GENDER DIMENSIONS OF REMITTANCES: A STUDY OF INDONESIAN DOMESTIC WORKERS IN EAST AND SOUTHEAST ASIA

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- Reducing feminised poverty;
- Ending violence against women;
- Reversing the spread of HIV/AIDS among women and girls;
- Achieving gender equality in democratic governance in times of peace as well as war.

Gender Dimensions of Remittances: A Study of Indonesian Domestic Workers in East and Southeast Asia

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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AMC</td>
<td>Asian Migrant Centre (Hong Kong SAR)</td>
</tr>
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<td>AMN</td>
<td>Asian Migration News (The Philippines)</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
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<tr>
<td>AWARE</td>
<td>Association of Women for Action and Research</td>
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<tr>
<td>BII</td>
<td>Bank International Indonesia</td>
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<tr>
<td>BNI</td>
<td>Bank Negara Indonesia</td>
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<td>BNMM</td>
<td>Bank Negara Malaysia</td>
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<tr>
<td>BRI</td>
<td>Bank Rakyat Indonesia</td>
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<tr>
<td>BSN</td>
<td>Bank Simpanan Nasional</td>
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<tr>
<td>CARAM Asia</td>
<td>Coordination of Action Research on AIDS and Mobility – Asia</td>
</tr>
<tr>
<td>DIIS</td>
<td>Dansk Institut for Internationale Studier</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
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<tr>
<td>DMT</td>
<td>Department of Manpower and Transmigration</td>
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<td>GCIM</td>
<td>Global Commission on International Migration</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<tr>
<td>GNP</td>
<td>Gross National Product</td>
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<tr>
<td>HK$</td>
<td>Hong Kong Dollar</td>
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<tr>
<td>HRW</td>
<td>Human Rights Watch</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural and Development</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>INSTRAW</td>
<td>International Research and Training Institute for the Advancement of Women (United Nations)</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
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<tr>
<td>MG</td>
<td>MoneyGram</td>
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<tr>
<td>MOM</td>
<td>Ministry of Manpower</td>
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<tr>
<td>MTO</td>
<td>Money Transfer Outfit</td>
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<tr>
<td>MTC</td>
<td>Money Transfer Company</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<tr>
<td>SAR</td>
<td>Special Administrative Region (Hong Kong)</td>
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<tr>
<td>RM</td>
<td>Malaysian Ringgit</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>Rp</td>
<td>Indonesian Rupiah</td>
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<tr>
<td>SMS</td>
<td>Short Message Service</td>
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<tr>
<td>S$</td>
<td>Singapore Dollar</td>
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<tr>
<td>TWC2</td>
<td>Transient Workers Count Too</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNIFEM</td>
<td>United Nations Development Fund for Women</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<tr>
<td>UNHCR</td>
<td>United Nations High Commission for Refugees</td>
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<tr>
<td>WU</td>
<td>Western Union</td>
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The increase in international migration has resulted in massive cash flows to countries of origin. According to ILO, the US$100 billion remitted annually by migrant workers is a larger sum than all overseas development aid, and is second only to the value of global petroleum exports in international commodity trade. Migrant remittances constitute about 10% of the GDP in countries like Sri Lanka and the Philippines, clearly establishing migrants’ contribution to development.

While sex-disaggregated data on remittances is not widely available, studies in some countries show that women contribute heftily by way of remittances to countries of origin. A study by Seddon, Adhikari and Gurung in 2002 suggests that in Nepal 25% of the GDP comes from overseas remittances. Nepalese women working abroad sent home 7.6 million rupees in 1997, 11% of the total 69 million rupees remitted. This is substantial, considering women’s concentration in the informal sector in lower paid jobs than men. These figures would also be higher if undocumented flows were considered.

Remittances have significant macro economic effects in several countries of origin, helping to cope with trade deficits, reducing pressure on local currency, reducing external debt. Remittances are also invested in the education and health of children and other family members and raise the average levels of income in countries of origin through multiplier effects.

This publication explores gender differentiated practice in earnings, savings and remittances of Indonesian women domestic workers in Malaysia, Singapore and Hong Kong SAR. It examines the role of remittances in the internal power dynamic of households and its potential for women’s empowerment within the household and community. Finally the publication makes very concrete policy recommendations to promote women migrants’ savings, gender sensitive safe, secure, convenient remittance modes, and possibilities for productive investment of women migrant workers’ remittances.

It is a potent advocacy tool that draws the attention of governments, overseas employment service providers and civil society at large to the hefty economic and social contribution that migrant workers, especially women migrant workers make to both countries of origin and employment. This together with the fact that women migrant workers are human beings with human rights calls for the promotion and protection of their human rights.

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Gender Dimensions of Remittances: A Study of Indonesian Domestic Workers in East and Southeast Asia
International labour migration (i.e. migration for work) forms a large component of international migration both in Asia and elsewhere in the world. Men have always worked beyond the national territory for economic reasons; now women are choosing to do the same. More and more women are migrating independently to realise their own aspirations and support their families or households. This ‘feminisation of labour migration’ is now a pervasive phenomenon, especially in Asia. In a number of developing countries in Asia, women migrants outnumber men migrants.

The remittances generated by these labour migrants are of particular importance in developing countries. Between 2001 and 2005, migrant remittance flows worldwide increased by 58 percent to reach about US$232 billion. Of this, developing countries received the biggest share—about US$167 billion.

Gender impacts upon the amount of money remitted, the recipients of remittances, and the uses of remittances on the development of the country of origin. However, the data on global remittances is gender-blind. As a result, the impact of gender on the remittance process remains little understood.

While there has been a fundamental increase in research on gender and migration, remittances have not been so thoroughly explored to date. There have been very few studies that even disaggregate remittances by the sex of remitters and senders, let alone undertake a gendered analysis of remittances. This report attempts to fill the gap by exploring gender dimensions of migrant remittances in Asia.

Gender matters in the whole process of remittances. Therefore, any detailed study on gender and remittances should see the remittances as a process and include three important points: the sending, the receiving, and the use of remittances.

The available findings provide a fragmented picture of the gendered dimensions of remittances. For instance, it is often stated that migrant men remit more money home than women. In parts of Asia, it is reported that for female migrants, it is the mother or other female relative who usually receives and spends the remittances. It is also often reported that women, when in control of remittances, channel them into better health, education and nutrition for the family. However, there is little empirical research on the gender dimensions of remittances which links both sending and receiving countries, especially in Asia.

This study examines the following issues in the context of Asia:
- gender differentiated patterns of earnings, savings and remitting practices;
- gender differentiated patterns among those receiving remittances in the country of origin;
- gender differentiated patterns in uses and development outcomes of remittances for families or households and communities of origin;
- the role of remittances in the household’s internal dynamics; and
- maximising the development potential of remittances for the women migrants, their families and communities of origin.

The study also explores the impact of women earning income and remitting it home on the households themselves by examining:
• who decides where to use remittances;
• whose wishes are followed and futures are considered when the remittances are used; and
• whether migrant households have more respect for the women working abroad because of the income earned.

These questions are explored by drawing on 60 interviews conducted with Indonesian domestic workers in Singapore, Malaysia and Hong Kong SAR, and 40 interviews with households in Indonesia who have a member working as a migrant domestic worker in one of these countries.

The number of Indonesian women migrating for work has clearly surpassed the number of men since the mid-1980s. Despite this, Indonesia’s gender dimensions of remittances remains largely under-researched. Therefore, a study on gender dimensions of remittances in Indonesia will not only lead to the creation of new knowledge in the academic and policy domains but also drive future research.

The study addresses the authorised domestic workers (‘live-in’ migrant domestic workers) because this group of female migrant workers is large in number in East and Southeast Asia. The research undertakes a multi-site research strategy linking both ends—the senders and the recipients of remittances. The fieldwork was conducted in Indonesia as well as three destination countries—Malaysia, Singapore and Hong Kong SAR—that are significant in terms of the numbers of migrant domestic workers and resulting remittance flows to Indonesia.

This research is a micro-level study. Although macro-level approaches to migration outcomes provide information about national patterns and outcomes, they do not show what remittances mean for migrant families. Micro-level approaches show the impacts of remittances on the family and local communities. Understanding the micro-level impacts of remittances, and the underlying factors contributing to, or impeding the development potential of remittances at the micro-level, can help policy makers to formulate and implement policies and programmes to harness the development potential of remittances.

**FINDINGS OF THE RESEARCH**

**Remittance Sending**
The savings and remittances of female domestic workers are lower than those of male migrant workers in the region under scrutiny. This report argues that this is a direct result of income disparity. Since male migrant workers usually earn more, they can afford to save and remit more. On the other hand, women migrants usually work in gendered niches which are often low-paid jobs. As a result, they often earn less than the men migrant workers and their ability to remit is reduced.

This report argues that if the proportion of domestic workers’ earnings in relation to remittances is taken into consideration, gender differentiated patterns in savings and remittances become much more prominent. Despite women domestic workers’ low wages, they often turn out to be better savers than their male counterparts, and by and large they send home a greater share of their earnings in remittances than men. The study group of Indonesian domestic workers saved an average of 69 percent of their monthly income, and had remitted an average of 1.8 times their monthly earnings in their last transfer.
Despite the gender-unfriendly nature of formal remittance services and their higher transaction costs, the sampled Indonesian domestic workers predominantly used formal remittance services for money transfers. They had also maintained stronger relationships (in the form of bank accounts) with financial institutions in their home country, rather than those in their host countries.

**Remittance receiving**

While this report documents a slight gendered pattern in remittance-receiving, the difference was not significant. Fifty-four percent of recipients in both surveys were women and the remaining 46 percent of recipients were men (n=100). These figures are consistent with the conventional assumption that the mother or other female relative of a remitting female migrant tends to receive the remittances.

**Uses and Development Outcomes**

Identifying the uses of migrant remittances helps to show whether or not migration promotes development; and if yes, what is the likely direction of this development for migrants, their families and communities.

In this survey, the domestic workers in all three countries ranked education as the most important use for remittances. Basic consumption was ranked second highest by domestic workers from Singapore and Malaysia, and third highest by those in Hong Kong SAR, where savings were ranked second. Domestic workers from Malaysia, ranked house construction third highest, probably due to the presence of higher percentages of married domestic workers in Malaysia.

In the household survey, house construction was ranked as the most important use for remittances. Basic consumption was ranked second highest and savings were ranked third highest. Although these uses of remittances differ in ranking from the findings of the domestic worker surveys in Singapore, Malaysia and Hong Kong SAR, they all are found among the top three uses of remittances in these surveys.

The report has highlighted the importance of investment in the debate on migration and development and argued that there is a need to employ a broader definition of investment that covers investment in both physical and human capital. This is particularly important in the context of current emphasis of development policy which is firmly on poverty alleviation and the achievement of the Millennium Development Goals. The report documents that remittances are mostly used for human and physical capital improvement, which can have far-reaching development implications for migrant households in particular and communities and country in general.

The report also explored the impact of remittances and family relations. In the domestic worker survey, two-thirds of respondents across the three countries reported that they decided how remittances would be managed back home. In contrast, in the household survey only half the recipients of remittances reported following the wishes of the domestic worker all, some or most of the time. Thus, despite being the earners and senders of the remittances, domestic workers do not have exclusive control over the management of these funds.

Although the experience of women migrants was mixed, female recipients of remittances tended to report that their influence on family decision-making had increased. Access to remittances and, more importantly, the power to manage them in a situation of scarce family resources can improve women’s ability to express
and exercise their choices, although this often benefits female recipients more than the domestic workers themselves. In this way, remittances contribute to the improvement of status of women in migrant families or households. However, more in-depth research is needed on the power and authority structure in the migrant households.

**POLICY RECOMMENDATIONS**

In order to harness the development potential of remittances, the report recommends interventions in two interrelated policy domains: (i) reducing transaction fees of remittances, and (ii) leveraging remittances for development. Although discussed in the context of Indonesia, many of the proposals would be relevant to other countries which have large outflows of women migrants.

