants live and work in Malaysia. Their families – mostly in Indonesia, Bangladesh, Nepal, India and the Philippines – depend on the money that they send home to school their children, pay for medical care, build homes and generate other sources of income.

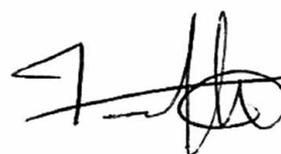
On 29 November 2015 Bank Negara Malaysia Governor Muhammad Ibrahim launched, in partnership with the World Bank Group, the Greenback 2.0 Project in Johor Bahru, Malaysia. Project Greenback 2.0 aims at increasing efficiency in the market for remittances through an innovative approach: promoting change inspired by the real needs of the migrants and their families.

The reasons for BNM's engagement with Greenback 2.0 are threefold: Firstly, the initiative ensures access to formal remittance channels and guarantees a safe transfer of migrant earnings. Secondly, it reduces the remittance cost so that migrants keep more of their hard-earned money and SMEs can increase their competitiveness. Thirdly, it reduces the proportion of remittances that are transferred through unauthorized channels. Through the implementation of Greenback 2.0 significant strides have been made, making a real difference in the lives of individuals and their families, while helping raise the competitiveness of the Malaysian economy and safeguarding the integrity of its financial system.

Bank Negara Malaysia and the World Bank Group would like to express their appreciation to the Project Greenback 2.0 partners, for their support and exceptional commitment to this initiative and its important goals. Due to the success of the Greenback 2.0 model, efforts are currently undertaken to replicate the model across the country at large and we hope that Malaysia's experience with Greenback 2.0 will inspire other countries in the region to explore similar opportunities.



**Jessica Chew Cheng Lian**  
Assistant Governor, Bank Negara Malaysia



**Faris H. Hadad-Zervos**  
Country Manager for Malaysia, World Bank Group-  
Global Knowledge & Research Hub in Malaysia

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# Executive Summary

## Overview of the project

“Project Greenback 2.0 –Johor Bahru” is the product of a partnership between the World Bank and Bank Negara Malaysia, aimed at supporting the development of an efficient and transparent remittances market. Previously, the World Bank Group launched the Project Greenback 2.0 in Turin, Italy (2013); and Montreuil, France (2014). As part of the project, a survey was conducted among 401 migrant workers from Indonesia, Bangladesh, Nepal, Myanmar, Vietnam, China and India in order to understand their remittance behaviour and level of financial inclusion. The survey focuses on the economic and financial profile of migrants working in urban areas of Johor Bahru and surrounding plantations, and analyses their remittance and financial behaviours. Particular attention has been given to the use of regulated and unregulated remittance channels to transfer money abroad.

## Demographic breakdown

**Interviewed migrants differ by country of origin, gender, type of occupation, economic stability and length of stay in Malaysia.** The vast majority of migrants are of Indonesian nationality and male workers are the dominant workforce in both the urban area and plantations. Most of these workers have a primary or secondary school education and have been working in Malaysia for several years, performing blue collar work. The plantation workers are typically younger than urban workers due to the labour-intensive work.

## Income, savings and financial inclusion

**Differences arise across segments and nationalities: Plantation workers earn 46% less than urban workers.** In the plantation segment, Bangladeshis earn 10% more than Indonesians, whilst in the urban segment, Indian migrants earn the least and Chinese migrants earn the most. Higher educational levels translate into higher wages for migrants but beyond a secondary school education wages stabilise since the type of labour performed by migrants typically does not require higher educational levels. The vast majority receive their salary in cash.

**Savings rates across segments are high, with urban workers saving on average 38% of their monthly income and plantation workers 51%.** Indian workers, who have the lowest wages, have the highest savings rate and the opposite applies to Chinese workers. Even though urban workers earn 46% more than plantation workers, their monthly nominal savings are about the same, suggesting that the cost of living in remote plantations is cheaper and there are less spending opportunities than in urbanised areas. Women earn more but save less compared to men.

**In general, the collected survey data suggests a low level of financial inclusion of the interviewed migrants, with 55% of urban workers and only 22% of plantation workers being banked.** These groups mainly use their bank account to save, send or receive money. Other banking products are hardly used.

The survey focuses on the economic and financial profile of migrants working in urban areas of Johor Bahru and surrounding plantations, and analyses their remittance and financial behaviours

## Remittance behaviour

**68% of respondents reported sending cash through a remittance service provider (RSP) and only 25% of respondents use bank transfers, with a much smaller proportion remitting money via money exchangers or a post office.** The use of unregulated remittance channels by plantation workers is higher than that of urban workers (12% vs. 8%). The majority of respondents remit money each month but there are differences between nationalities. While all respondents cited speed, ease of transaction cost and reliability as crucial factors when choosing a remittance service, safety is a top consideration. Convenience of location is also an important factor, especially for plantation workers where a quarter of respondents have to travel at least 30 km to gain access to a remittance channel.

**Many respondents only associated remittance costs with the transaction fee.** The vast majority of the respondents were unaware of the foreign exchange costs or other costs when asked how much it costs for them to send money abroad. This reflects a need for greater awareness in this respect and tools that allow remitters to better understand and calculate the costs incurred when sending money.



## CHAPTER 1

# Introduction

**This report will share key findings from the survey, starting with an overview of the global and Malaysian context of international remittance flows in the last decade, as a general framework of the study.**

Next, the report will present the objectives of the research and related survey design and sampling techniques for the fieldwork, while a specific methodological note is added at the end of the report on the fieldwork phase.

The following section articulates findings of the analysis on the 401 interviews collected. Following a brief description on the demographic and the economic conditions of the informants, this section focuses on the analysis of the migrants' remittance behaviours and needs.

Finally the report concludes with a summary of the main findings and provides recommendations on how to address the barriers and issues faced by the migrants in Johor Bahru pertaining to financial and remittance services, as well as potential areas of further investigation.

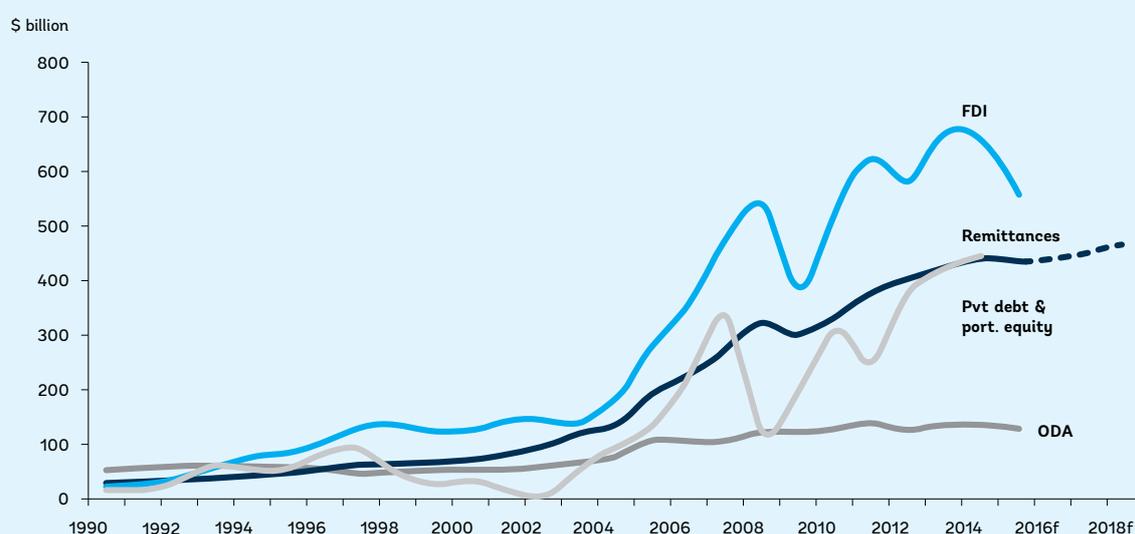
## Migration and remittances: The context of the survey

### Global context

In 2016, remittance flows to developing countries are projected to reach USD442 billion, marking an increase of 0.8 percent over 2015<sup>1</sup>. The importance of these remittance inflows cannot be underestimated. At the macro level, they provide an important source of foreign exchange and contribute to a country's balance of payments. At the micro level, remittances constitute an important source of household income and support basic consumption, including investments in education, entrepreneurship and healthcare. Remittance flows are significantly larger than official development assistance (ODA), more stable than foreign investment to developing countries and are less likely to be volatile in the wake of external shocks, and can in fact increase in times of crisis (i.e. disasters and humanitarian emergencies) (Figure 1).

In short, remittances generally reduce the level and severity of poverty and lead to higher human capital accumulation, greater health and education expenditures, better access to information and communication technologies, improved access to formal financial sector services, enhanced small business investment, more entrepreneurship, and better preparedness for natural disasters such as droughts, earthquakes, and flooding as well as reduced child labour<sup>2</sup>.

**FIGURE 1. Remittance flows are larger than official development assistance (ODA), and more stable than private capital flows**



Source: Trends in Remittances, 2016: A New Normal of Slow Growth (World Bank, 2016)

<sup>1</sup> <http://blogs.worldbank.org/peoplemove/trends-remittances-2016-new-normal-slow-growthpercent20>

## Malaysia

In 2014, there were 2.1 million registered immigrants in Malaysia and likely over 1 million undocumented immigrants, making up 15% of Malaysia’s workforce<sup>3</sup>. Malaysia has the fourth largest number of migrants and the seventh highest ratio of migrants to total population in East Asia Pacific. Top source countries include: Indonesia, the Philippines, Bangladesh, Thailand, Myanmar, Nepal, India, China, Singapore and Vietnam.

As Malaysians have become more educated and seek out higher-skilled jobs, and as the labour market remains tight, immigrant labour has filled gaps in low and mid-skilled jobs, which make up three quarters of all jobs in Malaysia.

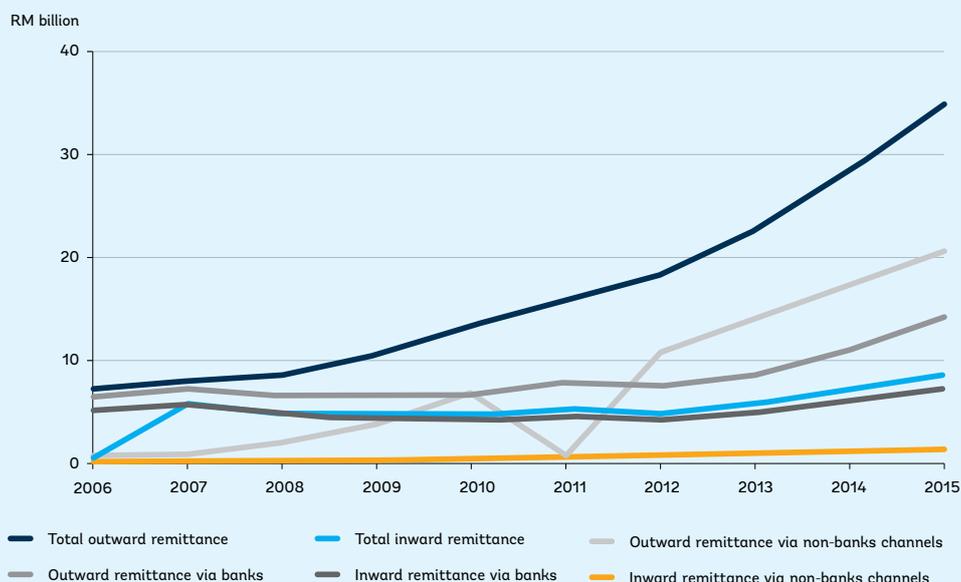
Figure 2 displays the dramatic growth of outward remittances in Malaysia from 2006 to 2015. Inward remittances have been growing as well but at a slower pace.

## Project Greenback 2.0 in Johor Bahru, Malaysia

In 2013, the World Bank launched “Project Greenback 2.0 – Remittances Champion Cities” and selected Turin (Italy) as the first Champion City followed by Montreuil (France). Project Greenback 2.0 is designed to understand the issues faced by consumers through surveys, face-to-face workshops, interviews, and to intervene with migrant communities, remittance service providers (RSP) and other stakeholders in order to promote changes.

In November 2015, Project Greenback 2.0 Johor Bahru was launched in partnership with Bank Negara Malaysia which conducted a survey on migrants residing in Johor Bahru. The survey was aimed at exploring the migrant workers’ level of financial inclusion and their prevalent practices and needs in remitting money to their origin countries.

**FIGURE 2. Outward and inward remittance flows - Malaysia**



Source: International Transactions Information System (ITIS), e-SURVEY on bank remittance transactions and Money Services Business Statistical Report on Remittance Business, Bank Negara Malaysia

2 <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/overview>  
 3 Malaysia Economic Monitor – Immigrant Labour (December, 2015 – World Bank);  
 See: <http://documents.worldbank.org/curated/en/753511468197095162/pdf/102131-WP-P158456-Box394822B-PUBLIC-final-for-printing.pdf>

# The Greenback 2.0 survey: Research objectives and data collection

**FIGURE 3. Map of Malaysia and Johor Bahru**



## Work plan and survey design

Under the Greenback 2.0 Project, this survey of migrants in Johor Bahru draws on the design of research already undertaken in Turin, Montreuil and London, but has been tailored to the Johor Bahru context. There were three main phases of the research:

- Research design and the definition of the sample structure
- Data collection, input and analysis
- Preparation of the final report

The main objective of the survey is to investigate the level of financial inclusion and remittance behaviour of migrant workers

## Research objectives

The main objective of the Greenback 2.0 survey is to investigate the level of financial inclusion and remittance behaviour of migrant workers in Johor Bahru. The survey focused both on migrants working in Johor Bahru and migrant workers on neighboring plantations. It was important to understand what barriers or issues these migrant communities face in accessing or using remittance services and what their current behaviours and needs are in this respect.

## Sample structure definition

The selection of migrant workers is based on “natural fallout” where respondents were approached in their respective work environment and/or place of dwelling. The total sample size is 401 individuals and comprised of two segments of migrants: those working in Johor Bahru’s urban area and those working in plantations around Johor Bahru.

The urban workers sample consists of 250 respondents who are employed in the manufacturing, construction and services industry within a 50 kilometre radius from the city of Johor Bahru. They are mainly from Indonesia, Bangladesh, Nepal, China, Myanmar and Vietnam.

The remaining sample of 151 respondents are plantation workers employed at three plantations (Ulu Remis, Bukit Lawiang and Gunung Sumalayang plantations) near Johor Bahru. These respondents are mainly from Indonesia and Bangladesh.

For both samples there was a stronger focus on Indonesian migrant workers since they form the largest community of migrant workers in Malaysia. The plantation sample consisted of a larger number of respondents from Lombok, Indonesia who make up the largest group of

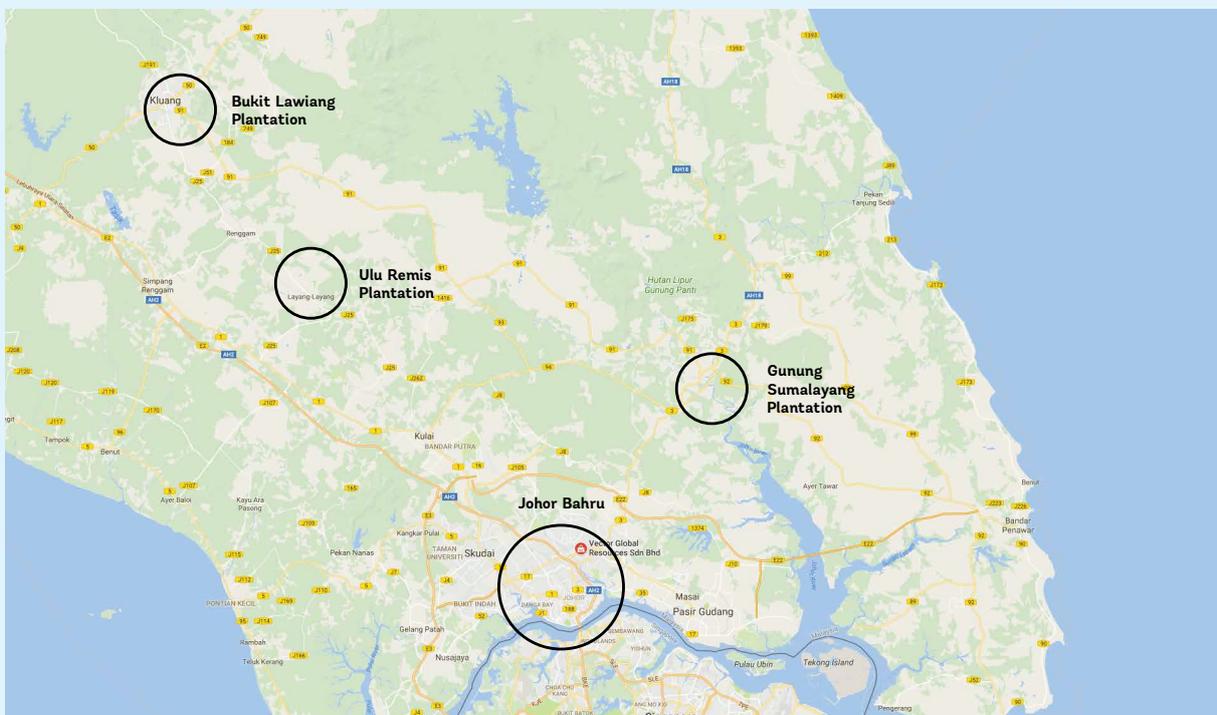
Indonesian migrant workers in Johor Bahru. Since Greenback 2.0 is also implemented in Lombok this survey sheds light on the remittance behaviour and needs of this specific group of Indonesian migrant workers.