**Reducing Transaction Fees of Remittances**

In Indonesia, the number of players in the formal remittance market is limited because Indonesian financial regulations do not allow telecommunication companies, microfinance institutions, and money changers to engage effectively in money transfer activities. Door-to-door delivery, debit cards, or other technologically advanced services such as mobile-to-mobile transfer and card-based remittances hardly exist. The main services offered are bank-to-bank and cash pickup. This report argues that the single most important factor in reducing transaction costs is opening the remittance markets for competition, and suggests the expansion of domestic remittance markets, especially disbursement posts; opening the remittance market to external players; and the adoption of gender-friendly new remittance technologies.

In particular, Indonesia should consider introducing mobile-to-mobile remittance transfers and prepaid card-based remittance transfers. Both are cheap, fast and gender-friendly new technologies. Given that domestic workers usually enjoy limited physical mobility outside their domestic spheres, and their relatively low salary is not conducive to remitting funds every month, these two remittance methods have potential not only to reduce the fees for remittance transfers but also to make remittance transfers convenient and fast for remitters and recipients of remittances across the gender lines. ASEAN could be used as a platform to implement card-based remittance transfers at the regional level.

**Leveraging Remittances for Development**

If appropriate gender-sensitive policies and programmes are pursued, remittances can bring new opportunities for a better life and greater gender equality, for those migrating and those left behind. Acknowledging the private nature of the remittances and recognising that excessive intervention may risk destroying the benefits of remittances, this report suggests a gender-sensitive and incentive-based ‘light-handed’ approach covering four areas: (i) specific programmes, (ii) financial intermediation (e.g. financial products such as saving packages, certificates of deposits, medical insurance, life insurance, housing loans, and small business loans), (iii) credit card-based remittances and (iv) promotion of NGO-based development activities at the migrant source villages.
1. INTRODUCTION

1.1 Feminisation of Labour Migration in Asia

In the current phase of globalisation, international migration is a persistent phenomenon that affects an increasing number of people, families or households and communities in both developed and developing countries. Between 1960 and 2005 the number of international migrants in the world more than doubled, from an estimated 75 million in 1960 to almost 191 million in 2005 (United Nations, 2006). In 2005, international migrants constituted nearly 3 percent of the world’s population, up from 2.9 percent in 1990 (United Nations, 2006).

International labour migration (i.e. migration for work) forms a large component of international migration, both in Asia and elsewhere in the world. The primary motivation for such migration is often economic. In this type of labour migration migrants are not allowed to settle in destination countries for the long-term, thus families commonly live under ‘transnationally split’ conditions, with the non-migrating family or household members ‘left behind’ (Piper 2006b; Yeoh et al. 2002).

Men have always worked beyond the national territory for economic reasons; ‘now women are choosing to do the same’ (Oishi, 2005). More and more women are migrating independently to realise their own aspirations and support their families or households – a phenomenon known as the ‘feminisation of labour migration’. Hatton and Williamson (1994) argue that migration flows across the globe since 1850 are well predicted by four economic and demographic indicators: income differentials between regions (or countries); the share of young people of working age (15-30 years) in the home and host countries; the stock of immigrants already in the host countries (networks); and the incidence of poverty in the home country (cited in Gubert, 2005:41). However, these factors do not adequately explain the causes of the increasing feminisation of labour migration, especially in Asia.

Global restructuring of the economy plays a significant role in the increasing feminisation of labour migration in different parts of the world (see Oishi, 2005:2; Nyber-Sørensen, 2005: 2; Piper, 2005; Castles, 1998). Oishi identifies four areas of changes that have contributed to the growing feminisation of labour migration around the world (Oishi, 2005). First, global restructuring of the economy is pushing more middle-class women in wealthier countries to enter the labour market and thereby increasing the demand for women migrant domestic workers. Second, the pressures of work (overtime, nightshifts) have been increasing in recent years due to growing business competition, leading to difficulties in balancing work and family responsibilities, especially in dual-income families or households. Third, the global economy is generating a class of ‘new rich’, both in developed and developing countries, who are in a position to afford migrant domestic workers to care for their homes and children. Finally, populations in many developed and developing countries are aging and this has increased the need for care-givers. These changes help explain some of the underlying reasons for the rise in migrating domestic workers in Asia and beyond.

The feminisation of labour migration is now a pervasive phenomenon, especially in Asia1, with the number of women migrating for work in Asia clearly surpassing that of males (United Nations, 2006: 3). By the early

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1990s, some 1.7 million Asian women were estimated to be working as domestic workers outside their home country (The Straits Times, 13 May 1995 cited in Hugo, 2004: 92). By the year 2000, an estimated two million Asian women were working in neighbouring countries in East and Southeast Asia (see Yamanaka and Piper, 2005; Asis, 2006 cited in UNFPA, 2006: 23).

The feminisation of labour migration is particularly pronounced in Indonesia, the Philippines, and Sri Lanka. In Indonesia and the Philippines, women account for 60 to 80 percent of those seeking work abroad (ILO, 2006). Between 2000 and 2003, an average of 79 percent of all migrants leaving Indonesia to work abroad were women (see also United Nations 2006, cited in UNFPA 2006: 23). In 2005, over 65 percent of the nearly 3,000 Filipinos that left the country every day for work or residence abroad were women (UNFPA, 2006). In Sri Lanka in 2002, there were two female emigrants for every male emigrant (Weeramunda, 2004). Most female labour migration in Asia is still concentrated in the gendered-specific niches, notably domestic work and the entertainment industry (ILO, 2006). They often assume the role of economic providers for the left-behind families or households (Hugo, 2003; 1996; Asis, 2003; Piper, 2006; Hewison and Young, 2006).

In the early 1980s, research on feminisation of migration focused mainly on women and migration. Since the mid 1990s, there has been a noticeable change to ‘gender and migration’ (for details, see Donato et al. 2006). The shift is due to the fact that attention to the feminisation of migration does not in itself lead to a gendered analysis. If women constitute half of the world’s migrants, the other half is obviously men (Nyber-Sørensen, 2005). Hondagneu-Sotelo argues that the ‘women-only approach’ retards our understanding of how gender as a social system contextualises migration process for all migrants (Hondagneu-Sotelo, 2000:114). Studying women in isolation from men leaves the analysis incomplete because it fails to analyse the differences which may exist between women and men in: (i) the patterns of migration, (ii) the causes and consequences of migration, and (iii) the policy implications of migration (Hugo, 2006:73).

Donato and his associates recently commented that ‘the state of gender and migration studies is fundamentally healthy’ (Donato et al. 2006:4). However, despite the fundamental increase in research on gender and migration, ‘a transnational space, where gender matters but which has not been so thoroughly explored to date is remittances’ (Mahler and Pessar, 2006: 44). Whether or not gender matters in the remittance process remains little understood in both academic and policy circles.

### 1.2 Migrant Remittances: a Development Tool

The unprecedented rise of international migration has resulted in massive in-flows of remittances to the sending countries. The transfers in cash (or kind) from migrants to their non-migrating families in the source countries are usually referred to as ‘migrant remittances’ (Bilsborrow et al., 97: 321). In a number of developing countries, the remittance flows are second only to foreign direct investment, and significantly larger than official development assistance (Ratha, 2003). Between 2001 and 2005, international migrant remittance flows increased by 58 percent to reach about US$232 billion (World Bank, 2006a:88). Developing countries received the biggest share—about US$167 billion—while industrial countries in North America and Western European countries were the major sources (World Bank, 2006a: xi). In Southeast Asia, nearly two million migrants—mostly female— remit more than US$3 billion from Hong Kong SAR\(^2\), Japan, Malaysia and Singapore on averages ranging from US$300 to US$500 (ADB, 2006:1).

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\(^2\) Hong Kong Special Administrative Region (Hong Kong SAR), hereafter referred to as Hong Kong.
The true value of remittances is likely to be much higher because official statistics do not capture informal remittances (Abella, 1989). One estimate puts informal remittances at between US$100 and US$200 billion a year (Sander, 2003: 4) while another puts the figure between US$200 and US$300 billion a year (Migrant Remittances, 2004b:1). In addition to remittances in cash, there are also remittance in-kind, about which little information exists.

Migrant remittances have far reaching implications for the distribution of wealth and poverty eradication. This is because a good portion of migrant remittances, especially of ‘workers remittances’ (Goldring, 2004), is usually destined for relatively backward rural regions that are most in need of financial capital. In addition, such remittances go directly to the people who really need it (Kapur, 2003:7). As Jones (1998) notes, ‘there is probably no other more ‘bottom-up’ way of redistributing and enhancing welfare among populations in developing countries than the remittances’ (cited in de Haas, 2005:1277).

The developmental impacts of remittances are usually examined at the micro- and macro-levels (for a detailed discussion see Cohen, 2005; De Haas, 2005). Macro-level studies concentrate largely on national outcomes e.g. foreign exchange and labour patterns3, while micro-level studies focus on the local effects of remittances, especially on the migrant families and their communities of origin4. Some studies have recently reported various micro- and macro-economic effects of remittances5. These have found that, at the micro-economic level, remittances can improve human security, improve the standard of living (e.g. health care, nutrition, education), ease working capital constraints for investment ventures (e.g. real estate, business and savings), play a significant role in improving gender relations, and generate ripple effects that impact on the extended family and community, due in part to the increased consumption. At the macro-economic levels, remittances provide a stable flow of funds that is often counter-cyclical (i.e. they increase during times of economic downturn), offer an important source of foreign exchange for countries, and exert upward pressure on the value of the local currency when the inflow of remittances is high.

1.3 Engendering Remittances

The unparalleled growth of migrant remittances has gained the attention of states, international organisations such as IOM, UNDP, UNIFEM, INSTRAW, UNICEF, UNIFPA, GCIM, DFID and DIIS, and international financial institutions such as the World Bank, Inter-American Development Bank (IDB), Asian Development Bank (ADB), and International Monetary Fund (IMF). The question of most interest to them is how to harness the development potential of remittances. The IDB sponsored several years of nation-by-nation studies of the importance of remittances in the Americas. In Asia, the ADB, the World Bank and other international organisations have sponsored several studies on how to lower transaction costs and to improve the productivity of remittances in the sending countries6.

However, to date there have been very few studies that disaggregate remittances by the sex of remitters and senders (Mahler and Pessar, 2006:44). Kunz (2006) argues that the research on global remittance trends

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3 eg Taylor et al., 1996; Rivera-Batiz, 1982; Stinner et al. 1982; Adams, 2003; Pessar, 1991; Burki, 1991
5 for details, see Ratha, 2007; World Bank, 2006a; Clarke and Wallster, 2004; Yang, 2005; Yang and Martinez, 2005, ADB, 2006; IFAD, 2006; Lasagabaster et al. 2005; Straubhaar and Vádean, 2005; Piper, 2005
6 ADB, 2006; ADB, 2004; APEC, 2003; Mellyn, 2003; OECD 2000; Ratha 2003; Ratha and Kerhar, 2004; Sander, 2003; El Qorchi et al., 2003; Seddon, 2004; UNDP, 2005
is not gender-neutral but gender-blind, i.e. there is scant reference to women and gender issues. Gender impacts upon the amount of money remitted, the recipients of remittances, and the uses of remittances on the development of the country of origin (see Nyberg-Sørensen, 2005). Realising the significance of gender dimensions of remittances, the United Nations International Research and Training Institute for the Advancement of Women (INSTRAW) has been involved in developing a gender-based approach to remittances, and has recently published several valuable reports on the gender dimensions of remittances, especially in Latin America (see Ramirez et al. 2005; Garcia and Paiewonsky, 2006; Garcia, 2006).

Gender matters in the whole process of remittances. Therefore, any detailed study on gender and remittances should see the remittances as a process and include three important points: (i) sending, (ii) receiving, and (iii) use of remittances.

The available findings provide a fragmented picture of the gendered dimensions of remittances. For instance, it is often stated that migrant men remit more money home than women (see Orozco, 2006; Semyonov and Gorodzeisky, 2005). In parts of Asia, it is reported that when women migrants remit funds home, it is their mother or other female relative who receives and spends the remittances (Momsen, 1999 cited in Omelaniuk, 2005:11). Nyber-Sørensen maintains that when women control the remittances, they channel them into better health, education, and nutrition for the family, thereby supporting the development of stronger and more productive communities (Nyber-Sørensen, 2005). However, there is little empirical research on gender dimensions of remittances which links the sending and receiving countries, especially in Asia.

1.4 Research Questions
This study examines the following issues in the context of Asia:

• gender differentiated patterns of earnings, savings and remitting practices;
• gender differentiated patterns among those receiving remittances in the country of origin;
• gender differentiated patterns in uses and development outcomes of remittances for families or households and communities of origin;
• the role of remittances in the household’s internal dynamics; and
• maximising the development potential of remittances for the women migrants, their families and communities of origin.

The study also explores the impact of women earning income and remitting it home on the households themselves by examining:

• who decides where to use remittances;
• whose wishes are followed and futures are considered when the remittances are used; and
• whether migrant households have more respect for the women working abroad because of the income earned.

1.5 Data Sources
This research is a micro-level study. The micro-level approach is pursued because the effects of remittances can better be understood only when the process is placed within its local context (Rahman 2000). Although macro-level approaches to migration research show a great deal about national patterns and outcomes, they cannot help us to understand what remittances mean for migrant families. Micro-level approaches show the impacts of remittances on the family and local communities, and the patterns of remittance flows between
individual migrants and their origin households. Understanding the micro-level impacts of remittances, especially the underlying factors contributing to, or impeding the development potential of remittances at the micro-level, can help policy makers to formulate and implement policies and programmes to harness this development potential.

The study focuses on domestic workers who are ‘live-in’ migrant domestic workers—because this group of women migrant workers is large in East and Southeast Asia. It should therefore offer a better insight into the gender dimensions of remittances in relation to domestic workers.

There have been some studies which have attempted to analyse the gender dimensions of remittances in East and Southeast Asia, especially in the Philippines and Thailand. Indonesia is a major female migrant sending country in the region, and the World Bank is currently sponsoring a project on migration, remittances and women migrant workers in Indonesia. However, the gender dimensions of remittances in Indonesia remain under-researched, and this report will not only provide new knowledge in the academic and policy domains, but also drive future research in this expanding field.

Remittances involve both destination and source countries; therefore, this study undertakes a multi-sited research strategy linking both ends. The fieldwork was conducted in Indonesia as well as three destination countries—Malaysia, Singapore and Hong Kong SAR—which are significant in terms of the numbers of Indonesian domestic workers and resultant remittance flows to Indonesia.

The fieldwork was conducted in the first half of 2007. The study comprised a survey of 20 Indonesian domestic workers in each of Singapore, Malaysia and Hong Kong SAR, and a survey of 40 households in Indonesia which had a member working as a migrant domestic worker in one of these countries. Both were conducted through face-to-face interviews. The questionnaires contained both structured and unstructured questions focusing on socio-demographic information, earnings, savings, sending of remittances, receipt of remittances, and use of remittances. The questionnaire schedule was tested and modified after a pilot survey in Singapore. Interviews were recorded in Bahasa Indonesia and later translated into English.

The respondents were selected through the snowball sampling technique, in which domestic workers introduced the researchers to friends also involved in domestic work in each host country. Respondents were included if they had been staying in the host country for at least six months and remitted money back home at regular intervals. The usual sites for interviews were Sunday meeting places, mosques, kindergarten premises, and shopping centres. Local NGOs in the destination countries, for example Asian Migrant Centre in Hong Kong; TWC2 (Transient Workers Count Too) and AWARE (Association of Women for Action and Research) in Singapore; and CARAM Asia (Coordination of Action Research on AIDS and Mobility – Asia) and Tenaganita in Malaysia provided valuable information and guidance during the fieldwork.

Most of the domestic worker respondents refused to provide their detailed home addresses in Indonesia, as they did not want researchers to follow their households or families in Indonesia. Therefore, it was not possible to interview their households in Indonesia. Instead, Central Java was selected as the location for

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8 This study uses data from the preliminary findings of the World Bank study (World Bank, 2006).
the fieldwork in Indonesia. Although all major provinces of Indonesia are presently sources of domestic workers overseas (see Hugo, 2003), the majority of the respondents in the domestic worker sample in all three countries were of Central Java origin. This predominance is believed to be a coincidence, or perhaps an outcome of snowball sampling.

Forty domestic migrant households in Central Java were selected on the basis of the following criteria: (i) they had women migrants working in Singapore, Malaysia or Hong Kong SAR as domestic workers, (ii) their migrant members had been in any of these destination countries for six months or more; and (iii) their migrant members had sent remittances to their families during this period.

UNIFEM Indonesia, which has a project on migrant worker families in Central Java, assisted in the household survey fieldwork process. Twenty domestic worker families/households were selected from the UNIFEM project site, and the remaining 20 families/households were chosen from outside the project area, to avoid bias in the data. The migrant households were interviewed using a questionnaire with both structured and unstructured questions. The interviews were conducted with the recipients of the remittances so that the findings reflect the actual uses of remittances across gender lines.

1.6 Limitations of the Research

The duration of the fieldwork was limited by financial and time constraints which precluded more in-depth fieldwork. Potential weaknesses of the survey methodology include the non-random selection of participants, and the difficulty of validating some self-reported information. The sample size—a total of 100 interviews across one source country of women migrants, and three destination countries—is also small. The research is therefore a baseline study, useful for building large-scale projects in this expanding field.

This report mainly addresses remittances, and does not cover other issues related to migration among domestic workers, such as decision-making about migrating, recruitment, the social world of domestic workers overseas, or emigration outcomes in a broader sense. These can be found in other reports. Another limitation of the study is that the domestic workers surveyed are all females, and direct comparisons with males are not possible. Interviews were not conducted with low-skilled Indonesian male migrants working in other sectors in these countries, partly because of the absence of such workers in Hong Kong SAR and Singapore. To overcome some of these limitations, secondary data is used to show the differences in earnings, savings and remittances across gender lines.

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2. THE INDONESIAN LABOUR MIGRATION CONTEXT

This chapter provides background information about Indonesian labour migration, remittance inflows, channels and transaction costs of remittances, and players in the remittance market involving Indonesia and the three destination countries under scrutiny. The inadequacies of the remittance services involving Indonesia and the host countries are especially highlighted to point out the need for policy interventions to address gender lines.

2.1 Indonesian Labour Migration within Asia: an Overview

Indonesia is one of Southeast Asia’s major emigration nations and one of the world’s largest senders of migrant workers (Hugo, 2003). There are two major destinations for Indonesian migrant workers: the Middle East, and East and Southeast Asia. In the late 1970s, the major destination country was Saudi Arabia. However, in the 1980s, a new trend emerged, with Asian countries like Hong Kong SAR, Singapore and Malaysia becoming important destinations for women migrant workers, especially domestic workers (Pudjiastuti, 2003:193).

From the early 1970s, Indonesia realised the importance of manpower export overseas, and set targets in its five-year economic development plans for the number of workers it wanted to send overseas (Firdausy, 2005). During the First Five Year Plan (1969-1974) Indonesia sent 5,423 migrant workers (Hugo, 1995: 276). The Second Five-Year Plan (1974-1979), when the participation of women in labour migration is first found, shows 3,817 women migrant workers and 12,235 men (Asian Migrant Centre, 2005: 6). In the Third Five-Year Plan (1979-1984), women migrants (55,000) outnumbered men migrants (41,410) for the first time (Asian Migrant Centre, 2005:6), and this gap continued to increase. In the economic development plan for 1999-2003, the target was 2.8 million workers (Hugo, 2000).

As of 2005, Indonesian migrant workers are estimated at 2.8 million (Siregar, 2006). However, the actual figure is believed to be much higher because many workers migrate irregularly to the neighbouring country, Malaysia. More than 80 percent of Indonesian migrant workers are women (ADB, 2006:121). Indonesia is currently targeting an annual deployment of one million workers abroad until 2009, and is working on increasing the number of destination countries for its migrant workers from the present 11 to 25 (AMN 31 January 2006).

Institutional measures to respond to international labour migration date back to the early 1980s, when the government first set up a unit called Pusat AKAN (Centre for Overseas Employment). The Pusat AKAN was renamed the Directorate of Overseas Manpower Services in 1994 (Ananta and Arifin, 2007). Technical implementation—processing, work documents, reviewing contracts and training—is mostly carried out by the Indonesian Overseas and Domestic Employment Agency (PJTKI). In early 2007, the National Agency for Placement and Protection of Indonesian Overseas Workers (BNP2TKI) was created, with responsibility for protection and promotion of Indonesian overseas workers. This is in line with the ‘ASEAN Declaration on the

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10 See Hugo, 1996; 1993; Spaan, 1994; Robinsong, 2000; Silvey, 2004; Sukandmi and Haris, 2004

11 Asian Migration News (AMN) is a by-weekly information service aimed at providing scholars, policy makers, advocates and students with a summary of news and events related to migration in Asia. http://www.smc.org.ph/amnews/amnews.htm
Protection and Promotion of the Rights of Migrant Workers’, signed on 13 January 2007 by the Heads of State/Government of the Member Countries of the ASEAN in Cebu, Philippines (Ananta and Arifin, 2007).

SINGAPORE
Since the establishment of Singapore as a British trading port by Sir Stamford Raffles in 1819, ‘the history and fortunes of Singapore have been closely intertwined with migrants and migration’ (Yeoh, 2007). There are around 620,000 foreign workers and professionals in Singapore (The Sunday Times (Singapore), 13 November 2005). Domestic workers represent one of the largest groups of foreign workers in Singapore, numbering approximately 150,000 or 30 percent of all work permit holders (ADB, 2006). Approximately one in every seven Singaporean households employs a ‘live-in’ migrant domestic worker (Human Rights Watch, 2005:2). Domestic workers are primarily from Indonesia, the Philippines, and Sri Lanka. Roughly half of the estimated 150,000 migrant domestic workers are believed to come from Indonesia (Abdul-Rahman, 2005).

Foreign domestic workers are recruited under two-year work permits, and must be between 23 and 50 years old. They do not usually enjoy a day off in the week. There is no minimum wage for domestic workers and sometimes they are not paid their monthly wage on time. As a part of the commitment to minimise vulnerability of the domestic workers and promote the prompt payment of salaries, Singapore has recently introduced a new rule under which employers of domestic workers are required to deposit their domestic workers’ salaries into their bank accounts. This is now a new condition for granting work permits (AMN 15 October 2006).

MALAYSIA
Migrant workers began entering Malaysia in the 1970s because of the New Economic Policy’s (1971-1990) efforts to restructure the economy and society, and the international relocation of manufacturing industries (Kassim 1999; Pillai, 2000; Abdullah and Chan 2000; Lim, 1988). There are some 1.8 million documented foreign workers and another 700,000 undocumented ones in Malaysia. They are mostly from Indonesia, Myanmar, India, Bangladesh and China, and mainly work in construction, plantations and domestic services (AMN, 28 February 2007). According to the Human Resources Ministry of Malaysia, there are likely to be more than five million foreign workers by 2010 if the current pace of recruitment continues (AMN 15 August 2006).

Indonesian migration to Malaysia started in the 1970s (Nasution, 2003). By 1981, there were an estimated 130,000 Indonesian estate workers in Peninsular Malaysia (Mehmet 1988 cited in Wong, 2006). The key official measures for foreign migrant labour in Malaysia first started with the formation of a committee for the recruitment of foreign workers in 1982 (Chin, 2002: 39). In 1984 Malaysia signed the Medan agreement with Indonesia to hire migrant workers for plantation and domestic services. The percentage of women migrant workers continued to increase in the following decades. By 1992, women comprised 89 percent of the 95,908 registered Indonesian migrant workers (World Bank, 2006b).

Indonesians constitute the bulk of the foreign worker population, accounting for about 73 percent. According to the Home Affairs Ministry, 310,661 or 16.6 percent of the 1.9 million migrant workers holding temporary work permits are domestic workers. Of these, 95 percent come from Indonesia (AMN 31 April 2007).
Domestic workers do not enjoy a day off in the week. There is no minimum wage for domestic workers, and sometimes they do not receive their monthly wage on time. However, Malaysia is considering a law that would make it mandatory for employers to deposit their domestic workers’ salaries into bank accounts under the workers’ name. The women’s welfare group Tenaganita has said that while it welcomes the effort to protect the workers, it considers the move an ad hoc solution to the many problems that domestic workers face in the country (AMN February 2006).