**The eligibility criteria to be included in the survey sample were:**

- Be at least 18 years old
- Live in Johor Bahru City, on, or near the plantations where one is employed
- Have an income through a job or occupation; and
- Have sent remittances to his/her country of origin in the last 12 months<sup>4</sup>

No minimum thresholds were applied in terms of type or length of employment in Malaysia as the objective is to understand general remittance behaviours rather than those associated with migrant workers who have resided in Malaysia for a longer period of time.

**FIGURE 4. Map of Johor Bahru and data collection points**



4 While the focus is largely on workers who have sent money to their home country in the past 12 months, a small proportion of the total sample consists of those who have not sent money to their home country in the past 12 months. These respondents were included to provide insight on their knowledge of remittance and willingness to participate in future financial education initiatives.

## Sampling method and surveying technique

**The urban migrant worker respondents were sourced through the free-find methodology whereby the interviewers randomly intercepted respondents in areas with higher density of migrant workers.** The interviews were carried out face-to-face at the intercepted location or at the respondent's preferred location within the vicinity.

**Plantation migrant worker respondents were interviewed using the central location test methodology whereby the respondents were gathered in one location to be interviewed individually.** Three plantation estates' management teams recruited migrant workers in their estates who were willing to participate in the study. The workers who consented to participate in the study were provided with transportation to the interview location arranged by their employers.

**A single questionnaire was used for both segments. The questionnaire comprised of closed-ended questions only, with questions programmed to be asked or skipped depending on prior responses provided.**

**All responses were recorded via a programmed survey link using tablets.** The interviews with the urban workers were conducted in English, Bahasa Malaysia, or Mandarin, depending on the respondent's preferred language. Most interviews with plantation workers were conducted in Bahasa Malaysia. To facilitate comprehension, the plantation respondents were provided the option to view the questionnaire in their native languages of Bahasa Indonesia or Bengali for questions that require prompt responses. The average length of interviews was 17 minutes.



## CHAPTER 2

# Findings and Analysis Based on Respondents' Answers<sup>5</sup>

<sup>5</sup> The following findings and analysis are purely based on the respondents' answers to the survey questionnaire.

# Demographic and economic profile

The demographic profile of the final sample is reported in Table 1 which includes statistics on gender, length of employment, age, and educational level of the 401 interviewed migrant workers. This data has been segmented by location (plantation versus urban area) and nationality.

**TABLE 1. Main characteristics of the sample, by segment and country of origin**

Nationality	Plantation				Urban														
	Indonesia		Bangladesh		Indonesia		Bangladesh		Nepal		Vietnam		Myanmar		China		India		
Gender	M (n=114)	F (n=4)	M (n=33)	F	M (n=48)	F (n=53)	M (n=48)	F	M (n=39)	F	M	F (n=11)	M (n=12)	F (n=3)	M (n=8)	F (n=7)	M (n=19)	F (n=2)	
	97	3	100	-	7	53	100	-	100	-	-	100	80	20	5	47	90	10	
<b>Education Level (%)</b>																			
No formal schooling	2	-	3	-	2	-	4	-	3	-	-	-	8	-	-	-	-	-	
Did not complete primary school	6	-	9	-	8	6	8	-	15	-	-	-	-	-	-	-	-	-	
Primary school	27	50	58	-	54	34	46	-	46	-	-	55	2	100	-	-	21	5-	
Secondary school	38	50	21	-	31	60	40	-	31	-	-	36	42	-	38	100	63	-	
Senior high school	26	-	9	-	4	-	-	-	5	-	-	9	8	-	63	-	16	50	
Tertiary	1	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	
<b>Age (%)</b>																			
18 to 24 years old	42	-	-	-	8	2	15	-	28	-	-	-	2	33	-	-	16	-	
25 to 29 years old	21	25	45	-	13	11	27	0	33	-	-	9	33	-	-	-	26	-	
30 to 34 years old	18	50	27	-	23	11	31	-	21	-	-	18	17	33	13	43	16	100	
35 to 40 years old	10	25	12	-	23	9	15	-	13	-	-	9	8	33	75	29	37	-	
Above 40 years old	10	-	6	-	33	36	13	-	5	-	-	64	-	-	13	29	5	-	
<b>Length of employment (%)</b>																			
Below 1 year	34	50	3	-	17	2	15	-	8	-	-	-	17	-	75	43	5	-	
1 to 2 years	29	-	24	-	13	13	10	-	36	-	-	-	8	-	13	43	37	-	
2 to 4 years	18	50	3	-	15	34	15	-	41	-	-	64	17	33	-	-	21	50	
4 years and above	1	-	33	-	56	51	60	-	15	-	-	36	58	67	13	14	57	50	

**Nationality:** Indonesians form the largest community, both in the plantation (78%) and the urban segment (40%). Therefore, the survey results are significantly impacted by the Indonesian workers sample. The Bangladeshi workers are the second largest community in both segments, constituting 22% of plantation workers and 19% of urban workers. The Nepalese workers are the third largest group in the urban segment (16%). The survey results of other nationalities include Vietnam, Myanmar, India and China, but are based on a relatively small sample size (Figure 5).

**Gender:** The majority of migrant workers in the survey sample are male (only 30% of the urban workers and 3% of the plantation workers are female). The very low percentage of female workers in the plantation segment can be attributed to the labour-intensive nature of the work in plantations. For the urban segment, the dominance of male workers is concentrated among the Bangladeshi and Nepalese nationalities which are exclusively male, followed by the Indian nationality where only 10% is female.

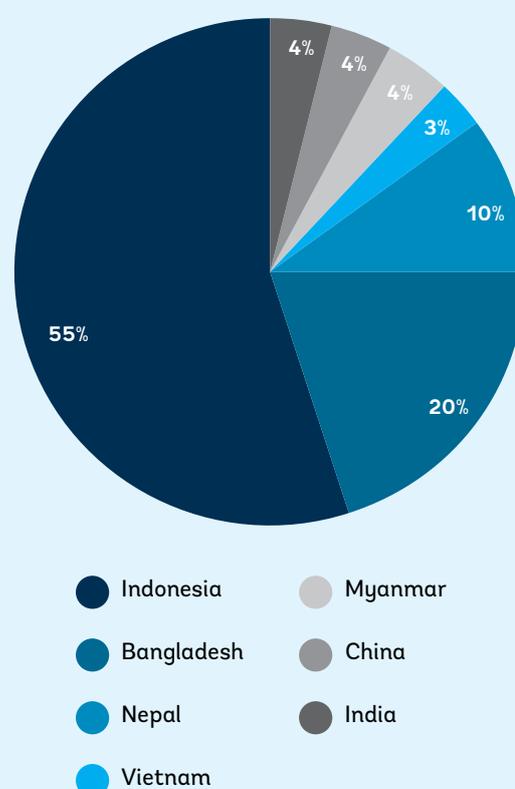
**Age:** Age demographics between the plantation and urban segment differ: plantation workers are generally younger than urban workers. 57% of plantation workers in the survey sample are between 18 and 29 years old while only 38% of sample urban workers are between 18 and 29 years old. The preference by employers in plantations for a younger labour force may be related to the labour-intensive work. 40% of the total urban workers sample are 35 years old or older, whereas for this category of workers their share drops to 20% in the plantation segment.

**Education:** Most workers in both segments have a primary/secondary school education; only 9% have a lower education level or lack education. Interestingly, 22% of the plantation workers have a senior high school or equivalent education whereas only 6% have obtained this level of education in the urban segment.

**Length of employment:** Difference in length of employment between the urban and plantation segment is not significant, with the exception of the group of migrants who have been working in Malaysia for four years or more: the size of this group is twice as large for the urban migrant workers in comparison with plantation workers. A potential explanation for this difference across segments could be that plantation workers, as they get older, transfer to less labour-intensive jobs.

**Job type, occupation and industry sectors:** All migrants included in the sample were employed or self-employed (2%) in order to ensure that they have control over economic resources in relation to remittance decisions.

**FIGURE 5. Respondent nationalities across segments**



## Distribution by job type and occupation

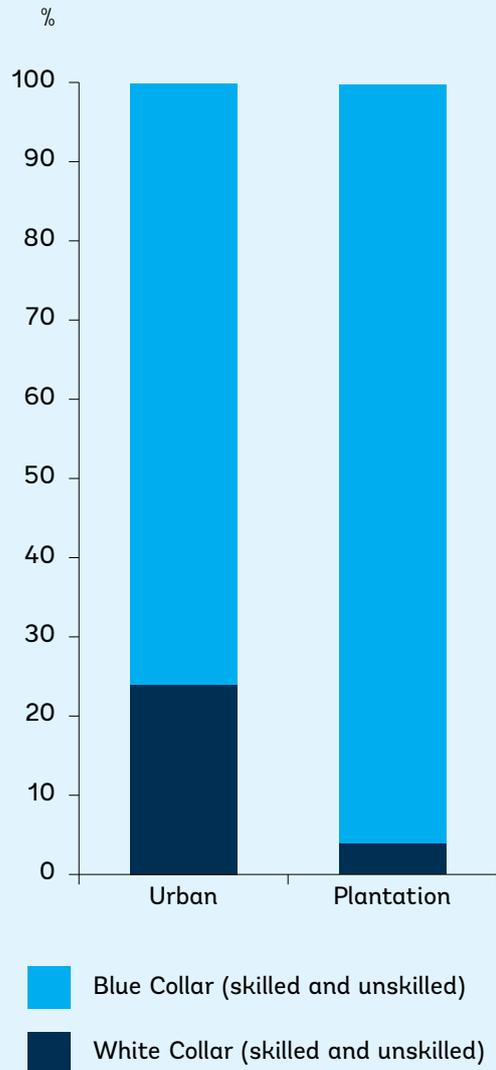
Respondents were asked about the title or content of their job position to determine the job type distribution in each segment. The following job type and category definitions were used:

White collar jobs involve clerical, managerial work and entrepreneurship while the place of work is the office or business premises. Blue collar jobs are those that require physical labour and the place of work is an industrial location or (agricultural) field. Within each category, a job can be skilled (requires a specialised training or learned skill-set) or unskilled (does not require special training or skill). White collar jobs include managerial<sup>6</sup>, unskilled and other skilled jobs. Blue collar jobs include those that require physical labour with specific skills or can be performed by unskilled workers.

## Composition of sample by job category and segment

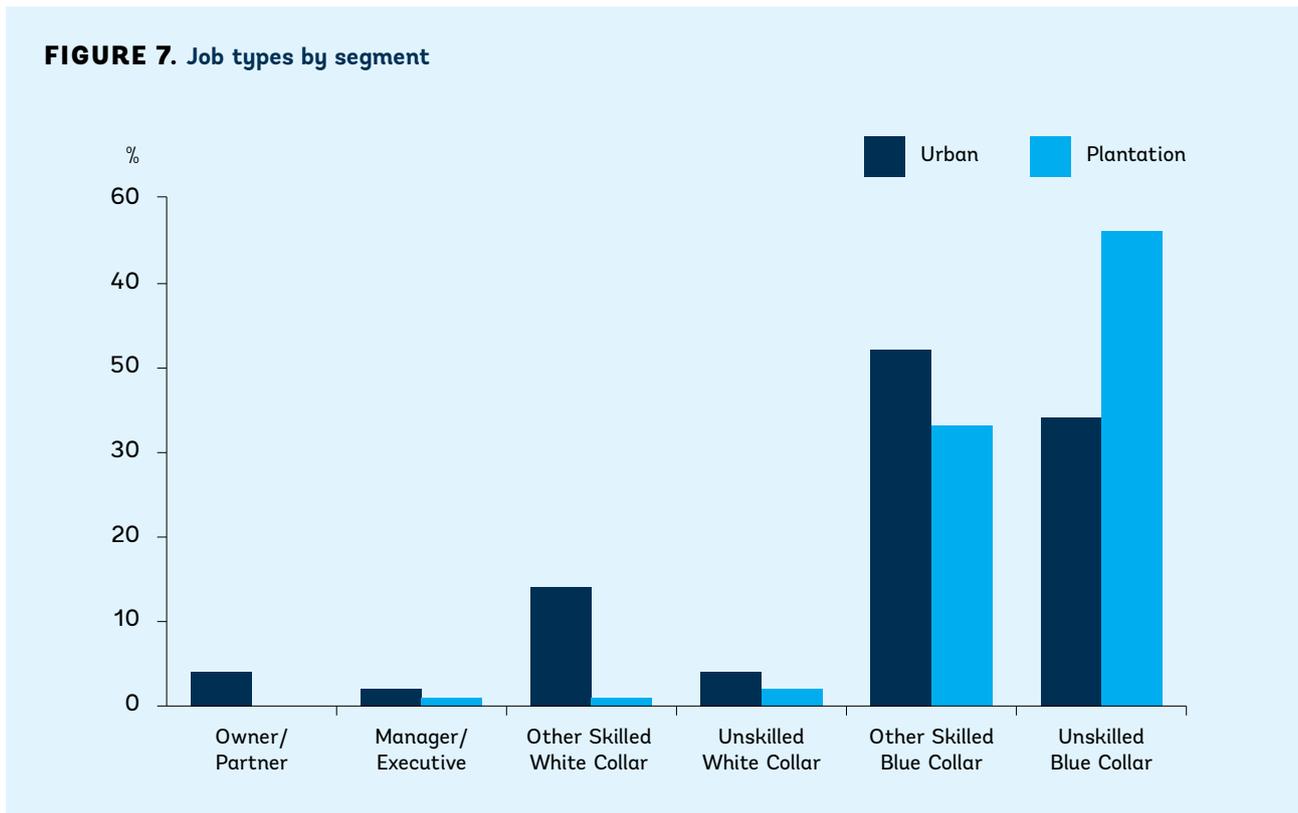
Across segments, 84% of the workers are blue collar and 16% are white collar. If we analyse the composition in each segment, we notice that the workers in the plantation segment are almost exclusively blue collar (96%), whereas in the urban segment, their share drops to 76% (Figure 6).

**FIGURE 6.** Blue and white collar distribution by segment



<sup>6</sup> CEO/Chairman/Managing Director/President; Director/General Manager/Vice President; CFO/Treasurer/Company Secretary/Controller CFO; Owner/Partner, Manager/Executive/Supervisor/Officer.

**Figure 7 provides a breakdown by job type across both segments and reveals that the share of unskilled blue collar workers in the plantation is almost twice as high than in the urban segment and the share of skilled blue collar workers in the urban segment is 27% higher than in the plantation segment.** The other job types which belong to the white collar job category are largely represented in the urban segment, whereas in the plantation segment, workers employed as managers/executives, or those performing unskilled and other skilled white collar jobs, are hardly represented.



**Across segments, Chinese workers are dominating the skilled white collar category.** They are the only community with workers holding titles/job positions as Director/General Manager/Vice President. They also lead in the owner/partner category, followed by Vietnamese and Indians. It is noteworthy that in the aforementioned job categories, Indonesia, Bangladesh, Myanmar and Nepal are not represented across segments.

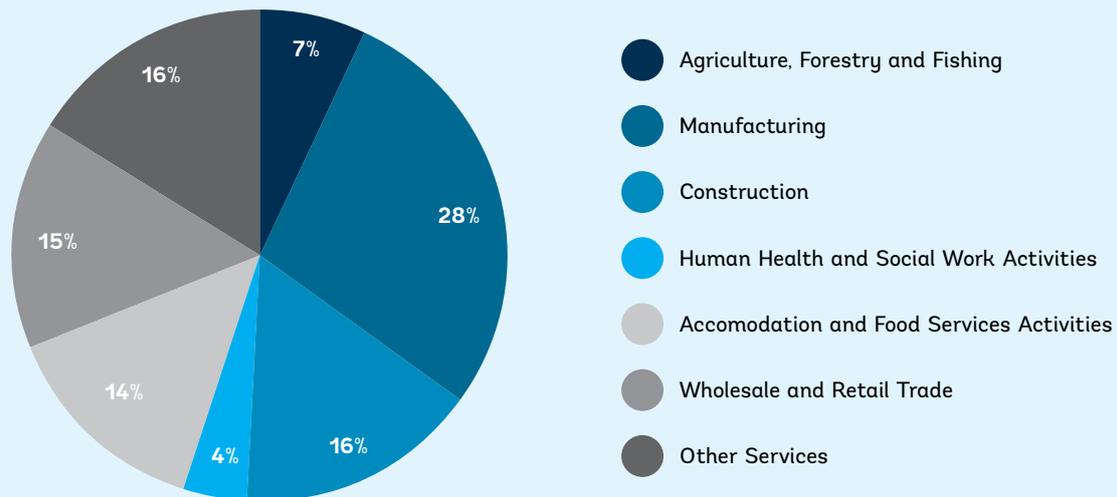
**In the unskilled white collar category, the Vietnamese are leading, followed by the Indian workers.** The representation of other nationalities in this category is negligible (<4%). In the unskilled blue collar category for the urban segment, workers from India, Indonesia and Bangladesh have the highest percentage of concentration. The workers in the plantation segment consist of Indonesians and Bangladeshis whose jobs fall under blue collar job category. However, the division of migrants in the unskilled blue collar category is different depending on the nationality. Three quarters of Bangladeshi workers belong to this category whereas only half of the Indonesian workers do.