HONG KONG SAR

Migrant domestic workers have been employed in Hong Kong SAR since the mid-1970s, increasing from 1 percent of the labour force in 1982 to 7 percent in 2001 (Lee and Petersen, 2006). Foreign domestic workers comprise 88 percent of Hong Kong’s migrant worker population (ADB 2006: 4). Migration of Indonesian domestic workers to Hong Kong SAR started in the early 1990s. By the end of the decade, there were 80,000 Indonesian migrant workers in Hong Kong SAR, with an average yearly increase of 16,000 (Asian Migrant Centre, 2005). Indonesian foreign domestic workers increased from around 1,000 in 1990 to 92,000 in 2005 (ADB, 2006: 5).

Domestic workers in Hong Kong SAR are usually recruited on a 2-year visa, subject to certain requirements and limitations12, and are given one rest day each week. Unlike the other two host countries in this study, Hong Kong SAR has an official minimum wage. The standard contract form specifies a minimum allowable wage determined by the Hong Kong Government, which has been set at HK$3,400 per month since June 2006 (AMN, 31 May 2006). However, Wee and Sim report that domestic workers from Indonesia are underpaid at illegal rates from HK$1,500 to 2,000 per month, and not given days off (Wee and Sim, 2004). According to the official policy, employers should pay domestic workers their wages in cash or, with the domestic workers’ consent, by cheque or deposit into domestic workers’ bank account. Employers of domestic workers are usually required to provide a receipt for payment of wages, which the domestic workers sign to acknowledge receipt13.

2.2 Remittance Flows to Indonesia

It has long been the Indonesian government’s policy to encourage the sending of skilled and semi-skilled manual workers overseas as a means to boost its economy and reduce unemployment at home (Elan and Haris, 2004). Indonesians working abroad (‘tenaga kerja Indonesia’, or ‘TKI’) not only help lessen unemployment, they also contribute to the Indonesian economy by transferring income back home. The recorded remittances received by Indonesia were approximately US$1.2 billion per year from 1998 until 1999 and reached nearly US$2 billion in 2001 (ILO, 2006).

In 2005, Indonesian migrant workers sent home some US$2.9 billion in remittances, up threefold from the US$1.0 billion remitted in the previous year (AMN, 31 January 2006). In 2006, remittances by migrant workers amounted to US$3.4 billion, equivalent to 1 percent of Indonesia’s gross domestic product or 6 percent of foreign exchange reserves (The Jakarta Post, 31 July 2007). In 2007, remittances were forecast to reach US$9 billion, and had already reached US$6.5 billion in the first six months (The Asia Pulse, 9 August 2007).

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12 For details see http://www.immd.gov.hk/ehtml/hkvisas_5.5.htm accessed at 8.20 pm on 22 August 2007

13 Details can be found in http://www.immd.gov.hk/ehtml/id407form.htm accessed at 8.20 pm on 22 August 2007. See also http://www.immd.gov.hk/ehtml/hkvisas_5.5.htm
Total annual remittances from the Southeast Asian region to Indonesia are estimated at US$700 million (ADB, 2006:133). The Manpower and Transmigration Ministry, Indonesia, has projected that cumulative remittances from overseas Indonesian workers will reach $20 billion over the next five years (AMN, 15 August 2006). These estimates do not take into account the remittances made by the estimated 3.5 million undocumented migrants (Firdausy, 2006).

A large proportion of remittances are sent to rural areas, where incomes are generally far below national averages (Hugo, 2003). Remittances have provided a source of income to families in provinces with few job opportunities and the lowest levels of investment and economic development the entire nation (Hugo, 2002:41). As women are the main migrant workers in Indonesia, they are the main ones remitting this money home to Indonesia.

2.3 Channels and Costs of Remittance Transfers

There are two broad types of remittance transfer channels: formal and informal. Within formal channels, the institutions involved in remittance transfers are supervised by government agencies and laws that determine their creation, characteristics, operations and closure (APEC, 2003: 3). These formal systems include banks and postal services, money transfer operators (MTOs) such as Western Union, MoneyGram and other wire transfer services, and credit unions. Western Union has more than 312,000 agents located in over 200 countries and territories worldwide, while MoneyGram operates in 170 countries worldwide and has 125,000 local agents14.

Formal remittance channels play a dominant role in the remittance of cash to Indonesia from Singapore, Malaysia and Hong Kong SAR (see also ADB, 2006). However, the formal system is often criticized for high transaction costs and exchange loss. According to Maimbo et al. (2005:5), the average cost of transferring remittances in formal system is about 13 percent of the amount remitted and sometimes exceeds 20 percent. According to the ADB (2006:60), transaction costs among formally licensed money-transfer businesses in Southeast Asia range from 4 percent to 9 percent of the total amount sent.

Informal funds transfer channels have long been in existence15, and exist and operate ‘outside of (or parallel to) conventional regulated banking and financial channels’ (Buencamino and Gorbunov, 2002: 1). Initially used as part of trade and commerce, they were also drawn upon by early migrants to transfer savings (Hicks, 1993).

While remitting cash and in-kind through friends and acquaintances is found among some Indonesian domestic workers, it is not a common practice. In such informal remittance transfers, domestic workers do not need to pay fees and the carriers (friends or acquaintances) usually deliver the cash to the person specified by the domestic workers. This study has not found the existence of any highly organised informal channels comparable to ‘hundi’ (for South Asia migrants) or ‘padala’ (found in the Philippines), between Indonesia and other countries studied.

2.4 Remittance Services between Indonesia and East and Southeast Asia

The remittance markets in the destination and home countries in this study are not equally developed. As a result, domestic workers have differential access to remittance services. This section provides an overview of the different types of remittance services available in each country.

2.4.1 Formal Remittance Channels in Host Countries

In Singapore, remittance services are provided by domestic banks (Singapore’s Post Office Savings Bank), local branches of foreign banks, and licensed remittance companies. Foreign banks with nationals working in Singapore play a significant role, and there are two licensed Indonesian banks—Bank Negara Indonesia (BNI) and Bank Mandiri (ADB, 2006). There are also more than 100 remittance companies, with nearly 200 branch locations located throughout Singapore (ADB, 2006), including Western Union, which has a strong presence. Indonesian domestic workers usually use banks and Money Transfer Outfits to remit money back home.

In Malaysia, only banks are allowed and regulated to offer remittance services to migrant workers, with the exception of IME Impex for the Nepalese community. The banks that are particularly active in this area are RHB Bank, Bumiputra-Commerce Bank, and May Bank. In addition, the Bank Simpanan Nasional (BSN) has a special arrangement with some Indonesian banks for remittance transfers (ADB, 2006). For remittances to Indonesia, Western Union and MoneyGram are the major MTOs. Western Union has a licensing agreement with Bumiputra-Commerce Bank, and operates in collaboration with Post Office Malaysia. However, MTOs in Malaysia do not pose strong competition overall. Indonesian domestic workers use the services of both banks and MTOs to remit money back home.

In Hong Kong SAR, the major players are Indonesian commercial banks, international MTOs, and local companies or ethnic stores. Indonesian banks dominate the market, with six having a significant presence in Hong Kong SAR: Bank Central Asia (BCA), Bank Internasional Indonesia (BII), Bank Mandiri, Bank Negara Indonesia (BNI), Bank Niaga, and Bank Rakyat Indonesia (BRI) (see ADB, 2006). MTOs also play a significant role in money transfers for the Hong Kong-Indonesian remittance corridor.

In short, Singapore and Hong Kong SAR have a liberal policy which allows healthy competition in their remittance markets, while Malaysia is on the way to opening up its remittance market.

2.4.2 Formal Remittance Channels in Indonesia

Indonesia allows six commercial banks to be actively involved in Indonesian migrant workers’ remittance transfers: Bank Negara Indonesia (BNI), Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Central Asia (BCA), Bank Niaga, and Bank Danamon (ADB, 2006:134). BNI is currently the leader in the market due to its early start and relatively more developed domestic and foreign networks. Other players are Western Union and MoneyGram. Western Union operates in Indonesia through agents, including banks and the Postal Service, and is estimated to have 2,000 outlets across the country (ADB, 2006:134). MoneyGram also operates in Indonesia via agents and its geographical coverage is gradually expanding to include remote places.

In addition to official charges paid by the sender of remittances in the host countries, additional charges may be payable by the receiver of remittances in Indonesia, depending on the method and bank used. There are hardly any door-to-door delivery, debit card or other technologically advanced services such as
mobile-to-mobile services or card-based remittance services. Bank-to-bank and cash pickup are the main services offered by these formal channels, so recipients of remittances need to visit the bank or post office to collect the cash. Bank-to-bank transfers may take up to a week.

Indonesia is still far behind in opening up the market compared to the Philippines, an emigration country par excellence. The number of players in the formal channels is limited because financial regulations in Indonesia do not allow telecommunication companies, microfinance institutions, and money changers to engage in money transfer activities (ADB, 2006: 134). Restricted policies related to the remittance market have, to some extent, discouraged healthy competition and the introduction of newer services (discussed in Chapter 6), resulting in higher transaction fees for domestic workers.
3. REMITTANCE SENDING: SINGAPORE, MALAYSIA AND HONG KONG SAR

This chapter explores the capacity of migrant workers to earn, save and remit money back home. The first section provides background information about the Indonesian domestic workers in the study sample. The next two sections present the data on their earnings, savings and remittances, followed by the channels of remittances which they use, and the relationships they maintain with financial institutions (in the form of bank saving accounts). The final section analyses gender differentiated patterns in earnings, savings and remittances by comparing these findings with existing data in secondary sources.

3.1 Socio-Demographic Profiles of Domestic Workers

The socio-demographic profiles of the domestic workers in the study is presented in Table 3.1. Overall, approximately three quarters of the respondents were below 36 years old, and only 35 percent were married. All the respondents were literate, and the majority had 5 to 10 years of formal schooling. This compares to an adult literacy rate in Indonesia for 2000-2004 of 92.5 percent for men and 83.4 percent for women. This suggests that the segment of the Indonesian population migrating overseas for work is more educated than the national average.

Although the respondents were spread across all major provinces/regions in Indonesia, the majority originated from Central Java. Almost two-thirds had been working in their host countries for more than 2 years. On average, two thirds of the respondents were the principal economic providers for the families or households they had left behind, i.e. their remittances provided the bulk of the household incomes and expenses.

### Table 3.1 Socio-Demographic Profiles of Domestic Workers

<table>
<thead>
<tr>
<th>Categories</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age (years)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 25</td>
<td>20</td>
<td>35</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>26 to 30</td>
<td>25</td>
<td>35</td>
<td>45</td>
<td>35</td>
</tr>
<tr>
<td>31 to 35</td>
<td>20</td>
<td>5</td>
<td>30</td>
<td>19</td>
</tr>
<tr>
<td>36 to 40</td>
<td>15</td>
<td>15</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>41 to 45</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Above 46</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>35</td>
<td>45</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>Unmarried</td>
<td>35</td>
<td>40</td>
<td>50</td>
<td>42</td>
</tr>
<tr>
<td>Divorced</td>
<td>15</td>
<td>5</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Widow</td>
<td>15</td>
<td>10</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td><strong>Education (years of schooling)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>25</td>
<td>30</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>5 to 10 years</td>
<td>45</td>
<td>70</td>
<td>60</td>
<td>58</td>
</tr>
<tr>
<td>10 to 12 years</td>
<td>30</td>
<td>0</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td><strong>Region of origin</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Java</td>
<td>45</td>
<td>25</td>
<td>60</td>
<td>43</td>
</tr>
<tr>
<td>West Nusa Tenggara</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>East Java</td>
<td>40</td>
<td>20</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>West Java</td>
<td>5</td>
<td>15</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Lampung</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td><strong>Duration of stay in host country</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 2 years</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>2 to 3 years</td>
<td>10</td>
<td>30</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>3 to 4 years</td>
<td>15</td>
<td>25</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>4 to 5 years</td>
<td>10</td>
<td>0</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>45</td>
<td>15</td>
<td>45</td>
<td>35</td>
</tr>
<tr>
<td><strong>Principle economic provider in family</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent (domestic worker herself)</td>
<td>60</td>
<td>60</td>
<td>70</td>
<td>63</td>
</tr>
<tr>
<td>Parents</td>
<td>10</td>
<td>15</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Brother</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Husband</td>
<td>15</td>
<td>5</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>5</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>No comment</td>
<td>5</td>
<td>0</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>
3.2 Incomes, Savings and Remittances

Table 3.2 presents the monthly earnings, savings and remittances of the twenty Indonesian domestic workers in Singapore. Sixty-five percent of the respondents reported a monthly salary of S$301 (US$198) or above, with ten percent earning more than S$500 (US$328) a month, and a mean earning of S$356 (US$234) a month. The mean monthly saving was S$249 (US$163), equivalent to 70 percent of the mean earnings. In comparison, employment agencies in Singapore have reported that the typical monthly wage for an Indonesian domestic worker was S$250 (US$164) (ADB, 2006:226), while an ADB survey found that Indonesian domestic workers earned an average of S$285 (US$187) per month (ADB, 2005:231). Another study by the Asian Migrant Centre (2005:21) reported that the average monthly salary of Indonesian domestic workers was S$260 (US$170).

Table 3.2 Earnings, Savings and Remittances from Singapore

<table>
<thead>
<tr>
<th>Monthly Earnings (US$)</th>
<th>%</th>
<th>Monthly Savings (US$)</th>
<th>%</th>
<th>Last Remittance (US$)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>131 to 164</td>
<td>15</td>
<td>Below 98</td>
<td>5</td>
<td>66 to 132</td>
<td>30</td>
</tr>
<tr>
<td>165 to 197</td>
<td>20</td>
<td>98 to 131</td>
<td>15</td>
<td>132 to 197</td>
<td>5</td>
</tr>
<tr>
<td>198 to 230</td>
<td>35</td>
<td>132 to 164</td>
<td>20</td>
<td>197 to 262</td>
<td>15</td>
</tr>
<tr>
<td>231 to 262</td>
<td>5</td>
<td>165 to 197</td>
<td>10</td>
<td>262 to 328</td>
<td>5</td>
</tr>
<tr>
<td>263 to 295</td>
<td>5</td>
<td>Above 197</td>
<td>10</td>
<td>328 to 393</td>
<td>5</td>
</tr>
<tr>
<td>296 to 328</td>
<td>10</td>
<td>Missing data(^{18})</td>
<td>40</td>
<td>393 and above</td>
<td>30</td>
</tr>
<tr>
<td>329 and above</td>
<td>10</td>
<td>Missing data</td>
<td>10</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

Mean: US$234 (S$357) as of 31 August 2007
Mean: US$163 (S$249) – equivalent to 70% of mean earnings
Mean: US$425 (S$653) – equivalent to 1.83 times the mean earnings

Table 3.3 presents the data for the twenty Indonesian domestic workers in Malaysia. Around 30 percent of the respondents earned a monthly salary of between RM601 and RM1,200 (US$171 and US$343), with a mean earning of RM551 (US$157) a month. Three quarters of the respondents saved more than RM301 (US$85) a month, with a mean saving of RM4,256 (US$122), which was equivalent to 77 percent of the mean monthly earnings. In comparison, the World Bank (2006) reported the average income in Malaysia as RM350 (US$100) per month, while the Asian Migrant Centre (2005: 21) reported a figure of RM380 (US$109) per month. According to a source in the Malaysian Association of Foreign Maid Agencies, the wage rate for Indonesian domestic workers is RM500 (US$143) a month (Asian Migration News, 15 March 2007).

\(^{17}\) The data on earnings, savings and remittances were collected using ranges defined in local currency. For this reason, it is not possible to present the data for each country using consistent ranges in US$.

\(^{18}\) Some of the domestic workers were paying back debts they had incurred to meet the expenses of migration, and were unable to save any of their earnings.
Table 3.3 Earnings, Savings and Remittances from Malaysia

<table>
<thead>
<tr>
<th>Monthly Earnings (US$)</th>
<th>%</th>
<th>Monthly Savings (US$)</th>
<th>%</th>
<th>Last Remittance (US$)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>72 to 84</td>
<td>20</td>
<td>56 to 84</td>
<td>25</td>
<td>Below 142</td>
<td>15</td>
</tr>
<tr>
<td>85 to 168</td>
<td>50</td>
<td>85 to 112</td>
<td>45</td>
<td>142 to 285</td>
<td>45</td>
</tr>
<tr>
<td>169 to 252</td>
<td>15</td>
<td>113 to 140</td>
<td>20</td>
<td>285 to 427</td>
<td>10</td>
</tr>
<tr>
<td>253 to 336</td>
<td>15</td>
<td>141 and above</td>
<td>10</td>
<td>427 to 570</td>
<td>15</td>
</tr>
</tbody>
</table>

Mean: US$157 (RM551)  Mean: US$122 (RM426) – equivalent to 77% of mean earnings
Mean: US$324 (RM1,156) – equivalent to 2.1 times the mean earnings

Note: Malaysian Ringgit (RM) 1= US$0.285 on 31 August 2007. Values are in round figures.

Table 3.4 shows the data for the twenty Indonesian domestic workers in Hong Kong. Just 35 percent received a monthly salary of HK$3400 (US$436) or above—the minimum official wage set by the government in May 2006, while 50 percent of the respondents draw a monthly salary below the official rate, and the remaining 15 percent declined to provide this information. This is consistent with reports that illegal underpayment of wages is quite common in Hong Kong, especially for Indonesian domestic workers—for example, in 2006 the ADB reported that 28 percent of Indonesians received a monthly income below the legal minimum wage at that time (ADB, 2006:107).

In the study sample, the mean earning was HK$3334 (US$422) a month. The mean saving was HK$2043 (US$261), equivalent to 61 percent of the mean monthly earnings—a lower rate than that of the domestic workers in Singapore and Malaysia. This may be because, unlike those in Singapore and Malaysia, Indonesian domestic workers in Hong Kong enjoy one day off a week, leaving ample opportunity to spend savings for shopping and other purposes.

Table 3.4 Earnings, Savings and Remittances from Hong Kong SAR

<table>
<thead>
<tr>
<th>Monthly Earnings (US$)</th>
<th>%</th>
<th>Monthly Savings (US$)</th>
<th>%</th>
<th>Last Remittance (US$)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>320 to 384</td>
<td>5</td>
<td>64 to 128</td>
<td>5</td>
<td>128 to 256</td>
<td>30</td>
</tr>
<tr>
<td>384 to 448</td>
<td>75</td>
<td>128 to 256</td>
<td>40</td>
<td>256 to 384</td>
<td>10</td>
</tr>
<tr>
<td>448 to 512</td>
<td>5</td>
<td>256 to 384</td>
<td>15</td>
<td>384 to 512</td>
<td>5</td>
</tr>
<tr>
<td>Missing data</td>
<td>15</td>
<td>Missing data</td>
<td>40</td>
<td>512 to 640</td>
<td>5</td>
</tr>
</tbody>
</table>

Mean: US$422 (HK$3334)  Mean: US$261 (HK$2043) – equivalent to 61% of mean earnings
Mean: US$638 (HK$4986) – equivalent to 1.49 times the mean earnings

Note: Hong Kong Dollar (HK$) 1= US$0.128 on 31 August 2007. Values are in round figures.

19 Some of the domestic workers in Hong Kong did not like to reveal some detailed information about incomes, savings and remittances. As a result, there is a higher percentage of missing data in this category.
The majority of migrants do not remit money every month (see also World Bank, 2006; Asian Migrant Centre, 2005; Wee and Sim, 2004), but rather, once in every two or three months (or even more). In addition, many of the domestic workers like to carry part of their savings with them when they return home. To capture the pattern of remittances behaviour more accurately, the domestic worker survey therefore investigated the amount of money remitted in their last transfer. The respondents remitted an average of S$653 (US$425) from Singapore, RM1,156 (US$324) from Malaysia, and HK$4986 (US$638) from Hong Kong SAR. These figures were equivalent to 1.83 times the mean earnings of the sample workers in Singapore, 2.1 times the mean earnings of those in Malaysia, and 1.49 times the mean earnings of those in Hong Kong SAR. Thus, the domestic workers tend to remit a big part of their earnings in each transfer.

### 3.3 Channels of Remittances Used

The data on channels of remittance transfers presented in Table 3.5 and Table 3.6 demonstrates an overwhelming tendency among the study respondents to use formal remittance channels. On average, 80 percent of respondents had used formal channels during their last transfer of remittances. However, in Hong Kong SAR, 35 percent of respondents had used informal channels. The same pattern was evident over with the channels of remittances used during the respondents’ entire stay in their host countries, with the same proportion (35 percent) of respondents in Hong Kong SAR only using informal remittance channels, compared to 77 percent across the three countries. More research is needed to explain why the use of informal remittance channels is higher in Hong Kong SAR than in Malaysia and Singapore, despite their greater geographical proximity to Indonesia.

<table>
<thead>
<tr>
<th>Channels Used</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal (banks, post office, MTOs etc)</td>
<td>95</td>
<td>80</td>
<td>65</td>
<td>80</td>
</tr>
<tr>
<td>Informal (friends, recruiting agents, acquaintances)</td>
<td>5</td>
<td>15</td>
<td>35</td>
<td>18</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Channels Used</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only formal channels</td>
<td>90</td>
<td>85</td>
<td>55</td>
<td>77</td>
</tr>
<tr>
<td>Only informal channels</td>
<td>5</td>
<td>5</td>
<td>35</td>
<td>15</td>
</tr>
<tr>
<td>Both channels</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

Informal remittance channels primarily consist of hand-carryage mainly by relatives, friends and acquaintances when they return home upon the completion of contracts. The emergence and continuation of informal remittance transfers should be attributed to the growth of network-based migration in Indonesia. Indonesian domestic worker migration is facilitated by migration networks based on social and symbolic ties linking would-be migrants with current migrants, recruiting agencies and other facilitators (see Ananta and Arifin,
Gender Dimensions of Remittances: A Study of Indonesian Domestic Workers in East and Southeast Asia

2004; Wee and Sim, 2004; Faist, 2000, Massey et al. 1993). The social infrastructure that network-based migration develops to transfer labour from Indonesia to destination countries also facilitates informal remittance transfers from these destination countries back to Indonesia.

Informal channels have some advantages over formal channels. Informal channels usually provide fee-free services, and can deliver in-kind remittances. Both cash and in-kind remittances are usually delivered to the migrant households through physical visits. However, informal remittance channels are not risk-free, and a few cases of missing in-kind remittances were reported during the fieldwork in Hong Kong SAR.

In contrast, formal channels are risk-free but they charge fees which vary depending on the amount of money remitted, with a minimum fee for each remittance. In the remittance-corridors from Singapore, Malaysia and Hong Kong SAR to Indonesia, the transaction costs for each remittance transfer have been estimated from 4 percent to 10 percent of the total amount sent\(^{20}\). Formal remittance service providers also maintain office hours which are often inconvenient for domestic workers. Therefore, there is a need to embark on policy measures to reduce the transaction costs of remittances and establish some gender-friendly formal remittance channels, especially to serve the growing female migrant population in the region.

3.4 Relationships with Financial Institutions

Domestic workers’ relationships with banks in their home and host countries were examined to determine the prevalence of their relationships with financial institutions. While having bank accounts does facilitate remittance services, it is not the determinant of the use of formal channels. This is because remitting through MTOs or post offices does not require any bank account.

Despite the improved banking facilities in their host countries, 60 percent of the domestic workers surveyed reported having bank accounts in Indonesia, while 40 percent had bank accounts in their host countries (Tables 3.7 and 3.8), demonstrating that these domestic workers maintained a stronger relationships with the financial institutions in their home country than in their host countries. However, as discussed in Chapter 2, some host countries are making rules for employers to credit the monthly salary of domestic workers into their bank accounts, so it is expected that most workers will have bank accounts in their host countries in the near future.