**In the urban segment, higher education levels correlate with higher job positions, but in the plantation segment, this is not the case.** Independent of their education levels (e.g. no education as well as senior/tertiary education), the workers perform the same type of skilled or unskilled blue collar work.

## Industry sector of occupation

**Plantation workers exclusively fall under Agriculture, Forestry and Fishing sector. In contrast, the distribution of the urban migrant workers sample by sector of employment is diversified (Figure 8).** For the urban segment, the service industry employs more than half of the urban migrant workers, with the accommodation and food services industry share almost being equal to the wholesale and retail trade share (14% and 15% respectively). The group of migrants involved in other business services represents 16% of the service industry. The manufacturing and construction industries represent 28% and 16% respectively of total employment in the sample. Although not shown in detail, there are significant differences in the gender distribution among specific sectors of employment. Male migrants are concentrated in the construction and manufacturing sectors while women are overrepresented in the human health and social activities industry. The composition of the accommodation and food services industry is more gender balanced.

**FIGURE 8.** Urban migrant workers by sector of employment



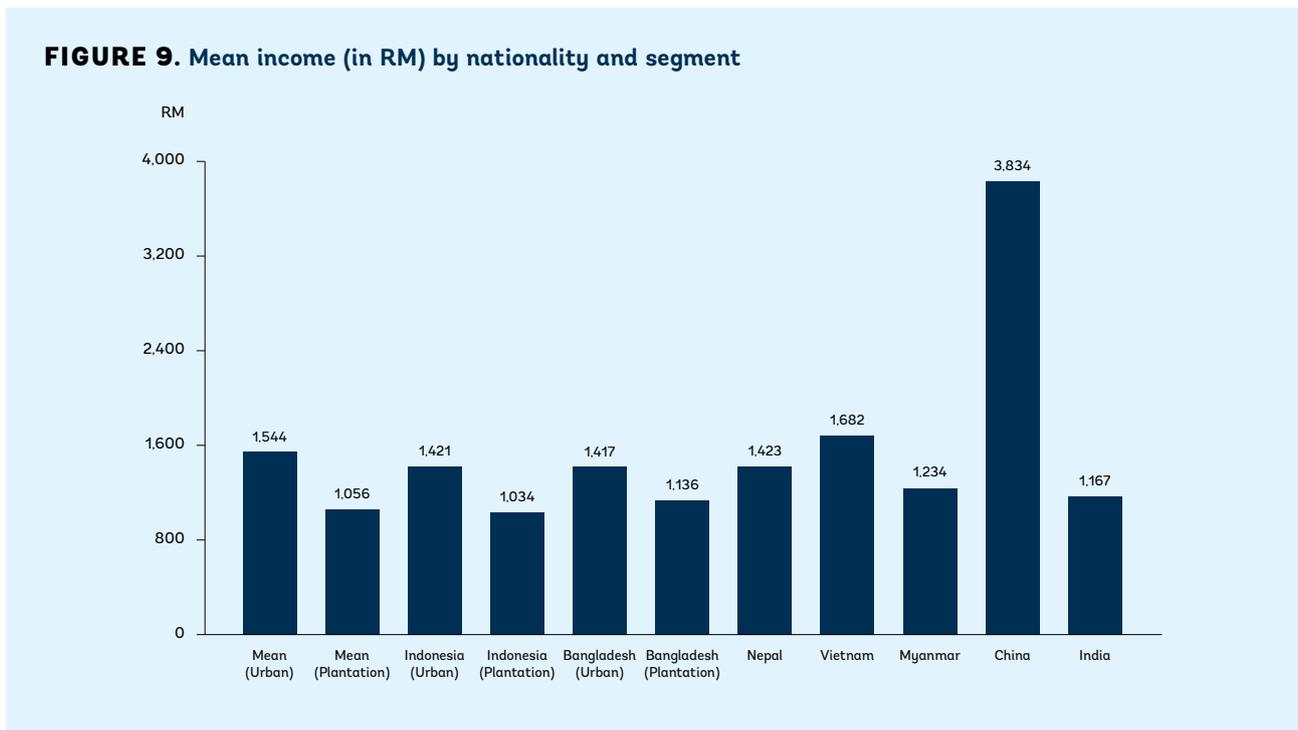
# Individual income

## Mean income by segment and nationality

Figure 9 shows mean individual incomes in the plantation and urban segment by nationality. The mean income of plantation workers is 46% lower than the mean income of urban workers (RM1,056 vs. RM1,544). This difference can be explained due to the lower cost of living in remote plantations in comparison with the cost of living in Johor Bahru City. As such, wages for plantation workers are adjusted to the local cost of living. Additional factors which contribute to the higher wages of urban workers according to our sample group include, older age and longer length of employment than plantation workers who are young, relatively inexperienced and typically work less than 4 years at plantations. For urban workers, their work experience/expertise gained over time is a factor, together with the higher cost of living in Johor Bahru, which determines their higher wage.

When compared with the national mean monthly income of employees (Malaysia-born) in the urban area, which was RM2,514 in 2015, urban migrant workers are earning, on average, 40% less<sup>7</sup>. The mean income of plantation migrant workers (RM1,056) was on average, 35% less than the national mean monthly income for employees (Malaysia-born) in the rural area who earn RM1,617.

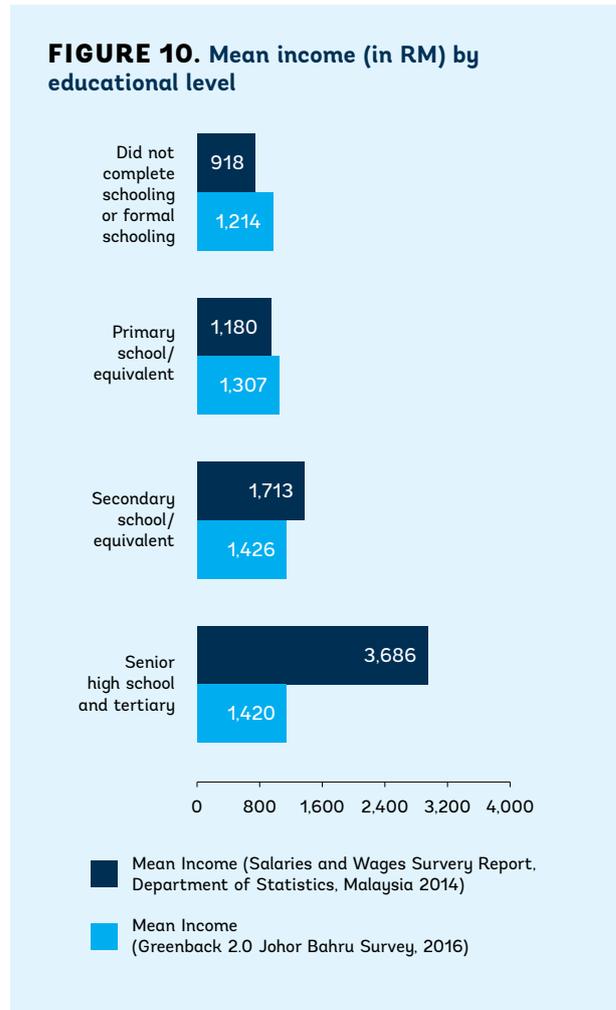
Bangladeshi plantation workers have a mean income which is almost 10% higher than that of Indonesian workers. However, the same observation cannot be made for urban workers of these nationalities where income levels are the same. For the urban segment, Indians have the lowest mean income (RM1,166). Outliers are the Chinese urban workers who have the highest income (RM3,834), followed by the Vietnamese with RM1,682.



<sup>7</sup> Salaries & Wages Survey Report 2015, Department of Statistics Malaysia : <https://www.statistics.gov.my>

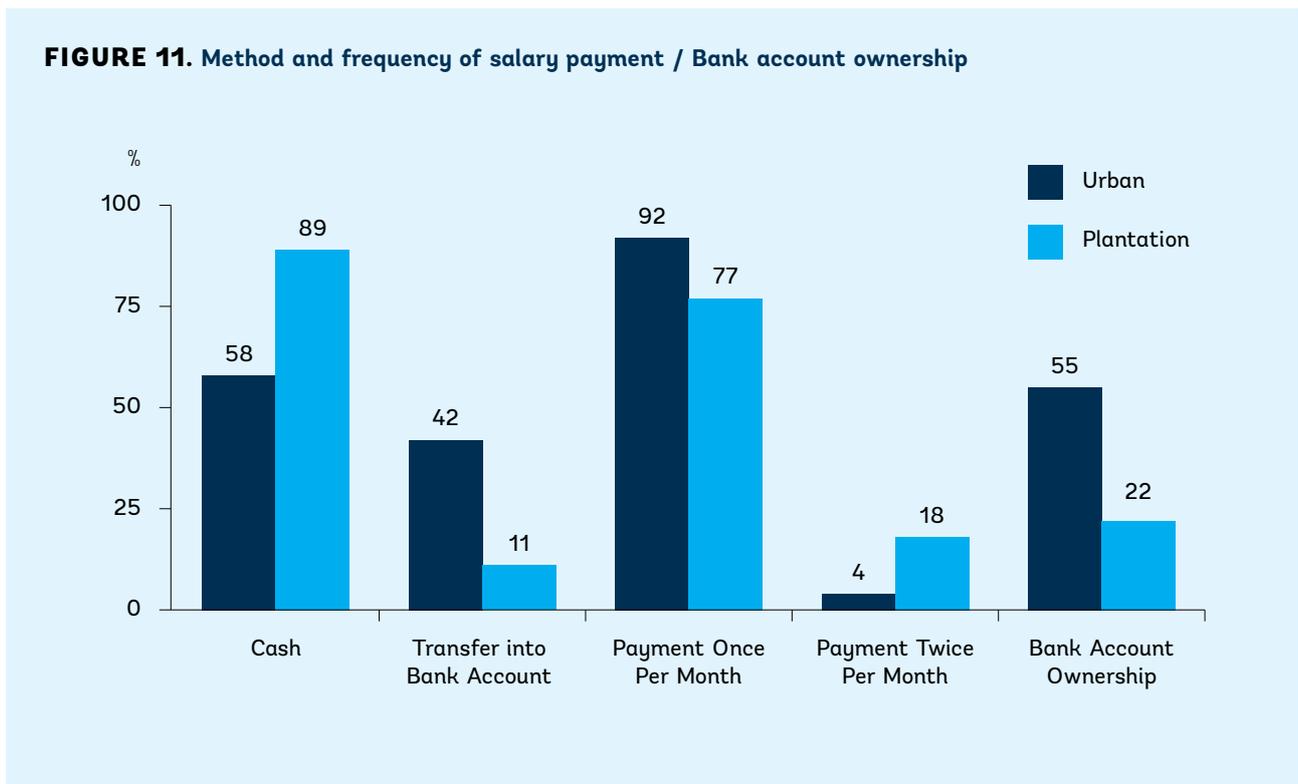
## Mean income and educational levels

For both migrants and Malaysia-born workers the level of schooling is positively correlated, with a higher mean income (Figure 10). Two trends can be observed when compared with the mean income of nationals. First, for the group of workers with a primary school education and those who did not complete schooling or have no formal schooling, wages are higher for migrants than for nationals. Second, beyond the secondary school education, higher education does not yield further increases in income for migrants, whereas for Malaysia-born workers, the secondary school education level functions as a stepping stone to higher incomes, with senior high school and tertiary education levels resulting in income levels which are 2.5 times higher than migrants with the same education levels. The fact that migrants with higher education levels are not rewarded by higher incomes to the same extent that Malaysian-born workers are in other jobs, relates to the fact that the type of labour performed by migrants, in our sample, typically does not require higher educational levels.



## Method and frequency of salary payment/bank account ownership

In general, across segments, workers are predominantly paid in cash (Figure 11). However, the differences between plantation and urban workers are substantial. The vast majority (89%) of plantation workers receive their salary in cash and only one in ten receive them via bank transfer. When compared with urban workers, one notices that salary payment methods are more balanced with 58% of respondents receiving their salary in cash and 42% in their bank account. The differences in salary payment methods across segments impact bank account ownership which is 2.5 times lower for plantation workers compared with urban workers. Most of the workers receive their salary on a monthly basis. Nevertheless, the group of workers who receive their salary on a bi-weekly basis is 4.5 times larger in the plantation segment compared to the urban segment.



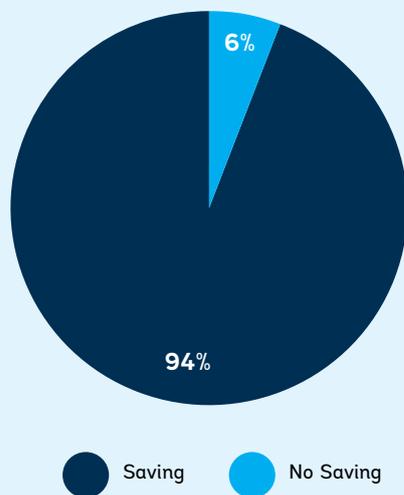
# Savings and financial inclusion

An entire section of the survey was dedicated to understanding respondents' saving habits and financial inclusion levels. The data gathered reveals whether migrant workers are able to save money and what the mean savings and savings rate is per nationality working in plantations and urban areas.

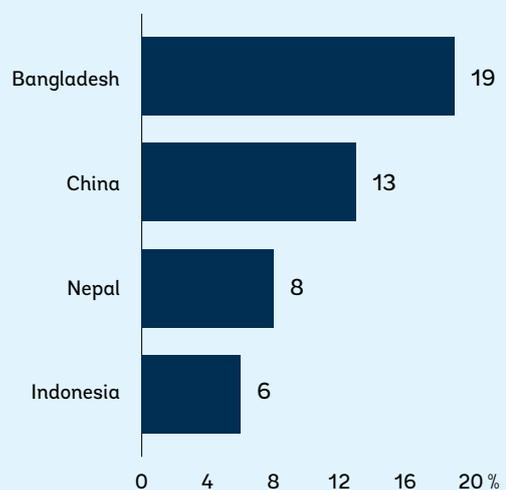
## Savings

Across segments, 94% of workers have savings. Of the 6% who are unable to save money, 83% are urban workers. Within this group, the inability to save differs among nationalities (Figure 12). Those who did not have any savings said that they remitted money to dependents instead of saving, or that their monthly salaries were too low to allow for savings. The former correlates with the nationalities in Figure 13 who have a higher incidence in remitting money on a monthly basis than other nationalities.

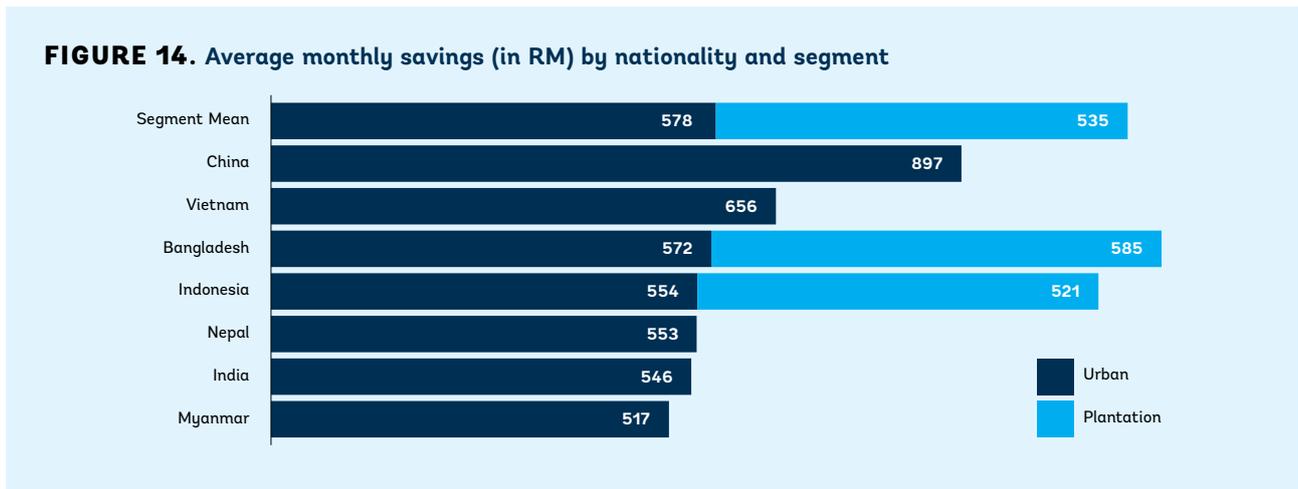
**FIGURE 12.** Percentage of migrants across segments with savings



**FIGURE 13.** Monthly remittance frequency by nationality

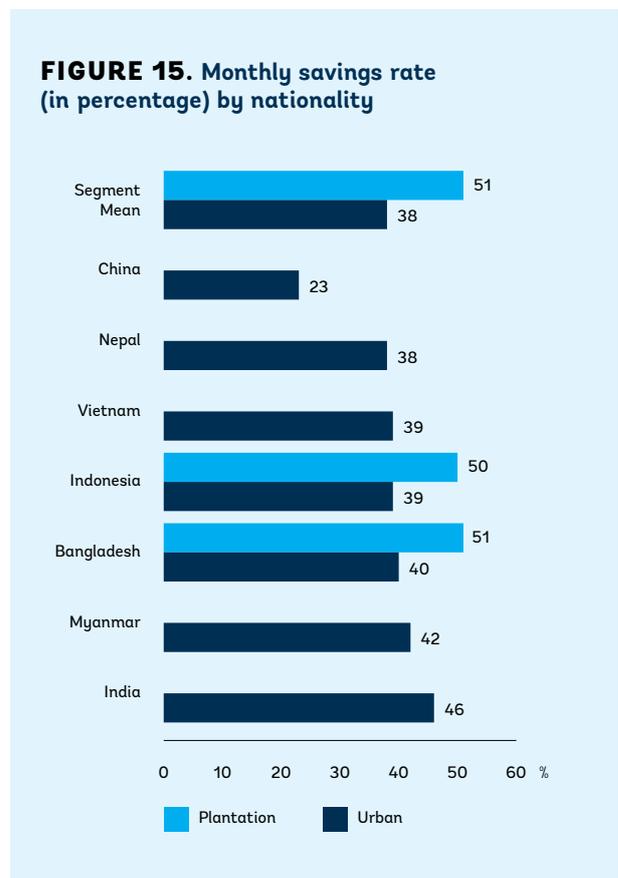


**For those who are able to save some of their income each month, the amount can be significant (Figure 14).** In the urban segment the Chinese migrant workers, followed by the Vietnamese, are saving the most on a monthly basis and migrant workers from Myanmar are saving the least. Indonesian migrant workers in the urban segment save more than those working in plantations, but Bangladeshi migrant workers in the plantation segment are saving more than Bangladeshi migrant workers in the urban segment. Overall, across segments, plantation workers save the least.



**However, if we compare the monthly savings of each nationality against their monthly income, we discern different trends.** The workers from Myanmar and India, who have the lowest monthly savings on a nominal basis, actually have the highest savings rate (Figure 15). The Chinese, who have the highest nominal savings, have the lowest savings rate (23%). When comparing segments, workers from Indonesian and Bangladeshi have a higher savings rate (+11%) than their counterparts in the urban segment. One of the reasons for this difference in savings rate could be the lower cost of living in plantations as well as fewer opportunities to spend money due to the remote location of plantations.

**The mean savings per month for men is slightly higher than women's monthly savings.** Nevertheless, the difference is negligible (RM563 for males vs. RM553 for females). If we look at the mean income/salary, women who earn more than men (RM1,488 vs. RM1,329), actually save 5% less of their monthly income than men (women save 37% of their income and men 42%).

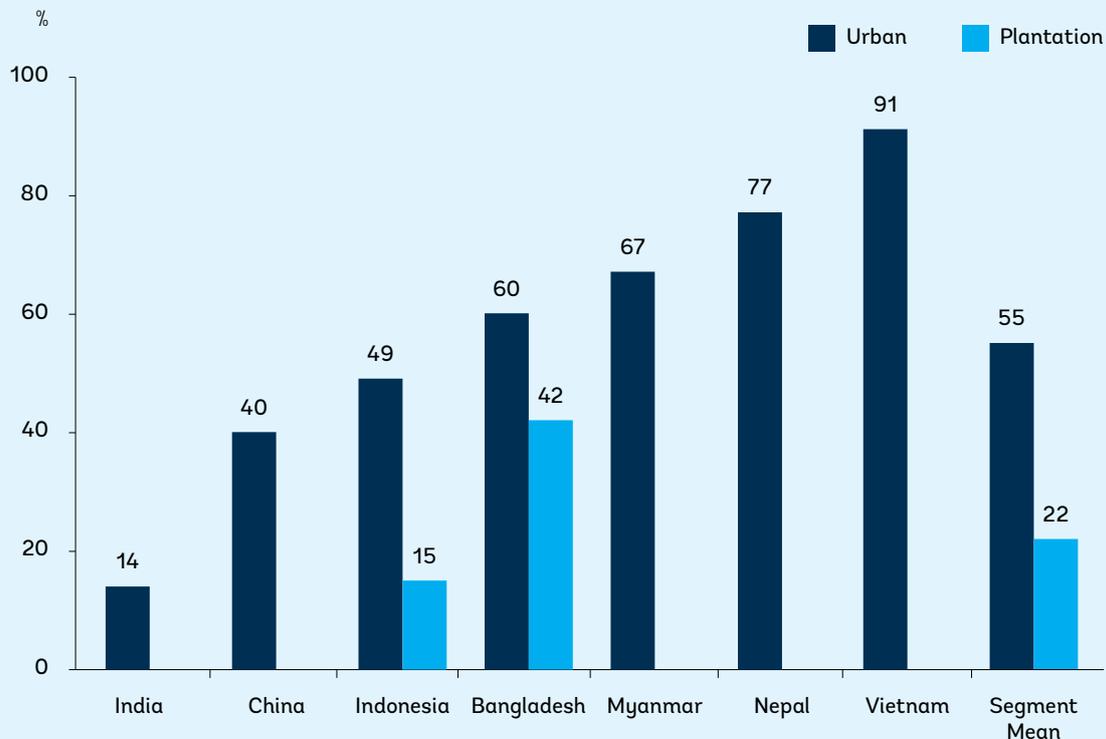


## Banking products and services

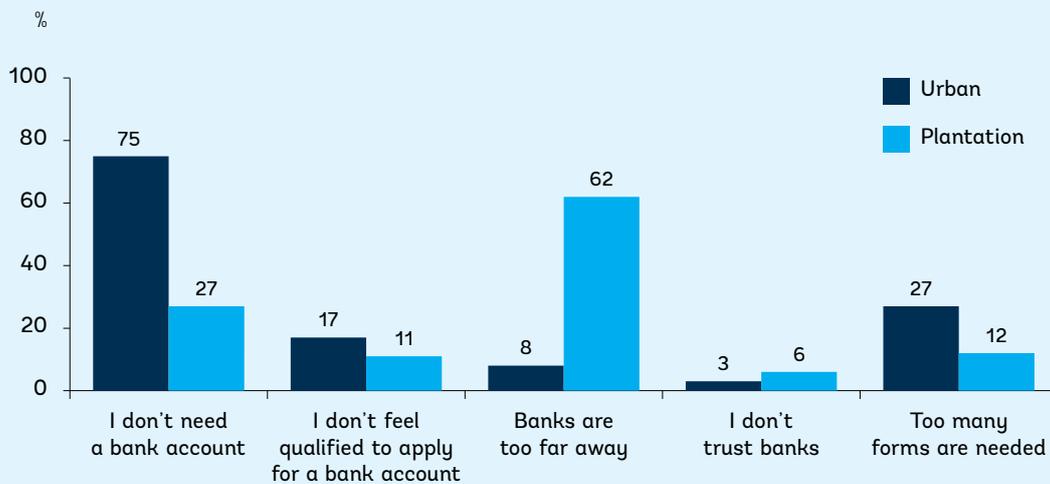
About 55% of the migrant workers in the urban segment and 22% of the migrant workers in the plantation segment have a bank account (Figure 16). However, differences within each segment are significant. In the urban segment only 14% of the Indian migrant workers are “banked” which contrasts sharply with the Vietnamese migrant workers who, with 91%, are highly banked. The fact that wages for plantation workers are mostly paid in cash, combined with the remote location of plantations, which are further from banks, seem to be factors that impact bank account ownership as shown in the discrepancy of bank account ownership percentages between Indonesian and Bangladeshi workers in both segments.

Those respondents without a bank account were asked about the reasons for not having one (Figure 17). In the urban segment the number one reason for not having a bank account is simply that migrant workers do not have a need for one. In the plantation segment, migrant workers state that the distance to banks is the main reason for not having a bank account. It is interesting to see that there is no trust issue with banks. Those who do not feel qualified to open a bank account claim they cannot do so because they do not have the proper documentation (70%), their salary is too low (33%) or they cannot meet the required minimum balance.

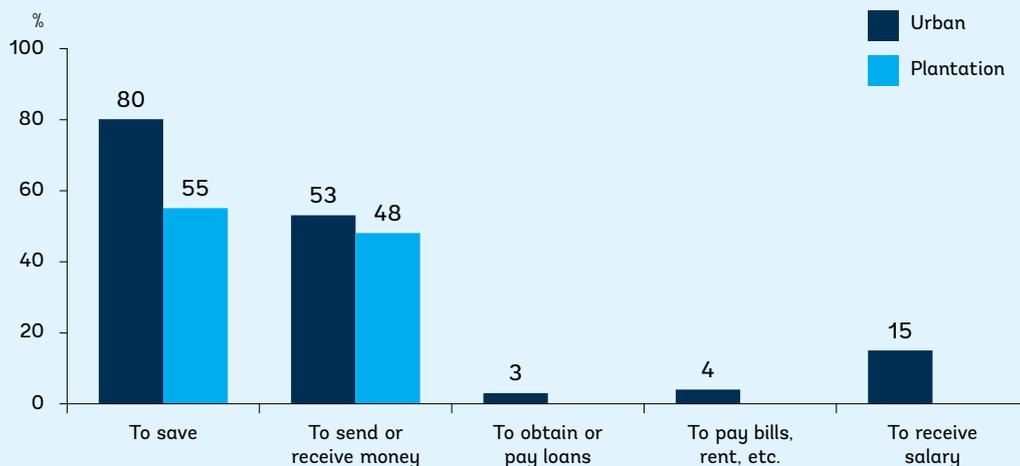
**FIGURE 16. Bank account ownership by nationality and segment**



**FIGURE 17. Reasons for not having a bank account in Malaysia**



**FIGURE 18. Purpose of having a bank account**



Those who have a bank account mainly use it to save money and this trend is stronger with urban migrant workers than plantation migrant workers (Figure 18). Using the bank account to remit or receive money comes second but only half of the migrant workers do so. As a result, only one out of four urban workers and one out of ten plantation workers use banks to remit money<sup>8</sup>. Hence, the vast majority of migrant workers use other regulated or unregulated channels to remit money. A more detailed discussion in this regard follows below.

Urban workers predominantly opt for a telegraphic transfer when remitting money via their bank accounts whereas plantation migrant workers prefer account to account services. Only 20% of workers in both segments use online banking while the use of bank cheques in the plantation segment is negligible.

<sup>8</sup> Bank account ownership for Urban/Plantation workers is 55 percent/22 percent respectively. Half of these use their bank account to remit money.

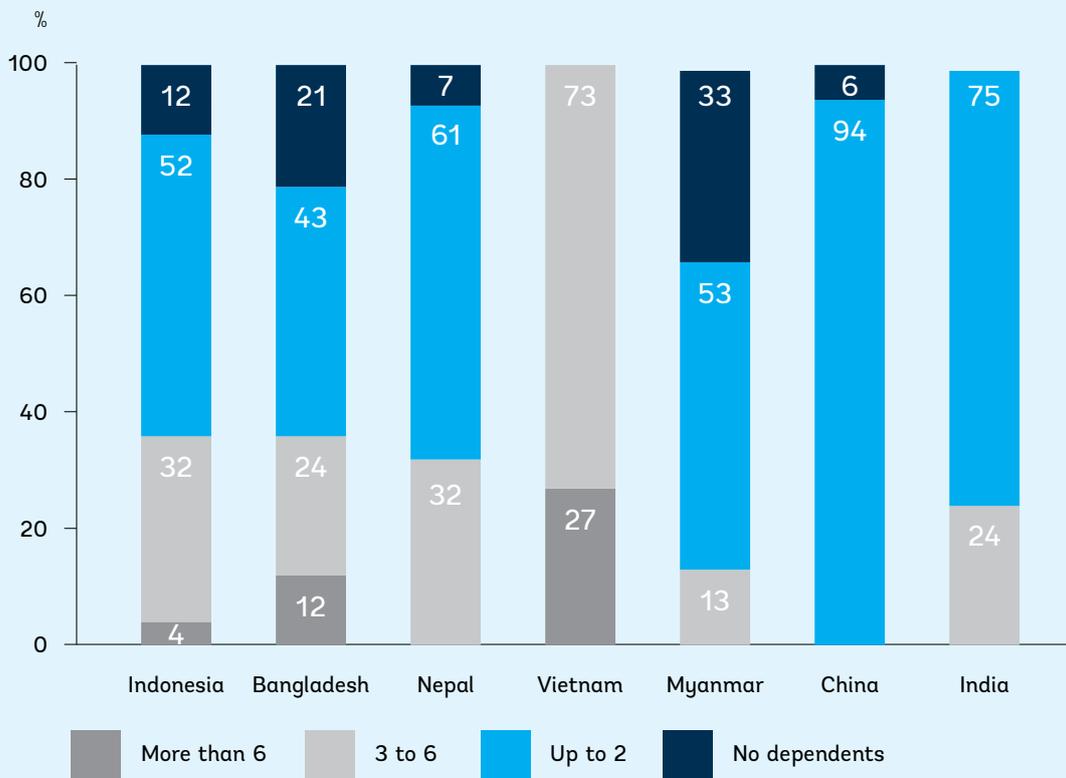
# Remittance Behaviours: Purpose, Flows and Needs

**Sending money to the origin country is a transnational activity, which typically characterises the migration experience.** The analysis of remittance transfers helps us to understand the level and depth of migrants' labour market integration at destination and of their connection with the origin households, which directly influence the frequency, amount and regularity of remittance flows.

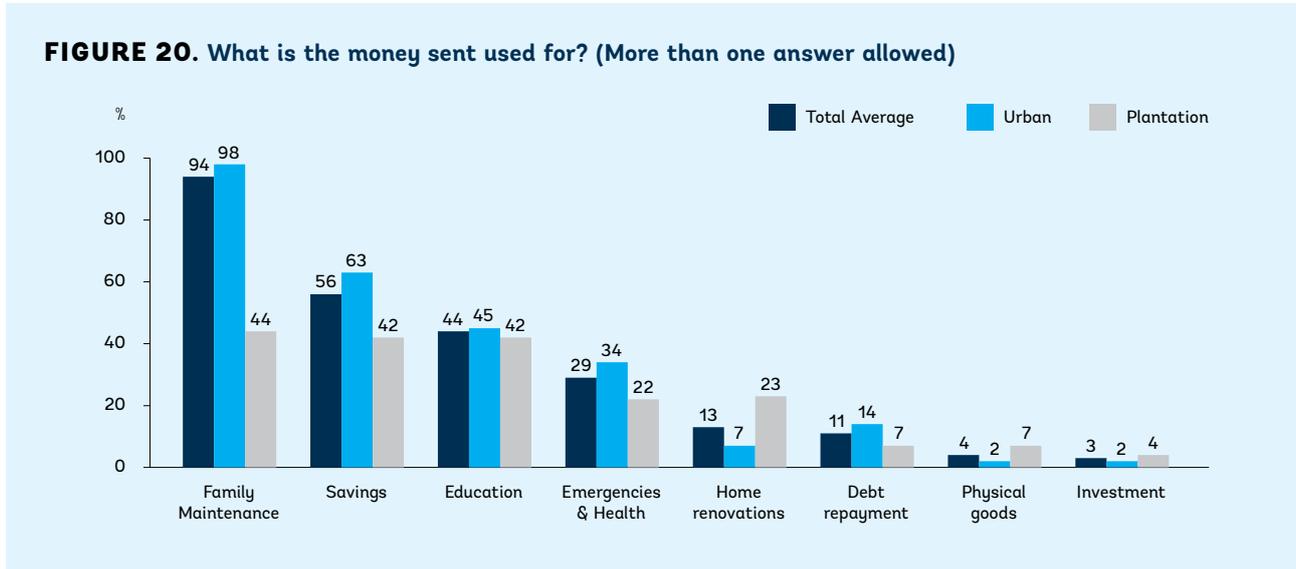
## Number of recipients and motivations

**When the Nepalese, Vietnamese, Myanmar and Indian migrant workers remit money, they all do so to support their dependents.** They also have the highest average number of dependents since a percentage of other nationalities do not have any dependents (Figure 19).