Table 3.7 Relationships with Financial Institutions: Host Countries

<table>
<thead>
<tr>
<th>Bank Accounts</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>40</td>
<td>15</td>
<td>65</td>
<td>40</td>
</tr>
<tr>
<td>No</td>
<td>60</td>
<td>85</td>
<td>30</td>
<td>58</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

\(^{20}\) The figure may vary depending on the day of use of remittance services (usually on Sunday higher fees and foreign exchange rate varies), means of transport to remittance services (use of public transport or cab) etc. On the receiving side, the recipients incur transport costs and other hidden costs as well. In addition to fees charged by formal channels, other expenses are, therefore, also considered to provide this rough estimate of costs of remittance transfers.
It is often stated that male migrants remit more money home than women migrants (see Orozco, 2006; Semyonov and Gorodzeisky, 2005). However, this is often a direct result of income disparity. For example, Bangladeshi workers in Singapore (n=126) earned an average of S$712 (US$467) per month (Rahman and Lian, 2005:74), compared to the average of S$356 (US$234) per month of the women Indonesian domestic workers in Singapore (n=20) in this study. In a study on Nepalese migrants in Hong Kong, almost all Nepalese males in the construction sector earned monthly incomes of HK$7,000 to HK$15,000 (US$896 to US$1920) (Frost, 2006: 121), compared to the average of HK$3334 (US$422) per month of the women Indonesian domestic workers in Hong Kong (n=20) in this study. Informal interviews of Indonesian male migrants in Kuala Lumpur, Malaysia during this study found that they earned RM1,000 to RM1,300 (US$285 to US$371) in the construction sector, RM600 to RM900 (US$171 to US$257) in the plantation sector and RM600 to RM900 (US$171 to US$257) in the manufacturing sector per month, compared to the average of RM551 (US$157) per month of the women Indonesian domestic workers in Malaysia (n=20) in this study.

A recent study of Bangladeshi male migrants in Malaysia (n=50) and Hong Kong (n=47) found that they remitted on average RM475 (US$135) per month from Malaysia and HK$3,196 (US$409) per month from Hong Kong (Ullah and Panday, 2007). Since male migrant workers often tend to hold higher paid jobs, they can afford to save and remit more.

In contrast, women migrant workers often tend to concentrate in gender-specific niches (e.g. domestic work, elder care or the entertainment industry) because of the limited opportunities open to them when they migrate. They also tend to draw lower wages due to the gender-biased pay system in the labour market. As a result, a women migrant’s ability to remit is seriously reduced. The Indonesian domestic workers in Singapore, Malaysia and Hong Kong in this study saved an average of 69 percent of their monthly income, presumably to remit or take back home upon the end of their contract. On average they remit 1.8 times their monthly earnings in each transfer.

<table>
<thead>
<tr>
<th>Bank Accounts</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>60</td>
<td>35</td>
<td>85</td>
<td>60</td>
</tr>
<tr>
<td>No</td>
<td>40</td>
<td>65</td>
<td>10</td>
<td>38</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 3.8 Relationships with Financial Institutions: Indonesia

3.5 Gender-Differentiated Patterns in Earnings, Savings and Remittances

Also supported by some NGO activists in Malaysia (e.g. Harun, from Tenaganita, Kuala Lumpur, 2007).
This chapter addresses the gender dimensions of the recipients of remittances based on data collected in three host countries and Indonesia. The first section provides socio-demographic profiles of the migrant households interviewed in the household survey. The second section presents findings on the gender dimensions of remittance-receiving in Indonesia, while the final section discusses gender-differentiated patterns in remittance-receiving by comparing the findings with secondary data.

### 4.1 Socio-Demographic Profiles of Households

Forty migrant households that had female members working as domestic workers in Singapore, Malaysia or Hong Kong SAR were interviewed in the household survey. Their socio-demographic profiles are presented in Table 4.1. Fifty-two percent of the respondent households had family members working in Hong Kong SAR, 30 percent in Singapore, and 18 percent in Malaysia. Around 37 percent of the respondents were mothers, 23 percent were fathers, 15 percent were husbands and 30 percent were siblings. Around 78 percent of respondent households had between 2 and 5 members. Eighty percent of the women migrants of the respondent households had been working overseas between 2 and 6 years. Approximately 83 percent of the households depended on remittances for household expenses, including 45 percent which were critically reliant on remittances for subsistence living.

<table>
<thead>
<tr>
<th>Household characteristics</th>
<th>Percentage of sample</th>
<th>Migrant domestic worker characteristics</th>
<th>Percentage of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person interviewed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mother</td>
<td>38</td>
<td>Country of work</td>
<td>30</td>
</tr>
<tr>
<td>Father</td>
<td>23</td>
<td>Singapore</td>
<td>18</td>
</tr>
<tr>
<td>Husband</td>
<td>15</td>
<td>Malaysia</td>
<td>53</td>
</tr>
<tr>
<td>Brother</td>
<td>8</td>
<td>Hong Kong SAR</td>
<td></td>
</tr>
<tr>
<td>Sister</td>
<td>15</td>
<td>Duration of work overseas</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>2 to 4</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 to 6</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 to 8</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8 to 10</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above 10 years</td>
<td>5</td>
</tr>
<tr>
<td>Size of household</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 to 5</td>
<td>78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 to 9</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance of remittances for subsistence living</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very important</td>
<td>45</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Important</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not very important</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missing data</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
<td>75</td>
</tr>
<tr>
<td>Married</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unmarried</td>
<td>75</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: all figures are rounded to whole numbers. Categories may not add up to 100% because of rounding.
4.2 Remittance Recipients

4.2.1 Household Survey

In the household survey, the largest group receiving remittances was the mothers of the domestic workers, while the second largest group was the fathers (Table 4.2). While 25 percent of the domestic workers were married, only 15 percent sent their remittances to their husbands. The sisters of the domestic workers were also a major recipient group (15 percent). Although the number of female recipients is slightly higher than that of male recipients, the difference in the gender dimension of remittance-receiving is not significant.

Fifty-three percent of the households had received remittances once in the last three months, with a further 23 percent receiving no remittances in that period (Table 4.2). The majority of households (62 percent) had received remittances of between 1 million and 5 million Rupiah (US$108 to US$540).

As discussed in Chapter 2, formal remittance channels remain the predominant means of remittance transfers for Indonesia. In the household survey, 95 percent of the families had received remittances through formal channels, with only one family receiving remittances through informal channels, and one receiving remittances through both. The major formal channels used were Bank Negara Indonesia (45 percent) and Bank Rakyat Indonesia (30 percent). Surprisingly, two households reported instances where remittances had gone missing. One attributes this loss to the use of an informal channel, while the other blamed a formal channel, and particularly the complicated official forms that the women migrant had had to complete to send the remittances.

Table 4.2 Remittance-Receiving: Household Survey

<table>
<thead>
<tr>
<th>Categories</th>
<th>%</th>
<th>Categories</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipients of remittances</td>
<td></td>
<td>Frequency of remittances (in last 3 months)</td>
<td></td>
</tr>
<tr>
<td>Father</td>
<td>23</td>
<td>Once</td>
<td>53</td>
</tr>
<tr>
<td>Mother</td>
<td>38</td>
<td>Twice</td>
<td>10</td>
</tr>
<tr>
<td>Husband</td>
<td>15</td>
<td>Three times</td>
<td>15</td>
</tr>
<tr>
<td>Brother-in-law</td>
<td>3</td>
<td>None</td>
<td>23</td>
</tr>
<tr>
<td>Brother</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sister</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sex of recipients of remittances</td>
<td></td>
<td>Channels of remittance</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>52</td>
<td>Formal</td>
<td>95</td>
</tr>
<tr>
<td>Male</td>
<td>48</td>
<td>Informal</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Both</td>
<td>3</td>
</tr>
<tr>
<td>Amount received in last transfer</td>
<td></td>
<td>Formal channels used</td>
<td></td>
</tr>
<tr>
<td>Below Rp 1 million (US$108)</td>
<td>8</td>
<td>Bank Central Asia</td>
<td>5</td>
</tr>
<tr>
<td>Rp 1 to 5 million (US$108 to 540)</td>
<td>63</td>
<td>Bank Negara Indonesia</td>
<td>45</td>
</tr>
<tr>
<td>Rp 5 to 10 million (US$540 to 1080)</td>
<td>20</td>
<td>Bank Rakyat Indonesia</td>
<td>30</td>
</tr>
<tr>
<td>Rp 10 to 15 million (US$1080 to 1620)</td>
<td>0</td>
<td>Western Union</td>
<td>8</td>
</tr>
<tr>
<td>Rp 15 million and above (US$1620)</td>
<td>8</td>
<td>Simpanan DESA (SIMPEDES)</td>
<td>3</td>
</tr>
<tr>
<td>Missing data</td>
<td>3</td>
<td>Missing data</td>
<td>8</td>
</tr>
</tbody>
</table>
4.2.2 Domestic Worker Survey in Host Countries
In the domestic worker survey, 25 percent of the domestic workers across the three countries sent their remittances to their mothers, while another 25 percent sent them to their fathers (Table 4.3). While 35 percent of the surveyed domestic workers were married, only 10 percent sent their remittances to their husbands. Thus, in both surveys a tendency not to remit to their husbands was found. Among other recipients, sisters and children are noteworthy.

There were noticeable differences in the gender dimensions of remittance-receiving between Hong Kong SAR and the other two host countries, Singapore and Malaysia. These were basically due to differences in the marital status of the domestic workers in the samples. The numbers of married domestic workers in Malaysia and Singapore were higher than those in Hong Kong SAR (Table 3.1). As a result, fathers, mothers and sisters constituted the highest number of recipients from Hong Kong SAR. In this study, unmarried domestic workers tended to remit to female members of their family, while married domestic workers tended to remit to both female and male members of their family.

Table 4.3 Remittance-Receiving: Domestic Worker Survey

<table>
<thead>
<tr>
<th>Categories</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipients of remittances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Father</td>
<td>15</td>
<td>25</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>Mother</td>
<td>15</td>
<td>30</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Husband</td>
<td>20</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Sister</td>
<td>5</td>
<td>5</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Brother</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Children</td>
<td>35</td>
<td>20</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>10</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Sex of recipients</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>50</td>
<td>50</td>
<td>30</td>
<td>43</td>
</tr>
<tr>
<td>Female</td>
<td>50</td>
<td>45</td>
<td>70</td>
<td>55</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

4.3 Gender Differentiated Patterns in Remittance-Receiving
In both surveys, women were slightly more likely to be the recipients of remittances compared to men. However, the study did not identify statistically significant gender differences in remittance-receiving. In this context, it is worth noting that, in comparison with women from other countries in the region, women in Java are thought to have high status because of their ability to control their own movements, outside the village and in the marketplace; to control the income they earn; and to own property (Atkinson and Errington, 1990, cited in Wolf, 1992). Studies on Javanese women often portray them as independent, economically autonomous and equal if not superior to their husbands (Geertz, 1961).
Gender Dimensions of Remittances: A Study of Indonesian Domestic Workers in East and Southeast Asia
5. USES AND DEVELOPMENT OUTCOMES

This chapter addresses the use of remittances and the development implications for domestic workers, their families and communities, based on data from the domestic worker survey and the household survey. The first section presents findings on the use of remittances among the study sample. In the second section, a brief discussion on gender, remittances and investment is provided. The final section explores the impact of remittances on family dynamics.

5.1 Use of Remittances: Domestic Worker Perspective

Both the domestic worker survey and the household survey asked respondents to list the top three areas in which they used remittances, in order of priority. Table 5.1 presents the top three uses from the domestic worker’s perspective. In all three countries, the highest ranked use for remittances was education. Basic consumption was ranked second highest by domestic workers from Singapore and Malaysia, and third highest by those in Hong Kong SAR, where savings were ranked second. Domestic workers from Malaysia, ranked house construction third highest, probably due to the presence of higher percentages of married domestic workers in Malaysia (45 percent).

Table 5.1 Top Three Uses of Remittances According to Senders

<table>
<thead>
<tr>
<th>Rankings</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Education (60%)</td>
<td>Education (80%)</td>
<td>Education (65%)</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>Basic consumption (50%)</td>
<td>Basic consumption (65%)</td>
<td>Savings (60%)</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>Savings (45%)</td>
<td>House construction (50%)</td>
<td>Basic consumption (55%)</td>
</tr>
</tbody>
</table>

To better understand the emphasis on using remittances for education, the study investigated the presence of school-going members in the families left behind in Indonesia. In the domestic worker survey, almost two-thirds of respondents reported having school-going members in their families (Table 5.2), while in the household survey, 93 percent of families reported having school-going children (Table 5.3).