**FIGURE 19. Number of dependents by nationality**



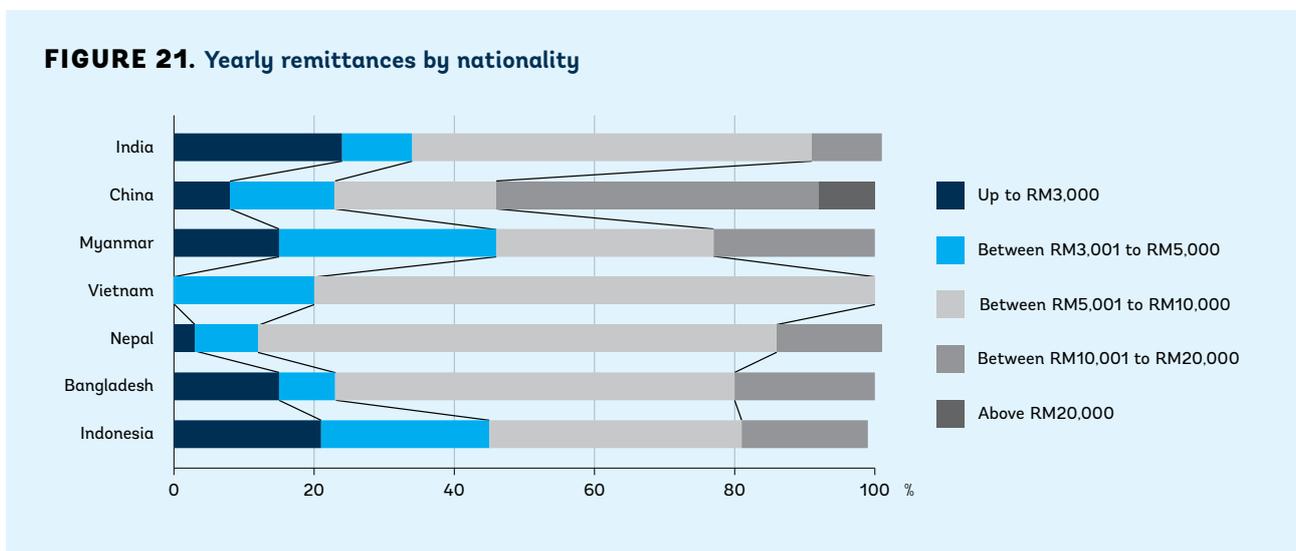
As Figure 20 shows, respondents were asked what the remitted money was used for. Consistent with many other surveys, family maintenance is the main reason, followed by savings, education and health (Figure 20).



## Characteristics of remittance flows

### Yearly remittances by nationality

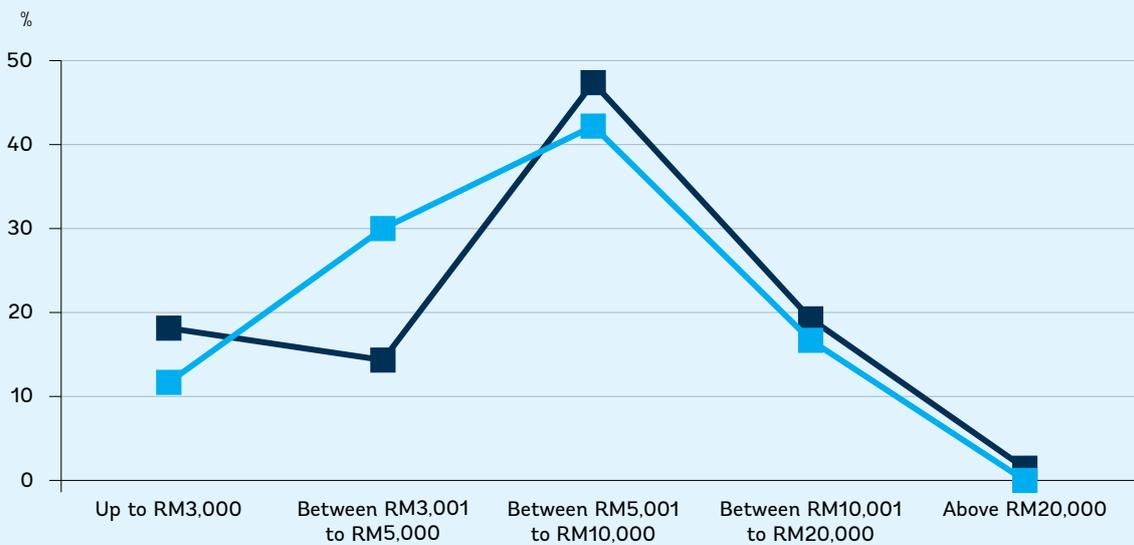
With the exception of the Chinese migrant workers, most migrant workers remit between RM5,000 - RM10,000 on a yearly basis (Figure 21). This corresponds with the monthly savings rate of RM556 across segments, or RM6,678 savings per year. The Chinese migrant workers is the only group with almost half of the respondents remitting between RM10,000-RM20,000 per year and is also the only group where 8% are remitting more than RM20,000 per year. With a monthly income of RM3,833 they earn substantially more than the average in the urban segment (RM1,544) and even though they have the lowest savings rate (23%), they still remit the most in total, based on the average yearly remittances across the remittance brackets.



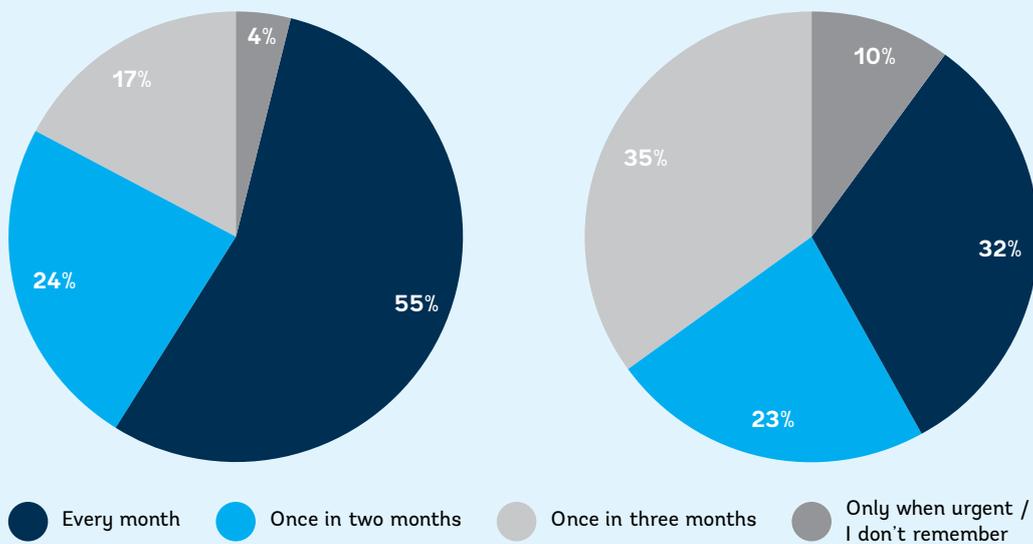
## Gender distribution in yearly remittances

With the exception of the RM3,000 - RM5,000 segment, women migrant workers, on average, remit less than men on a yearly basis (Figure 22). Based on the survey data women migrant workers, on average, earn 12% more (W: RM1,488 vs. M: RM1,329) but save 5% less (W:37% vs. M: 42%) and remit 14% less than men migrant workers.

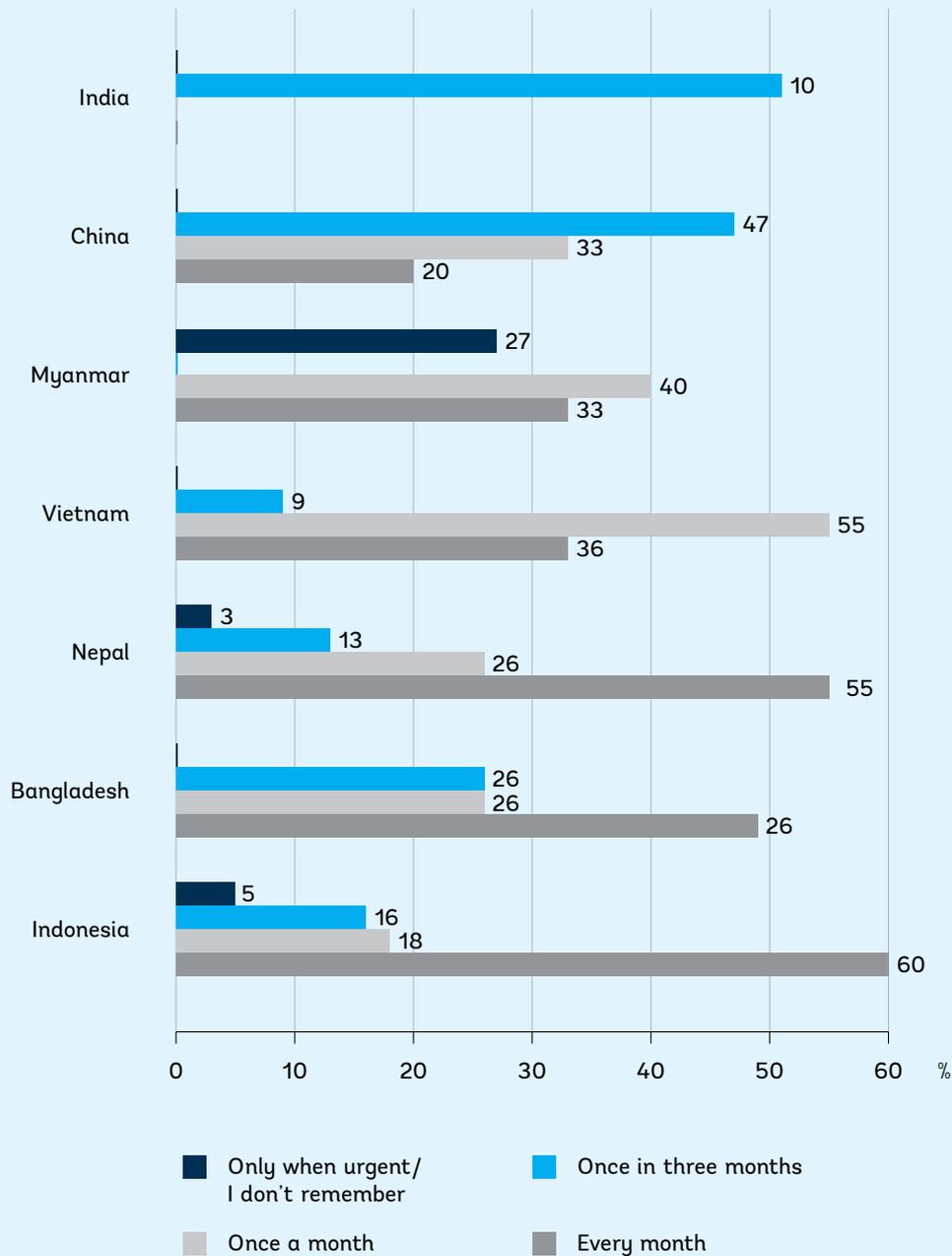
**FIGURE 22.** Yearly remittances by gender



**FIGURE 23.** Frequency of remittances by segment (all nationalities)



**FIGURE 24. Frequency of remittances by nationality**



## Frequency of remittances by segment and nationality

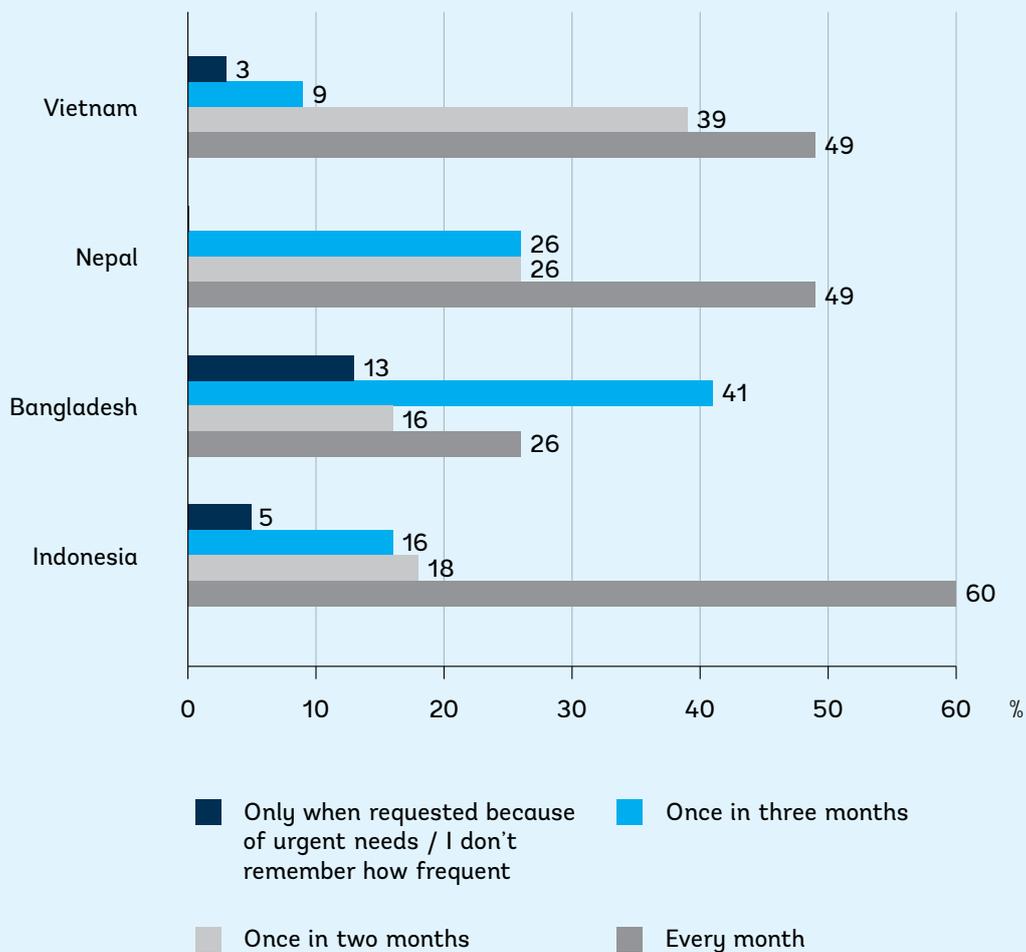
When measuring the frequency of remittances per year, nationalities of migrant workers behave differently within segments. In the urban segment, the dominant frequency of remittance is monthly (Figure 23) for Indian, Indonesian, Bangladeshi and Nepalese migrant workers but only once in three months for Chinese migrant workers, and once in two months for Vietnamese and Myanmar migrant workers (Figure 24).

If we compare the Indonesian and Bangladeshi migrant workers in the urban and plantation segments, we can see that they behave differently as well (Figure 25). Indonesians in the plantation segment remit less frequently than their colleagues in the urban segment (41% remit only once every three months whereas in the urban segment, 60% of the Indonesians remit every month).

About 50% of Bangladeshis remit monthly and there is no difference among segments. However, the share of Bangladeshis in the plantation segment remitting once in two months is higher than in the urban segment (39% vs. 26%). Interestingly, the group of Bangladeshi migrant workers who remit only once every three months is three times as large for the urban segment than in the plantation segment (26% vs. 9%).

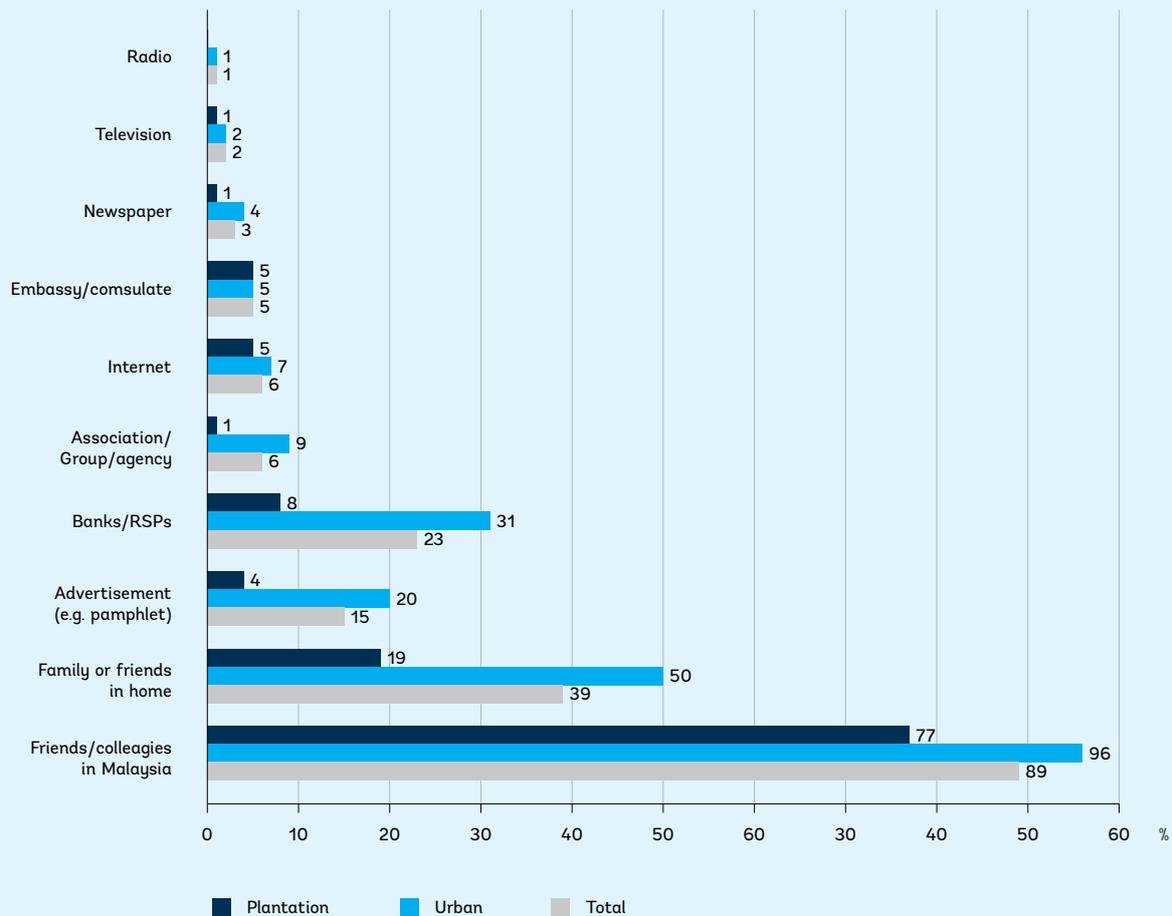
The receivers can have a role to play in deciding which remittance channel and product to use

**FIGURE 25.** Frequency of remittances by Indonesian and Bangladeshi migrant workers in both segments



# Main remittance channels used

**FIGURE 26.** Source of information in choosing main remittance channel



## Source of information on remittance channels

**Word of mouth has always been the main source of information on remittances and the survey results confirm this phenomenon (Figure 26).** It is interesting to note that the second most popular source is “family or a friend in home country” which shows that receivers can have a role to play in deciding which remittance channel and product to use.

## Regulated versus unregulated remittance channels

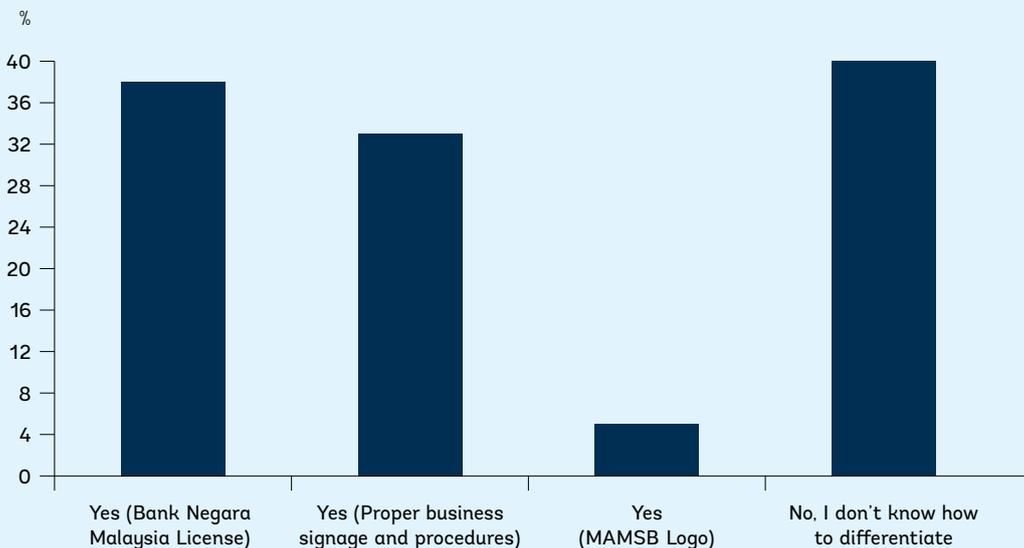
### Awareness of differences between regulated non-bank remittance channels and unregulated remittance channels

Respondents were asked whether they were able to distinguish regulated from unregulated channels by inquiring about their knowledge on the specific characteristics of a regulated channel. First of all, regulated remittance channels are required to display a license from Bank Negara Malaysia at their premises. Secondly, they need to have proper business signages and procedures (e.g. issuance of receipt). Thirdly, for regulated non-bank remittance service providers, they are required to display the Malaysian Association of Money Services Business (MAMSB) logo (Figure 27).

**FIGURE 27.** Malaysian Association of Money Services Business (MAMSB) logo



**FIGURE 28.** Level of understanding to differentiate between regulated non-bank remittance channels from unregulated remittance channels

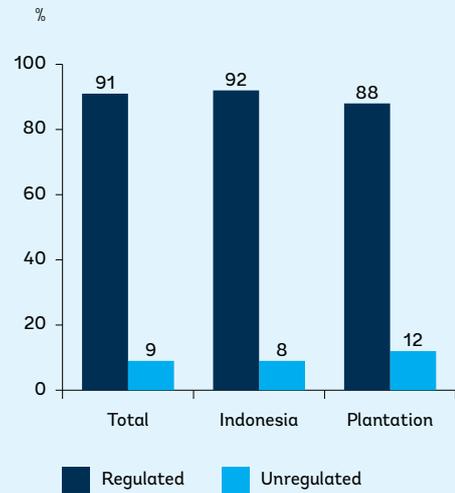


A rather large group of respondents (40%) replied that they did not know how to differentiate regulated from unregulated remittance channels (Figure 28). 38% of the remaining respondents knew that a Bank Negara Malaysia license is required, 33% acknowledged the requirement of proper business signage and procedures and a mere 5% were aware of the MAMSB logo requirement for non-bank remittance service providers. Clearly, there is a huge opportunity for education campaigns to increase awareness about characteristics of regulated remittance channels.

## Use of regulated and unregulated remittance channels

Figure 29 describes the use by workers in both segments of regulated or unregulated remittance channels. 91%<sup>9</sup> of the respondents which were part of our sample group declared to use regulated remittance channels and only 9% engaged in using unregulated channels. Regulated channels consist of banks, remittance service providers, money exchangers<sup>10</sup> and post offices. Unregulated channels include a respondent's friend or employer, chalo, hawaladar or someone trustworthy recommended within the respondent's network. The use of unregulated channels is higher in the plantation segment (12% vs. 8%), although the difference is not significant.

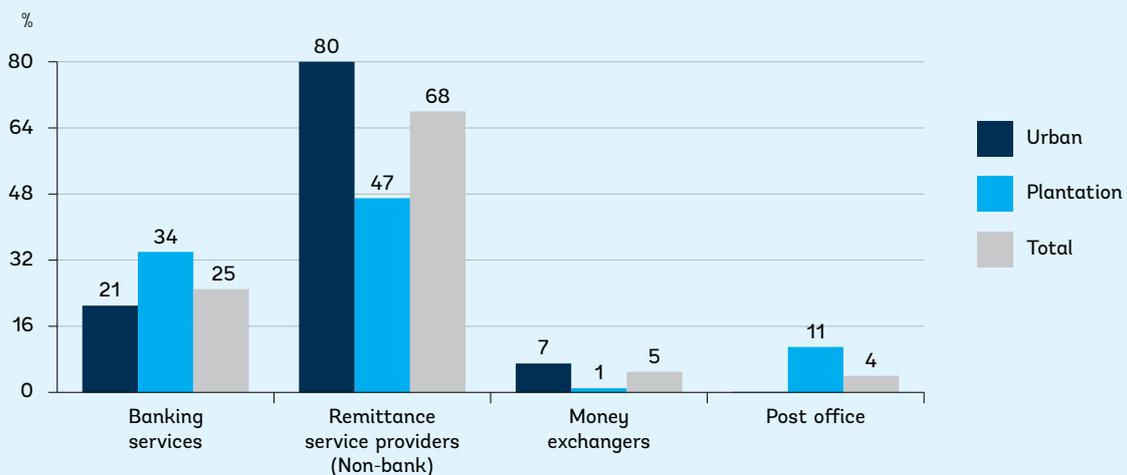
**FIGURE 29.** Use of regulated vs. unregulated channels in total and by segment



When we look at the breakdown of the type of regulated channel used per segment, we see that the main method of sending money abroad is through remittance services providers, followed by banking services (Figure 30). Money exchangers and post offices are used by less than 5% of the respondents.

When comparing segments, we notice that remittance service providers are almost twice as popular in the urban segment than in the plantation segment. Banking services on the other hand are comparatively used more in the plantation segment than in the urban segment (34% vs. 21%).

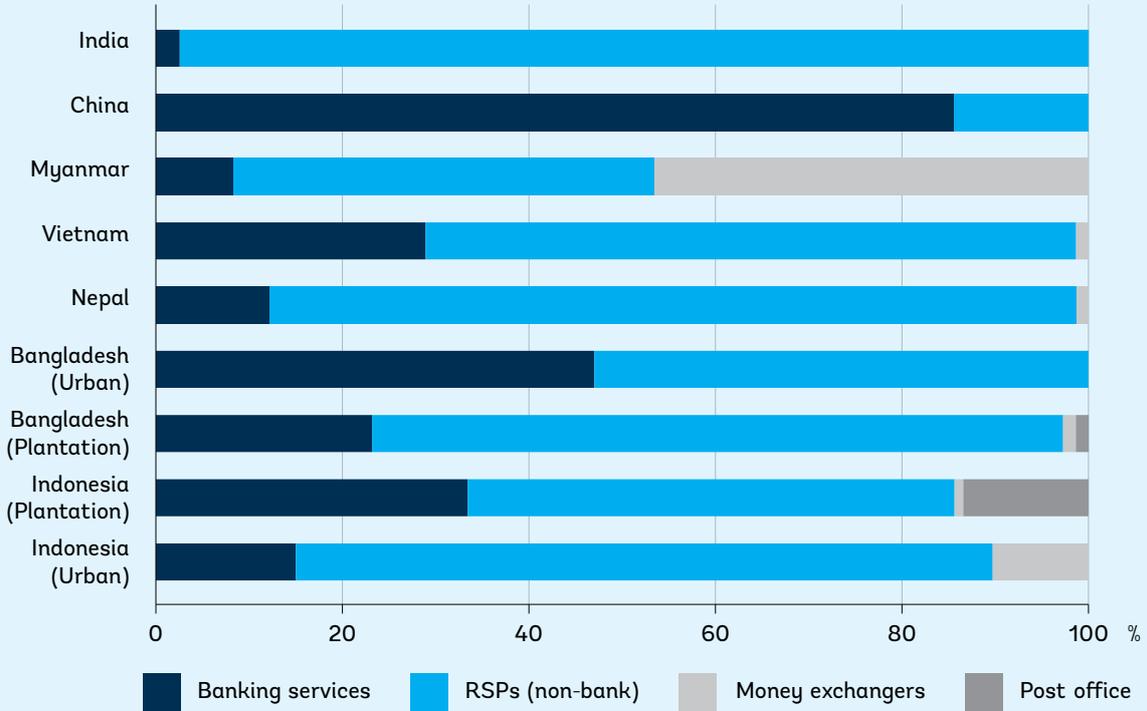
**FIGURE 30.** Use of regulated remittance channels by segment and in total



9 It is possible that this may include a percentage of migrants who may not be able to differentiate the non-bank remittance service providers and unregulated channels.

10 Money exchangers can only conduct remittance transactions as an appointed agent of authorised Remittance Service Providers under Section 42 of the Money Services Business Act 2011.

**FIGURE 31. Regulated channels: Use by nationality**



## Regulated channels: Use by nationality

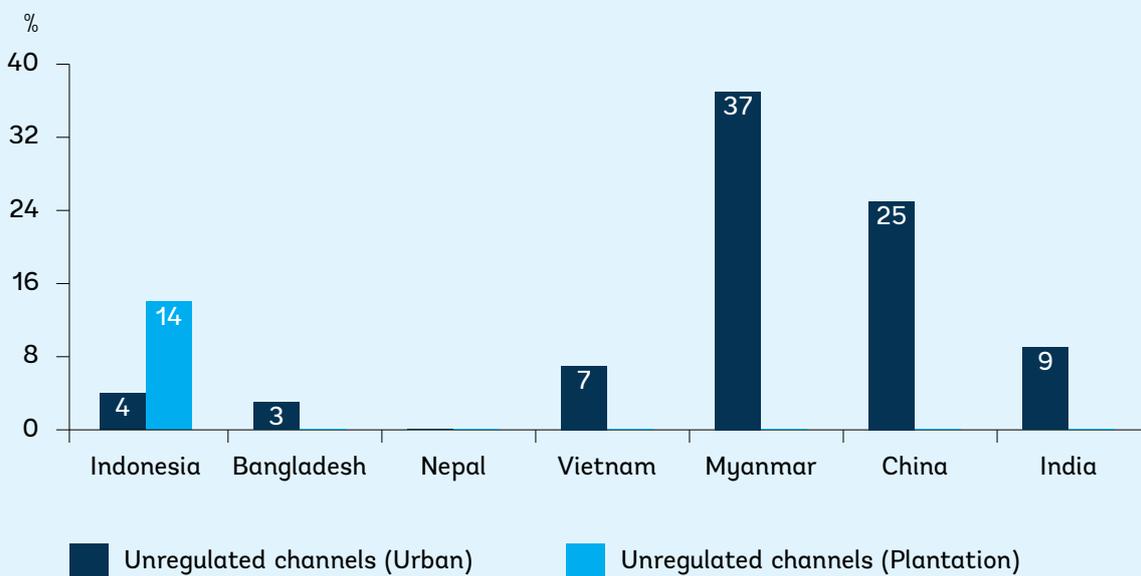
With the exception of Chinese migrant workers, most respondents prefer to remit money via regulated (non-bank) remittance service providers (Figure 31). Indonesian migrant workers in the urban segment use money exchangers (12%) as much as banking services (13%) whereas in the plantation segment, money exchangers are hardly used but workers do remit money through the post office. Interestingly, Bangladeshi migrant workers in the plantation sector use money exchangers and post offices although to a limited extent, while these channels are completely absent in the urban segment.

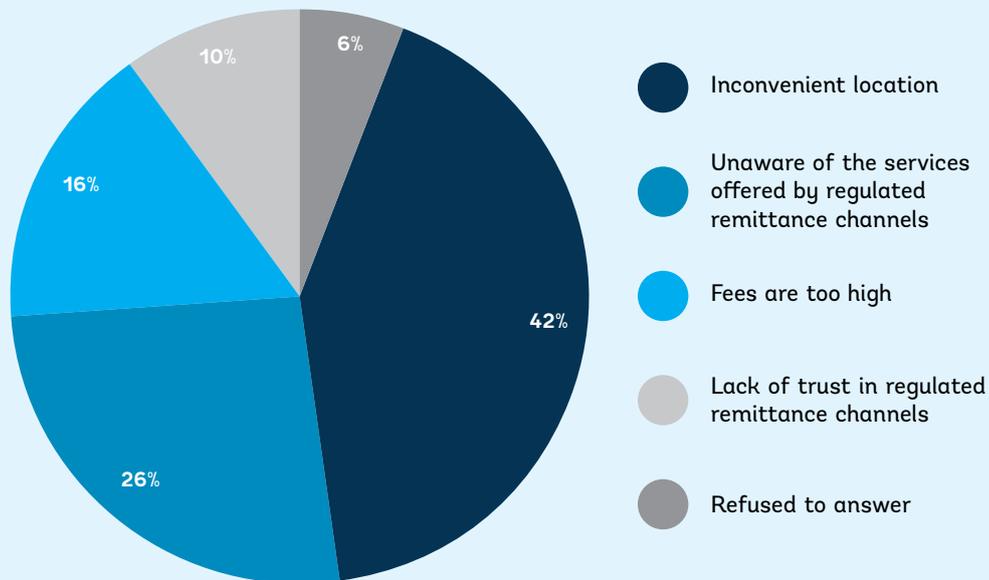
## Unregulated Channels: Use by nationality

The use of unregulated channels is highly dependent on the nationality and segment (Figure 32). In the urban segment, 37% of the migrant workers from Myanmar send money abroad through unregulated remittance channels, followed by the Chinese (25%), Indians (9%) and the Vietnamese (7%). When comparing nationalities across segments, Indonesian plantation workers are more than three times likely to use unregulated channels than their counterparts in the urban segment. The use of unregulated channels by Bangladeshi migrant workers is low in the urban segment (3%) and drops to zero in the plantation segment. Based on the small sample size, the Nepalese workers are the only ones who remit money exclusively through regulated remittance channels.