Table 5.2 Family Members Pursuing Education: Domestic Worker Survey

<table>
<thead>
<tr>
<th>Family members pursuing education</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>75</td>
<td>75</td>
<td>65</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>25</td>
<td>25</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Missing data</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 5.3 Family Members Pursuing Education: Household Survey

<table>
<thead>
<tr>
<th>Family members pursuing education</th>
<th>Indonesia % (n=40)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>93</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
</tr>
</tbody>
</table>
These findings differ from a recent study by ADB (2006:22), in which education was not rated highest in any of the countries of this study. In that study, the top three uses for remittances mentioned by domestic workers in both Malaysia and Singapore were food, then clothing, and then education, while those in Hong Kong SAR mentioned savings, then education, and then business. Unlike the ADB study, this study does not distinguish basic consumption from clothing and food; so there may be some overlap in the data. However, in this study, business did not appear as one of the top three uses in any of the countries studied.

5.2 Use of Remittances: Household Perspective
Respondents to the household survey were also asked to list the top three areas in which they used remittances, in order of priority (Table 5.4). The top three uses of remittances are: house construction (69 percent), basic consumption (63 percent), and savings (42 percent). Although these uses of remittances differ in ranking with the findings of domestic worker surveys in Singapore, Malaysia and Hong Kong SAR, they all are found as the top three uses of remittances in domestic worker survey.

Table 5.4 Top Three Uses of Remittances: Household Survey

<table>
<thead>
<tr>
<th>Rankings</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>House Construction (69%)</td>
</tr>
<tr>
<td>2nd</td>
<td>Basic consumption (45%)</td>
</tr>
<tr>
<td>3rd</td>
<td>Savings (42%)</td>
</tr>
</tbody>
</table>

5.3 Gender, Investment and Development
Much of the literature on remittances and development has focused on whether remittances were used for productive investment or consumption (for a review see Papademetriou and Martin, 1991; Hermele, 1997). The existing literature often reports that migrant remittances (sometimes called worker remittances) were spent mainly on houses, education, health care, feasts, clothes, electronic gadgets, and other imported consumption goods, while investment in productive enterprises was rare. As a result, the dominant view is that the money migrants remit to their families is mainly spent on consumption and non-productive investments, leading to ‘a passive and dangerous dependency on remittances’ (Haas, 2005). However, Haas describes this as a ‘migration myth’ and argues that there is increasing evidence that this pessimistic perspective is founded on a rather poor empirical and analytical basis (see also Hugo, 2003 and 2006).

Piper argues that the use of remittances for consumption and other so called non-productive investments should be viewed from a broader social development perspective, relating to issues of education, health, social welfare, political participation and the link between social development and democratisation of human relations (Piper, 2005: 10). In Piper’s view, the term ‘investment’ should not be narrowed only to include productive investment, as use of remittances for health, education, and nutrition expenses also constitutes an important form of investment.

García and Paiewonsky (2006:4) maintain that the focus on ‘productive use’ ignores the emotional, symbolic or communal value of other types of investment. Some other studies highlight the need to consider local views and conditions in order to understand migrants’ own perceptions of what constitutes productive and non-productive investment (Asis et al., 2004; Gamburd, 2002; Ramirez et al., 2005).
Importantly, the debate over productive and non-productive use of remittances has not considered the gender dimensions of investment. As Mahler and Pessar (2006:27) note, gender ‘seeps subtly into a seemingly neutral notion of ‘productive’ versus ‘unproductive’ uses of remittances’. Investment decisions differ across gender lines. In particular, women are less likely than men to invest in risky assets (see Sunden and Surette, 1998). In the Indonesian context, risky investments include transport businesses (e.g. buying motor cycles to rent out, which is common in Indonesia), irrigation equipment, agricultural products, and opening grocery shops.

Broadly speaking, investment can be in ‘physical capital’ or ‘human capital’ (Salomone, 2006: 14). Physical capital investments can be fostered by migrants themselves or by their households. Such remittances can enhance entrepreneurship in the recipient country if they are directed to housing, construction, agricultural production and technology and so on (Salomone, 2006). Lindstrom (1996) identifies two uses of remittance that can be considered as economic investments: ‘fixed capital assets’ and ‘productive assets’. The motivation for investment in fixed capital assets, for example land, loans or fixed deposits in banks, comes from the belief that these can be sold in the future without a loss, and preferably with some gain. Investment in productive assets, for example farmland, livestock, tractors, or irrigation equipments, generates income over the long term to satisfy future income needs.

In the current study, the household survey examined whether recipients had ever used remittances for investment in productive assets. Of the forty households, 17 (or 43 percent) had invested remittances in productive assets, while 22 (or 55 percent) had not (Table 5.5). The most common area for such investment was irrigation, followed by food production and small shops. This analysis does not explore how macro-economic policies, especially investment policies, structure the incentives to engage in productive activity, or how women and men relate with or react to these policies. This could be an area for further research.

### Table 5.5 Investment in Productive Assets

<table>
<thead>
<tr>
<th>Investment</th>
<th>No of Cases</th>
<th>Areas of Investment</th>
<th>No of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>(n=40)</td>
<td></td>
<td>Irrigation</td>
<td>10</td>
</tr>
<tr>
<td>Yes</td>
<td>17</td>
<td>Food production</td>
<td>3</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>Small shop</td>
<td>3</td>
</tr>
<tr>
<td>Missing data</td>
<td>1</td>
<td>Transport</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sex of investors</th>
<th>No of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>(n=17)</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>9</td>
</tr>
<tr>
<td>Female</td>
<td>8</td>
</tr>
</tbody>
</table>

Investment in ‘human capital’ is fundamental especially from an ‘endogenous growth perspective’, that is, ‘relaxing liquidity constraints would impinge on human capital formation’ such as better education, health, quality of life, improved gender relations, and empowerment of women (see Salomone, 2006). Remittances

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22 The question asked whether there had been any investment in productive assets, not whether this was one of the top three uses for remittances, so the data is not comparable to that in the earlier tables.
enable families to improve their diets, secure higher quality housing, dress better, and afford better medical treatment.

Overall, the remittances in this study were mostly used for human and physical capital improvement. Such investments in human and physical capital improvement have far-reaching development implications for migrant households in particular, and for their communities and country in general.

### 5.4 Remittances and Family Dynamics in Indonesia

The existing literature on migration’s impact on the Asian family is fairly robust. Significant findings from this literature include: migration leads to moderate changes in gender roles within families; migration acts as a vehicle for upward social mobility; families adjust well in the absence of male or women migrants; the education, health care, and quality of life of migrant families improves; the women left behind take on the roles previously assumed by the men; and the children left behind learn to be more independent in the migration process. Some negative impacts are also reported, including misuse of remittances; broken families; and lack of parenting for children.

In the Indonesian context, Hugo identifies that migration affects family structure and composition; marriage and divorce; intergenerational and intra-familial relationships; care of children and the aged; the economic situation of the family; the role and status of women; and power relationships in the family (Hugo, 1995, 2002, 2003, 2006). Migration tends to have a very positive economic impact on the family—remittances provide a source of income to families, and the extended families function as information and resource networks that facilitate permanent relocation by decreasing financial hardship and culture shock. Migration in some situations has also resulted in an improvement in the situation of women within the family and within the community. However, migration can be a disempowering process for women (Hugo 1998, 1996, 2000, 2004).

The current study explored the impact on the families when the women migrants became the principal economic providers of the households. Did it improve the status of women migrants? Did the family members left behind have more respect for the women working overseas? Did remittances increase household decision-making power for women migrants and recipients of remittances? These questions need a detailed study of gender differentiated patterns of remittances and family dynamics, clearly too big a task for this report, which focuses on control over remittances and family relations.

The control over the management of remittances, especially when the domestic workers are away, is crucial in understanding the way they are seen by the families left behind. On average, two-thirds of respondents across the three countries reported that they decided how remittances would be managed back home. However, 25 percent of domestic workers also reported that there had been cases where the recipients of the remittances had overlooked their wishes (Table 5.6). In contrast, in the household survey only half the recipients of remittances reported following the wishes of the domestic worker all, some or most of the time (Table 5.7). Thus, despite being the earners and senders of the remittances, domestic workers do not have exclusive control over the management of these funds.

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Table 5.6 Remittances and Family Dynamics: Domestic Worker Survey

<table>
<thead>
<tr>
<th>Questions</th>
<th>Singapore % (n=20)</th>
<th>Malaysia % (n=20)</th>
<th>Hong Kong SAR % (n=20)</th>
<th>Total % (n=60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you decide how remittances will be managed back home?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>55</td>
<td>85</td>
<td>60</td>
<td>67</td>
</tr>
<tr>
<td>No</td>
<td>35</td>
<td>10</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>No comment</td>
<td>10</td>
<td>5</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>Is there any case of overlooking your decision regarding management of remittances?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>45</td>
<td>0</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>No</td>
<td>55</td>
<td>90</td>
<td>30</td>
<td>58</td>
</tr>
<tr>
<td>No comment</td>
<td>0</td>
<td>5</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Do not know</td>
<td>0</td>
<td>5</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>If there is a disagreement between you and your family on how to manage remittances, whose decision is final?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interviewees (domestic workers)</td>
<td>60</td>
<td>70</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>Families</td>
<td>20</td>
<td>20</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>It depends</td>
<td>15</td>
<td>10</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>No comment</td>
<td>5</td>
<td>0</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 5.7 Remittances and Family Dynamics: Household Survey

(n=40)

<table>
<thead>
<tr>
<th>Question</th>
<th>%</th>
<th>Question</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the domestic migrant wishes her remittances to be spent in a certain way, do you follow her wishes?</td>
<td></td>
<td>How do male members of the family now view the women migrant worker in terms of respect for her work and contribution?</td>
<td></td>
</tr>
<tr>
<td>All the time</td>
<td>18</td>
<td>Male members respect her more</td>
<td>60</td>
</tr>
<tr>
<td>Most of the time</td>
<td>10</td>
<td>No change in attitude</td>
<td>20</td>
</tr>
<tr>
<td>Sometimes</td>
<td>23</td>
<td>Male members respect her less</td>
<td>5</td>
</tr>
<tr>
<td>Do not follow her wishes</td>
<td>48</td>
<td>No comment</td>
<td>5</td>
</tr>
<tr>
<td>Missing data</td>
<td>3</td>
<td>Missing data</td>
<td>10</td>
</tr>
<tr>
<td>As the recipient of remittances, do you now have more influence on decision-making in the family?</td>
<td></td>
<td>How do female members of the family now view the women migrant worker in terms of respect for her work and contribution?</td>
<td></td>
</tr>
<tr>
<td>More influence</td>
<td>38</td>
<td>Female members respect her more</td>
<td>75</td>
</tr>
<tr>
<td>No change in influence</td>
<td>58</td>
<td>No change in attitude</td>
<td>15</td>
</tr>
<tr>
<td>Less influence</td>
<td>3</td>
<td>Female members respect her less</td>
<td>0</td>
</tr>
<tr>
<td>No comment</td>
<td>3</td>
<td>No comment</td>
<td>10</td>
</tr>
</tbody>
</table>
A change in attitude toward domestic workers overseas was found in the household survey. This varied across gender lines, with 60 percent of the respondents reporting that male members of the family had increased respect for their female members overseas, compared to 75 percent reporting increased respect among female members of the family.

Although the experience of women migrants was mixed, female recipients of remittances tended to report that their influence on family decision-making had increased. Around 38 percent of respondents reported increased influence on family decision-making, while 58 percent reported no change (Table 5.7). Many of those reporting no change were males and already headed the family (e.g. fathers, husbands), so it is not surprising that the remittances did not lead to a change in their influence.