Earlier we mentioned that 91% of the respondents are already using regulated channels to remit money and 9% use unregulated channels. These numbers are reflective of the surveyed sample group only. During the survey, our interviewers were careful to not to inquire about the legal status of the migrants since this would have resulted in answers from legal migrants only since illegal migrants would not have wanted to participate out of fear. Due to the vast majority of the respondents using regulated channels, it could be argued that our sample group consisted mainly of legal migrants. Nevertheless, it is insightful to know the reasons why the 9% of our sample group use illegal remittance channels to inform approaches and activities in persuading this group to use regulated channels.

**FIGURE 32. Use of unregulated remittance channels by nationality and segment**



**FIGURE 33.** Reasons for not using regulated remittance channels

Those respondents who were using unregulated channels to remit money were asked about their reasons for doing so. 29% of them replied that they did not have the relevant documentation to use regulated remittance channels. When asking the remainder about their reasons (Figure 33), the majority said the location of the regulated remittance channels is inconvenient (too far away). Hence, bringing regulated remittance services closer to these respondents could persuade them to switch to using regulated remittance service providers.

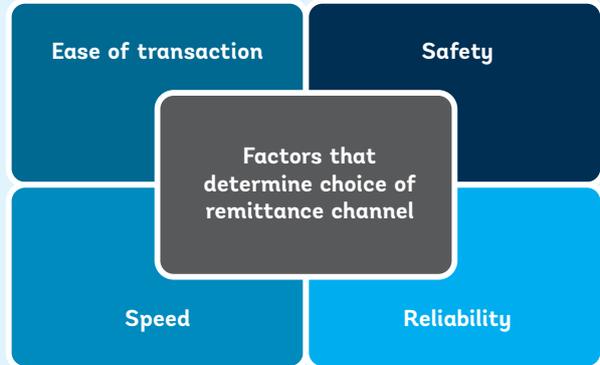
About a quarter said they simply were not aware of the remittance services offered by regulated remittance service providers. Of those who were aware of the regulated remittance services, 16% said the fees were too high while 10% did not trust the services. Here, awareness campaigns regarding services offered by regulated remittance channels, costs and reliability could help these respondents make a more informed choice when choosing a remittance channel.

## Factors that determine the choice of remittance channel

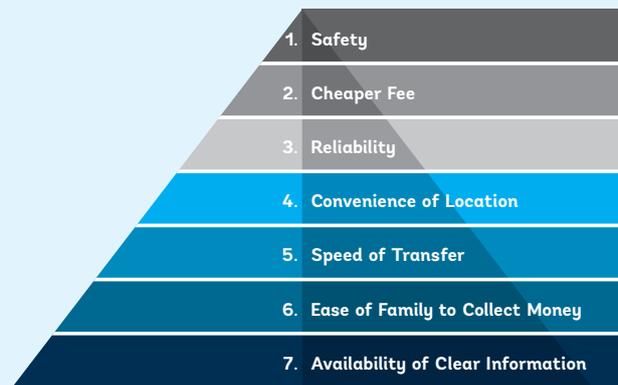
Figure 34 states the four most important factors cited by respondents based on their selected remittance channel.

When asked what would make respondents switch from their most used remittance channels, the answers were uniform across segments. Safety is the main concern for remitters since transactions typically involve hand-carried cash. Respondents are, of course, looking for the lowest remittance fees and are also concerned that the money always reaches its destination (Figure 35). Convenience of location is important as well, especially for plantation workers (Figure 36). 77% of the urban workers have access to a remittance channel within 5 km from their residence whereas 66% of the plantation workers only have access to a remittance channel over 5 km away from their residence. In fact, 24% of plantation workers mentioned they need to travel 30 km or more to gain access to a remittance channel.

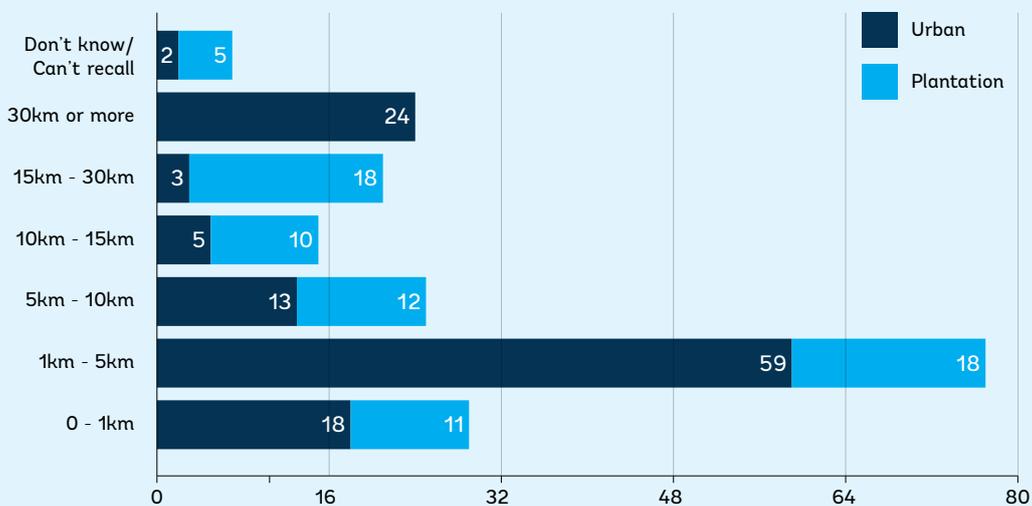
**FIGURE 34.** Factors determining choice of remittance channel



**FIGURE 35.** Factors influencing switch in remittance channel



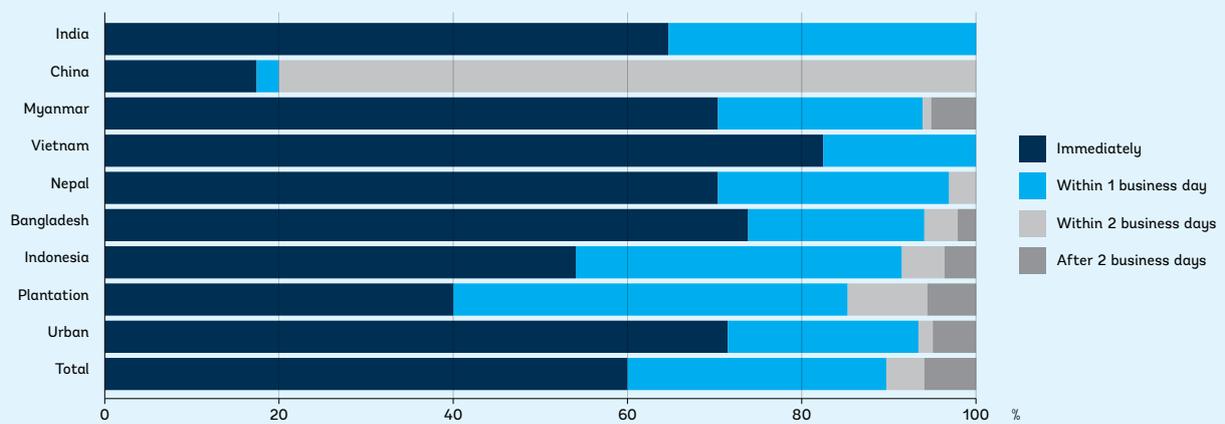
**FIGURE 36.** Distance from worker's residence to nearest remittance channel



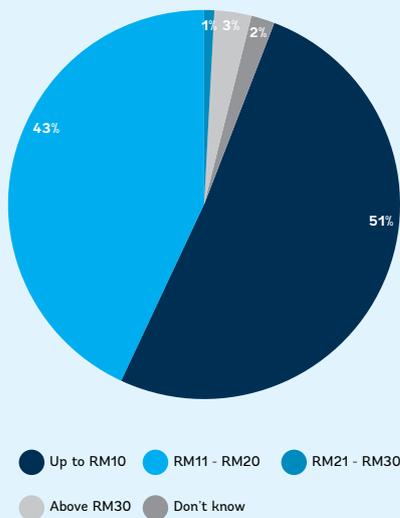
Since the main reason for remittances is family maintenance/purchase of food, the speed of remittance services is a basic requirement for most migrant workers. All remittance channels provide fast remittance speed and typically the recipient would receive the money within one business day.

Related to this basic need of speedy remittances is the ease of collection by the family/dependents. Hassle-free, straightforward collection of the transferred money is important when selecting the remittance channel, together with the availability of clear information on fees, transfer speed and collection procedures. Those who specifically opt for a slower remittance speed may do so because a lower remittance cost outweighs the importance of speed (Figure 37).

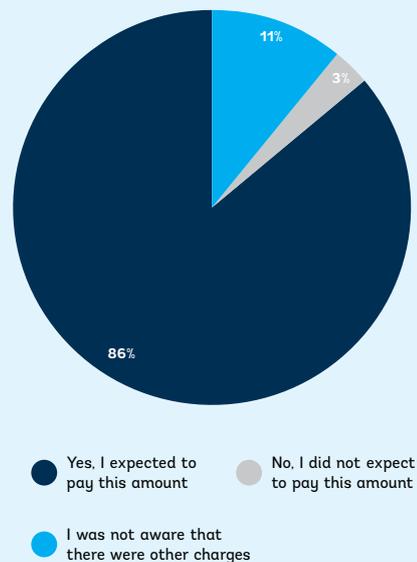
**FIGURE 37. Length of time taken for recipients to receive money (by nationality and segment)**



**FIGURE 38. Transaction fee**



**FIGURE 39. Expectation of remittance costs**



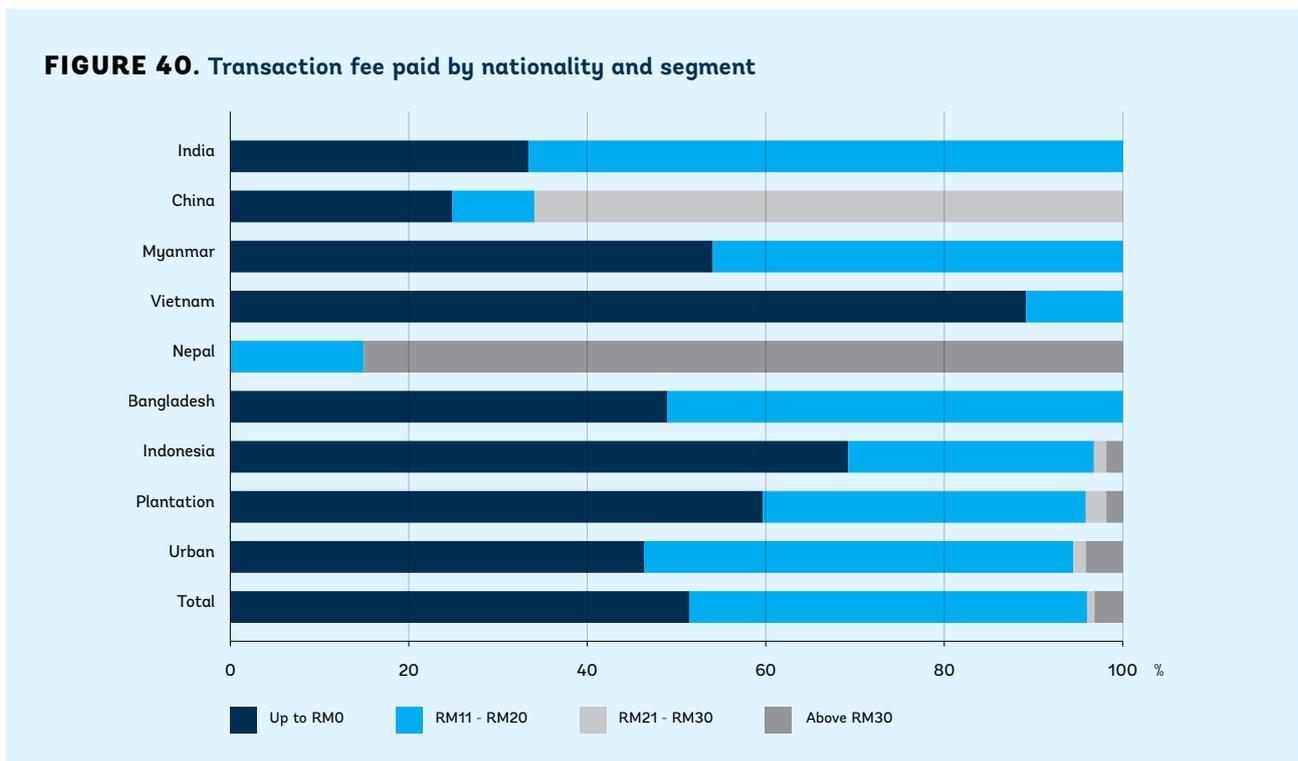
# Perceptions of transaction fees and awareness of remittance cost components

**Remittance cost consisted of transaction fee, exchange rate cost, receiving cost, and service tax.** Through the survey, respondents were questioned to understand their perceptions of costs associated with remittance transactions. They were asked to estimate the transaction fee for each average remittance transaction in Malaysian Ringgit excluding other cost components (Figure 38).

**Across both segments 94% of the respondents pay a transaction fee of RM20 or less, with half paying RM10 or less (Figure 39).**

## Transaction fee

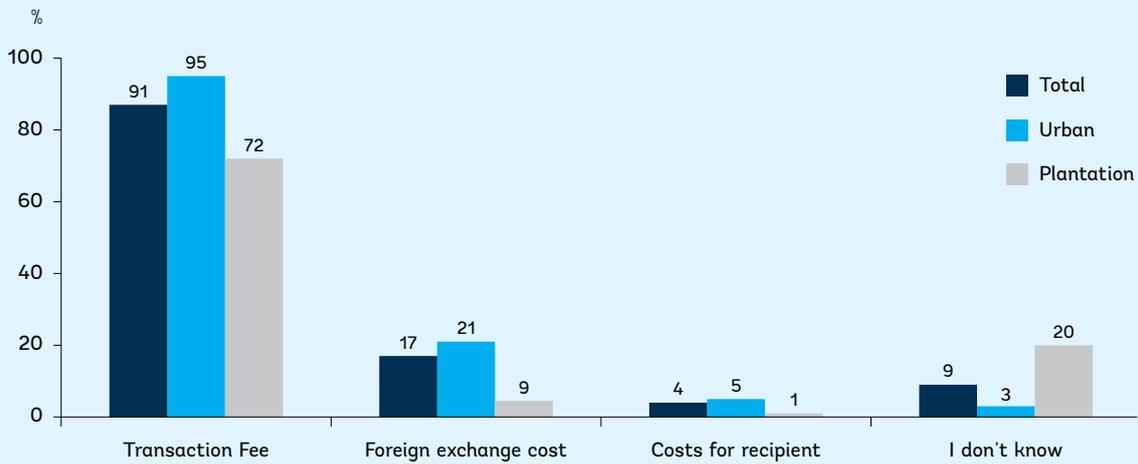
**The percentage of plantation workers that pays RM10 or less for the transaction fee is larger than that of the urban workers.** In general, Indonesian migrant workers pay less than other nationalities with 70% paying RM10 or less. The Chinese migrant workers, followed by the Vietnamese, pay the most per transaction. However, as mentioned above, the Chinese migrant workers remit the highest amount on a yearly basis among all surveyed nationalities. When remitting larger amounts, transaction fees typically increase as well, which explains why the Chinese migrant workers on average pay more than others (Figure 40).



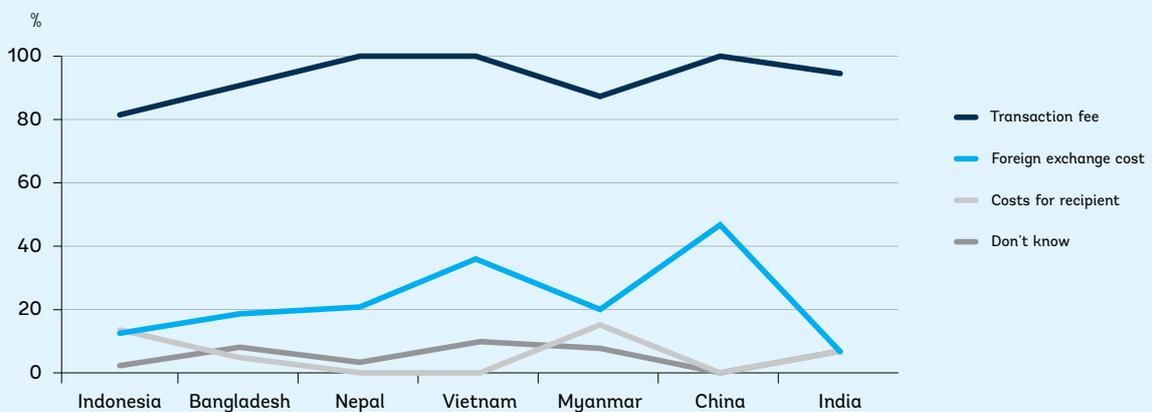
## Awareness of remittance cost components

When asked about the different components of the total remittance cost, most workers mentioned the transaction fee but only a minority was aware of the other components such as the costs related to foreign exchange and costs charged to recipients of the remitted amount. The urban workers were more aware than the plantation workers about the cost components (Figure 41). Only 3% of the urban workers were not aware of the cost components compared to 20% for plantation workers. The Vietnamese and Nepalese migrant workers are the best informed and are aware of all cost components. The Indonesian migrant workers in the plantation segment are the least informed, with about 81% only having knowledge about the transaction fee and about 14% not being aware of cost components (Figure 42).

**FIGURE 41. Awareness of remittance cost components**



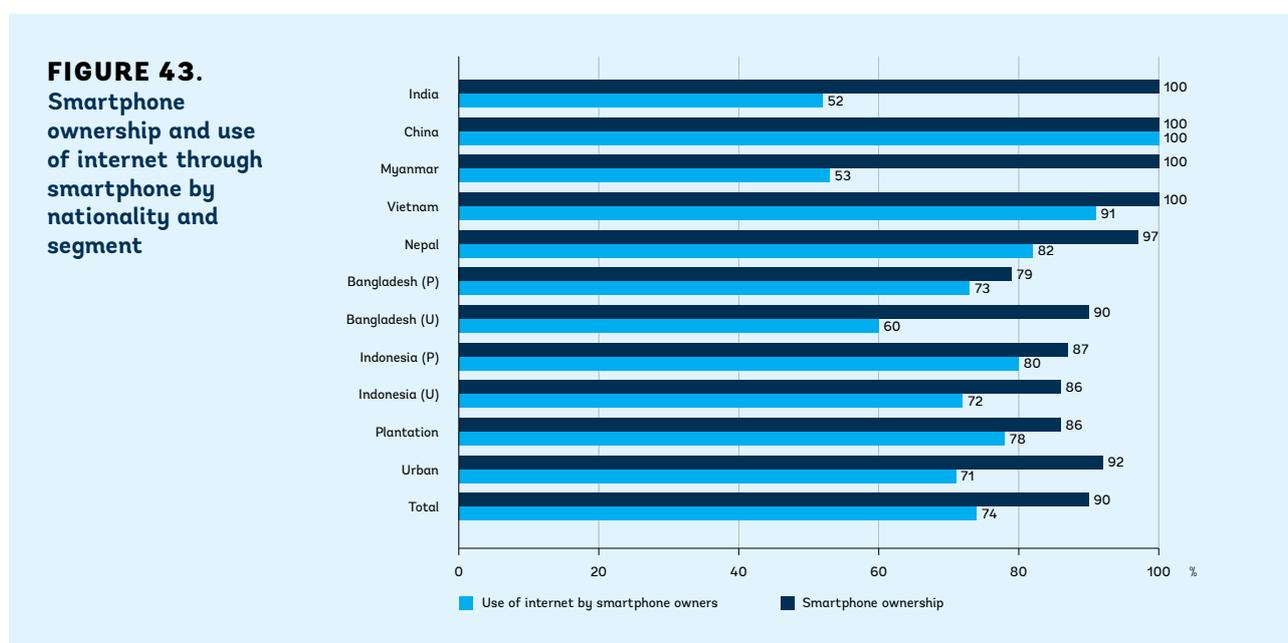
**FIGURE 42. Awareness of remittance cost components by nationality**



# Migrants' use of information and communication technologies

## Smartphone ownership by migrants and access to internet via smartphone

In 2015, 65% of Malaysians owned a smartphone<sup>11</sup>, which is the most used device to search the internet (52%), followed by the computer (36%) and the tablet (12%). Within Southeast Asia, Malaysia is the country with the highest internet penetration. According to World Bank's 2014 figures, close to two-thirds of Malaysia's population has internet access<sup>12</sup>. 86% of smartphone users research products and prices on their smartphone<sup>13</sup>. According to a survey conducted by Google & TNS, 35% of Malaysian smartphone users solely depend on their smartphones for all internet access. This figure is estimated to be the highest in the world, making Malaysia the top country when it comes to internet access exclusively via smartphones.



The questionnaire included questions on migrants' ownership of smartphones and use of internet through their smartphones (Figure 43). Smartphone ownership among migrants (74%) is higher than the national smartphone penetration percentage, and 90% of migrants use their smartphones to access the internet. This is particularly relevant as this may encourage new types of remittance services which are available via the internet or are based on other new technologies. In addition, this will make communication with remittance senders easier and present the right conditions for initiatives regarding app-based remittance price transparency tools.

Figure 43 displays the smartphone ownership among different nationalities across segments. Migrant workers from India and Myanmar have the lowest percentage of smartphone ownership. The Chinese migrant workers, together with access to the internet via the smartphone, have the highest smartphone ownership percentage (100%).

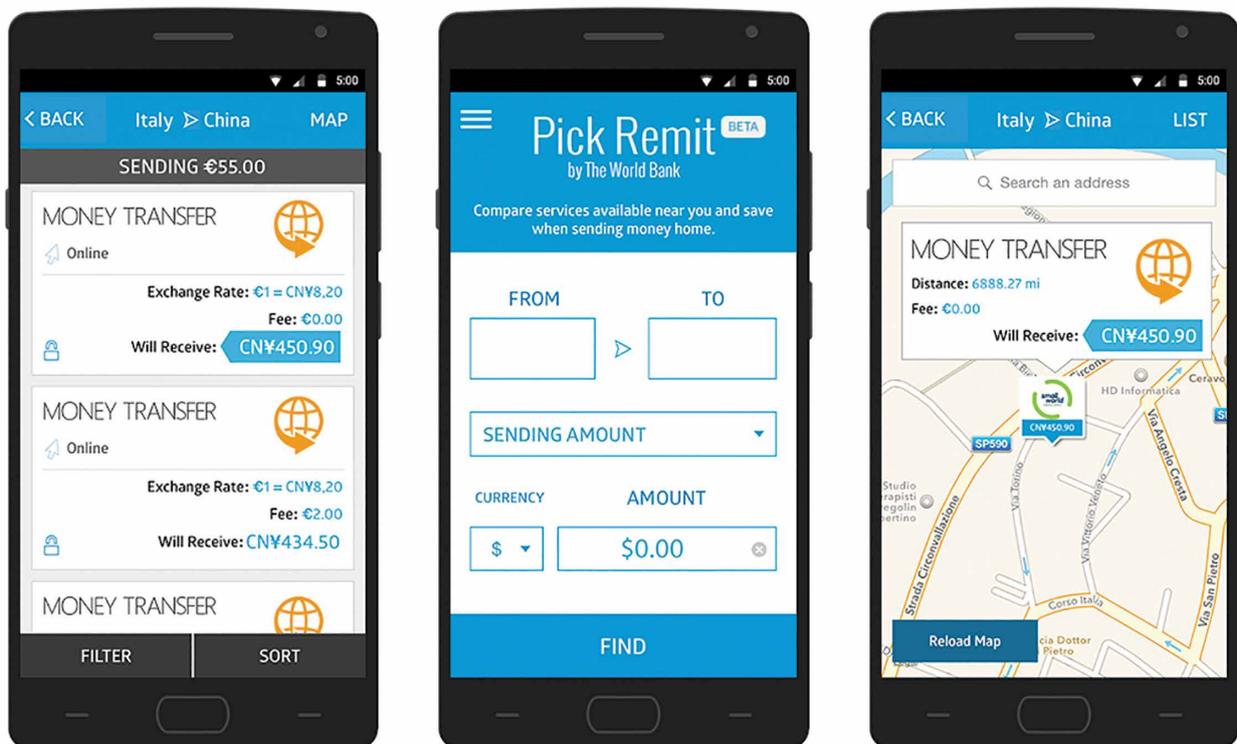
11 <http://www.pewglobal.org/2016/02/22/smartphone-ownership-and-internet-usage-continues-to-climb-in-emerging-economies/>  
 12 <http://data.worldbank.org/indicator/IT.NET.USER.P2>  
 13 [www.shockmediastudio.com](http://www.shockmediastudio.com)

## Pick Remit app

**Pick Remit, which is a part of Project Greenback 2.0, is a smartphone and tablet app developed by the World Bank to help migrants make the best choice of services when sending money back home to their families.** Pick Remit helps individuals pick the international money transfer service that best fits their needs. Remitters choose how much money they would like to send to the destination country and Pick Remit tells them what are the options available in the area, the fee and exchange rate applied, and conditions of each service. By choosing the most convenience service, migrants can save and keep more money in their pockets or just send a little more.

**The survey inquired about the migrants' knowledge of this app.** Due to its recent introduction in Malaysia only 10% of the migrants had heard about this app, via word of mouth (78%), the World Bank website (13%), or a newsletter (9%). Nevertheless, when introduced to its functions most were enthusiastic and over half said they would likely use the app in their next remittance transaction.

**When asked if they would be willing to try online-based remittance methods (online banking, TT, online money order, apps), 50% said they would be willing to use these for future remittances.** Half preferred online banking over telegraphic transfers (30%), online money order (25%) and other remittance apps (15%).





## CHAPTER 3

# Conclusion

**This survey, which was conducted as part of Greenback 2.0 in Johor Bahru, Malaysia, provides a detailed overview of the financial and remittance habits of migrant communities working in the urban area of Johor Bahru and on plantations outside the city centre.** An investigation into the income and savings habits of these migrant communities has provided useful conclusions on their financial inclusion levels and highlighted the extent to which respondents are able to support their dependents in their home country.

The findings obtained outline a number of significant observations across nationalities and location of employment (urban or plantation). The findings can be grouped in three main areas:

- Income, savings and financial inclusion
- Remittance behaviours
- Use of information and communication technologies

**The level of financial inclusion/bank account ownership at 22% is very low for plantation workers. At 55%, urban workers fare better but it is clear that there is a long way ahead for a 'high level of financial inclusion' of migrant workers**

## Income, savings and financial inclusion

**The average income of urban workers is 46% higher than the average income of plantation workers.** The Chinese are the highest earners, with an income that is three times as much as the lowest earners the Indian workers. Higher education levels are positively correlated with higher incomes but workers who have a secondary school level education do not earn much higher incomes with further education due to the fact that the type of work performed by migrants typically does not require a skill set above a secondary school education.

**Almost all of the respondents have savings, and the monthly average savings for plantation workers is RM578, slightly higher than the average for plantation workers (RM535).** However, the savings rate of the latter is 11% higher

than that of urban workers, which can mainly be attributed to the lower cost of living at remote plantations.

**The level of financial inclusion/bank account ownership at 22% is very low for plantation workers.** At 55%, urban workers fare better but it is clear that there is a long way ahead for a 'high level of financial inclusion' of migrant workers. A number of reasons explain the low level of bank ownership: certain workers cannot comply with the basic requirements to open a bank account due to a lack of proper documentation but factors that have the biggest impact are salary payments in cash and the remoteness of plantations, making traveling to banks not only hazardous (cash is carried on one's person) but also a time-consuming undertaking, especially for plantation workers.

## Remittance behaviour

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**The purchase of basic necessities to support dependents in the home country is the main reason for remittances.** Remittances are generally sent on a monthly basis and on a yearly basis, most respondents remit between RM5,000 and RM10,000. Women, even though earning 12% more than men, save 5% and remit 14% less than men.

**94% of the respondents pay a transaction fee of RM20 or less.** Apart from this transaction fee, workers are less aware of the other cost components of the total remittance costs, such as the foreign exchange cost and costs charged to the recipient.

**91% of the respondents use regulated channels to remit money and the most popular regulated channel is remittance service providers which are used by two thirds of the respondents, whereas banks are only used by one third.** Money exchangers and post offices play a marginal role in migrant remittances.

**The determining factors when choosing a remittance channel are the same among all respondents:** safety, ease of transaction, speed and reliability are key but when choosing the channel (regulated or unregulated), price, trust and convenience of location are also important.

## Use of information and communication technologies

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**Smartphone ownership and internet use via smartphone is very high across the sample.** Therefore, this can be a very powerful vehicle for promoting transparency and services built on new technologies. E-wallet services for migrants, allowing online remittances instead of going through traditional channels is expected to assume a more important role in future. Market players who invest in educating their consumer base, providing reliable and competitive services and creating trust stand to gain a sizeable market share of remittances.

## Policy insights

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**The survey was able to provide valuable insights for regulators in developing impactful policies.** Embracing technology can be an effective way to address the low level of financial inclusion among migrant workers, with significant potential to capitalise on the high penetration of smartphone and internet access among migrant workers. Regulators can encourage more innovative means for conducting remittances such as mobile remittances. E-remittance applications can overcome geographical barriers and contain remittance costs as services are offered directly to migrants, by-passing intermediaries or illegal operators.

**As part of the initiatives to reduce remittance flows through unregulated channels, the survey highlighted various awareness gaps among migrant workers that should be reduced or eliminated.** A comprehensive education strategy should target methods for identifying authorised non-bank RSPs and emphasize the protection afforded by using regulated channels. It should also educate remitters on the total costs of remittances to help remitters make informed choices between remittance services.

**The findings further affirm the relevance of principal-agent arrangements and operation of temporary remittance kiosks which have helped to improve accessibility, particularly in rural areas such as plantations.** Agents and mobile kiosk arrangements can be a cost effective alternative to bring remittance services to the migrants in remote areas.



**CHAPTER 4**

# **Annex: From Survey Design to Fieldwork: A Methodological Note**

## The questionnaire

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**The questionnaire was drafted following alignment on the key research objectives and scope.** Most of the questionnaire closely emulated the questionnaire used in previous Greenback surveys to ensure consistency with answering the overarching objectives.

**The questionnaire was divided into the following sections:**

- **Personal background** – Demographic information to understand the respondents' background
- **Employment information** – Information about the respondents' employment in Malaysia such as length and sector of employment
- **ICT literacy** – Information about usage of Internet/ devices used in Malaysia, smartphone ownership, awareness of Pick Remit, willingness to use Pick Remit in the next transaction
- **Banking and financial background and level of financial inclusion** – Income profile (main method of receiving salary, frequency of receiving salary), saving behaviour, bank account ownership and reasons for having or not having a bank account
- **Remittance behaviour** – Methods used, reasons, and frequency of sending money to home country, knowledge of remittance costs, sources of information on remittance, challenges faced when sending money to home country
- **Awareness of unregulated remittance channels** – Awareness of how to identify unregulated channels and the risks associated with them
- **Participation in financial education training or programs** – Interest in participating in financial education training or programs, contents expected of the programs

## Training of interviewers and pilots

**All interviewers were provided with a soft copy of the questionnaire and the survey link prior to actual fieldwork.** Both materials were referred to in a comprehensive field briefing to all field supervisors. In the field briefing, the project team outlined the research objectives and requirements. All survey questions were reviewed together with the field supervisors in the field briefing to ensure that all teams are aligned in the meaning of each question and how questions should be conveyed to respondents.

**Following the field briefing, the supervisors conducted another briefing with all the interviewers by going through the questionnaire.** All the interviewers selected for this research received standardised training and have extensive experience in conducting face-to-face interviews. The survey link was provided to all interviewers to enable them to familiarise themselves with the contents of the questionnaire.

**Prior to the fieldwork, the field supervisors and interviewers conducted six pilot interviews to assess the complexity of the questionnaire and gauge the length of interview.** Feedback on the questionnaire was then provided to the project team and incorporated into the survey link ahead of the start of fieldwork.

## The fieldwork: Sampling strategy

**For the urban worker segment, the fieldwork team consisting of 11 interviewers was deployed in areas with higher migrant worker densities (e.g. near banks and bus stations).** The respondents were also intercepted in residential areas.

**The plantation worker segment sampling was directly controlled by the plantation employers who extended the invitation to the workers to participate in this research.** No quotas were imposed in recruitment, except that the workers should be from Indonesia and with a preference toward migrants from Lombok. A team of 17 interviewers conducted the interviews at locations determined by the employers.

## Feedback from the fieldwork

**At the beginning of fieldwork, the sampling was distributed across workers from Indonesia, Bangladesh, Nepal, Myanmar, Vietnam, and China.** However, Indian workers were added, resulting in a redistribution of sample sizes across nationality. The soft quotas set for blue/white collar classification; occupation industry, gender, and age were also relaxed following feedback from the interviewers that the demographic distribution of the migrant workers within the sampling areas was falling out in different proportions. Similarly, the soft quotas for gender and age in the plantation worker segment were relaxed as the plantation employers were recruiting larger groups of younger male workers.

## Data entry, cleaning and analysis

**All responses by the respondents were keyed directly into electronic data tablets with a pre-programmed survey link.** After completing several interviews, the interviewers would upload the responses into an online survey platform which stored all the raw data collected.

**The project team had access to all the data collected to do routine checks to ensure that the sample distribution was falling within acceptable ranges and that the responses are logical and of good quality.** Any responses identified as ambiguous and requiring clarification were highlighted to the field team and, if required, to the respondent through a phone call. All data cleaning was done on the online survey platform before the survey was closed for data export.

**Upon completion of the fieldwork, the data was exported from the online survey platform in SPSS.** The data was processed to produce Excel data tables for data analysis and report production.





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