Access to remittances and, more importantly, the power to manage them in a situation of scarce family resources can improve women’s ability to express and exercise their choices, although this often benefits female recipients more than the domestic workers themselves. In this way, remittances contribute to the improvement of status of women in migrant families or households. However, more in-depth research is needed on the power and authority structure in the migrant households.
6. POLICY RECOMMENDATIONS

Remittances can bring new opportunities for a better life and greater gender equality, both for those migrating and for those left behind. However, policy interventions to maximise the value of remittances are required to enhance the development impact. Recent literature has focused extensively on how to reduce costs of remittance transfers and leverage the development potential of remittances. In the light of the findings of this study and the existing literature, this section proposes some gender-sensitive ways to reduce transaction fees on remittances and leverage their development potential in Indonesia. Although discussed in the context of Indonesia, many of the proposals would be relevant to other countries which have large outflows of women migrants.

6.1 Reducing Transaction Fees of Remittances

The literature almost unanimously identifies ‘competition’ as the single most important factor in reducing the transaction costs of remittance transfers. This report suggests creating a more competitive environment in Indonesia by encouraging more national and international players to provide remittance services. There is also a need to expand the access to clearing and settlement systems and to adopt new technologies which are gender-sensitive and will provide greater efficiency, lower costs and extended outreach. Additionally, the governments of both host and home countries, international organisations, migrants’ associations, and micro-finance institutions should coordinate initiatives to reduce the transaction costs. However, it should be clearly understood that migrant remittances are primarily personal and private transfers, not commercial or public transfers.

The report suggests promoting good practice in remittances. In the line with IFAD (2006), good practice in remittances include: greater availability and access to remittances in rural areas; more options for linking remittance services and access to other financial services such as savings, credit and insurance; transparent service fees and costs in remittance transactions; and solutions that minimise transaction costs.

There has been an emergence of mobile banking and transfer services worldwide, and these are already being used in countries such as the Philippines, Kenya and Uganda. This report proposes the introduction of two gender-friendly remittance transfer tools which are not currently available in Indonesia: mobile-to-mobile remittances and card-based remittances. These two methods of remittance transfers have the potential not only to reduce the fees for remittance transfers but also to make remittance transfers convenient and fast for both male and female remitters and recipients of remittances.

6.1.1 Mobile-to-Mobile Transfer Services

In mobile-to-mobile money transfer services, senders remit money by using their mobile phone at any time of the day. Such ‘mobile banking’ can provide an important alternative to cash in pre-dominantly cash-based economies, replacing brick-and-mortar infrastructure such bank branches and ATMs. It also brings a type of financial intermediation to underserved populations in urban and rural areas. The two methods of delivery which predominate in Africa and Asia are SMS text messaging and SIM chips embedded directly in the mobile phone (Migrant Remittances, 2007).

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Mobile-to-mobile transfer services are convenient, gender-friendly and cheap. In the Philippines, for example, a service operated by Maxis Communications Berhad and the Philippine’s telecommunications company Globe Telecom allows customers to transfer up to RM500 per transaction at RM5 per transaction and 15 cents for each SMS, which is half the transaction fee of banks. Up to RM10,000 can be transferred per day at no charge to recipients (AMN, 31 May 2007).

Mobile-to-mobile transfer services are particularly important for Indonesia because mobile telecommunications have reached the remote rural areas. Currently, there are a total of 75 million subscribers in Indonesia. By 2010, the number of mobile phone users is predicted to reach 122.1 million, up from 66.5 million in 2006 and 46 million in 2005 (The Jakarta Post, 15 June 2007).

However, the question of disbursement must be addressed. In the Philippines this has been solved by linking up with other already established infrastructure, such as Globe’s G-Cash 6,000 outlets, rural banks, pawnshops and retail outlets. In some places, recipients can pay for purchases and tuition fees without even withdrawing the cash. Indonesia could undertake similar initiatives to serve the millions of migrant workers and their families.

Once the market is opened for mobile-to-mobile transfers, many entrepreneurial activities will come into being to serve the demand. For example, in Kenya, some entrepreneurial customers even operate ‘human ATMs’ providing cash for a small fee. Compared to going to a bank, many recipients will be able to save time and expenses if they can cash out their remittances in the neighbourhood through ‘human ATMs; pay bills; or purchase irrigation equipment, seeds or other agricultural and industrial products from stores.

6.1.2 Card-Based Remittance Transfers
Prepaid card-based remittance transfers are emerging as another solution for international money transfers, and have been particularly popular in the remittance corridor between North America and Latin America. Card-based remittance services can make remittance transfer cheap, fast and convenient for both domestic workers and their recipient families, and suit the needs of domestic worker families who are largely from the low-incomes groups.

The prepaid card market includes a variety of products, ranging from traditional gift cards to the more recent reloadable branded spending and payroll cards. A variety of models have developed:

• **Card-to-cash model**: recipients do not need to have a card of their own, and can retrieve the transferred funds directly in cash. Establishing partnerships with banks and other entities in the recipient country can make the model effective.

• **Dual-card model**: two cards with access to the same account are provided. One is transferred to the recipient side and the other is kept with the sender. The sender can add cash whenever needed and the recipient can draw cash from ATMs.

• **Recipient-only card model**: the sender purchases a prepaid debit card and sends it to the recipient for their use (for details, see Orozco et al., 2007).

Many of these card-based remittance models are already available in the host countries studied. Indonesia could coordinate with these host countries and make the necessary arrangements at the government level to include Indonesia within the coverage of these cards. A regional approach to card-based remittance transfers could also be pursued, using ASEAN as a platform.
However, card-based remittance services have difficulty in covering the remote places in Indonesia due to the absence of rich disbursement networks (e.g. ATMs, poor banking infrastructure)—a situation not unique to Indonesia. One way to solve this problem is to use branded credit cards (e.g. MasterCard and Visa), as discussed in section 6.2.3 below.

6.2 Leveraging Remittances for Development

‘Remittances should not be directed to government programmes and official agencies monitoring remittance use should not infringe on individual privacy. Government should enhance the opportunities for private citizens—through appropriate regulatory and policy incentives—to make productive use of remittances’ (Inter-American Dialogue, 2007).

Acknowledging the private nature of the remittances and recognising that excessive intervention may risk destroying the benefits of remittances, this report suggests a gender-sensitive and incentive-based ‘light-handed’ approach covering four areas: (i) specific programmes, (ii) financial intermediation, (iii) credit card-based remittances and (iv) promotion of NGO-based development activities at the migrant source villages.

6.2.1 Specific Programmes

In this study, only 60 percent of the Indonesian domestic workers had bank accounts in Indonesia. Measures should be taken to ensure that all female (and male) migrant workers leaving the country do have saving accounts with banks in Indonesia. On the basis of this relationship, other forms of financial relationship (e.g. selling of financial products) could then be advanced. The report also proposes consideration of five specific measures: (i) a ‘special category of deposit accounts’; (ii) matching funds; (iii) loan schemes for prospective migrants; (iv) generation of saver-rentiers; and (v) micro-finance which are explained below:

A special category of deposit accounts should be designed for migrant workers with facilities to save cash directly from overseas. The interest rates for these accounts should be higher than ordinary accounts so that migrant workers find them economically rewarding.

Matching funds are usually seen in Latin American countries (e.g. Mexico and El Salvador), whereby remittances are organised and sent collectively by migrant organisations such as Hometown Association (see Goldring, 2004). In this scheme, receiving country governments usually contribute partially to the total amount. For example, the governments in Mexico and El Salvador allocate $2 or more for every dollar that migrant organisations remit back to their communities (see Agunias, 2006). The remittances are used for community development programmes in the migrants’ communities of origin. Goldring (2004) notes that collective remittances generate more developmental outcomes, especially in the context of community development, than individual remittances or person-to-person remittances.

In this study, although some of the Indonesian domestic workers in Hong Kong SAR did collaborate to save and remit money for community development at home, this was initiated at the individual level. What this report is proposing is that the Government of Indonesia encourage collective remittances by offering financial

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25 Bank Rakyat Indonesia’s (BRI) has a long-term plan to use ATMs for transfer transactions and to provide the same service to international migrant workers in Hong Kong, Malaysia, Singapore and elsewhere (ADB, 2006).
incentives, for example by allocating two or three dollars for every dollar of collective remittances. This would enable Indonesia to encourage some remittances to be directed towards community development.

A loan scheme for prospective migrants is especially important for Indonesia, as placement fees are quite high and beyond the financial means of many domestic migrant workers. Indonesia has recently decided to provide cheap loans to prospective migrant workers to help unskilled workers finance their job searches abroad (The Jakarta Post, 31 July 2007). The earlier this loan scheme is implemented, the better it will be for migrant workers.

Generation of saver-rentiers can be a useful policy option, especially for domestic workers (for details see Agunias, 2006). In general, two types of ‘migrant savers’ are reported in the literature: the ‘rentier-saver’ and the ‘investing-saver’ (Saith, 1989 cited in Brown,1994: 21). Rentier-savers hold their savings as financial deposits with banks (interest or rent-yielding asset), while investing-savers go for small businesses run on a self-employment basis. In this study, some domestic workers showed little interest in investing because of a fear that they may lose their savings. The migrant households were also found to be worried about the returns from investments in their local economy. Therefore, this report proposes competitive real interest rates for migrant workers, especially domestic workers.

Micro-finance institutions are increasingly popular form of alternative financial institution. Migrant families in the Philippines are increasingly using micro-finance institutions for local investment. Micro-finance institutions in Indonesia should also offer special products targeted at migrant families and extend their operations across the country.

6.2.2 Financial Intermediation
Financial intermediation is “the process by which the financial intermediaries—usually banks or other similar firms—borrow money from one source to give it to another company that needs funding, investment or resources”. To put it simply, financial intermediation means channelling savings into investment. The importance of linking remittances to financial intermediation as a strategy to harness the development potential has been stressed in recent literature (Orozco and Fedewa, 2006: 6; World Bank, 2006; ADB, 2006, 2004). This is because financial intermediation of remittance flows can offer both senders and recipients access to asset building, which, in addition to education and health, is essential to achieving development (see Orozco and Fedewa, 2006). The ADB has identified several development benefits that may stem from the intersection between remittances and financial intermediation. Firstly, it increases the benefits for both senders and recipients because it opens up opportunities to save, borrow and buy other financial services (e.g. insurance and investments), while helping financial institutions to mobilise savings in local communities where the money is allocated. Secondly, it works as insurance during times of crisis by helping migrant families to reduce their dependence on foreign savings through building assets. Finally, increasing household assets has macro-level effects for the national economy (ADB, 2006: 57).

Despite remittances being a form of foreign savings, remitters and recipients in the countries studied do not have strong relationships with bank intermediaries (see also ADB, 2006:60). As the task of linking remittances...
to financial intermediation should begin at home, Indonesia should pursue measures to connect remittance recipients into the financial intermediaries. Some measures have already been taken by some Indonesian banks to provide services to recipients beyond remittance-transfers, such as saving packages, certificates of deposits, medical insurance, life insurance, housing loans and small business loans. These will play a role in making remittances more productive. However, more pro-active policies to reach both recipients and senders of remittances should be considered. Financial literacy should be enhanced among both groups through special programmes targeted at recipients and domestic workers overseas. Indonesian embassies and Indonesian airports, especially departure halls, could play a role in this financial education. Some incentive programmes could be pursued to reach the target groups, such as waiving passport renewal fees.

6.2.3 Promotion of Credit-Card Based Remittances

Indonesia could also consider credit-card based remittances through partnership with international credit card companies (e.g. MasterCard and Visa). Not only could credit-card based remittances reduce the costs of remittance transfers, they could also provide extra coverage to manage risks during times of financial hardship back home. For example, credit cards can be used to meet the need for cash beyond the usual amount of worker remittances. Such extra cash may be used in small businesses, to pay school fees, or to buy agricultural equipment, irrigation tools or seeds. Domestic workers in host countries would be the principal cardholders while recipients of remittances would be optional cardholders.

There may also be negative consequences arising from credit-card based remittances, such as overuse or non-payment of bills. However, if appropriate measures are taken to reduce these negative consequences, they may emerge as a powerful tool for remittance-driven development initiatives. A pilot programme could be pursued to test the viability of this method.

Recently, Visa International and Malayan Banking Bhd (Maybank) established a card-based transfer system from Singapore to Malaysia (Migrant Remittances, Vol. 4, No. 3, July 2007). It is cheap and easy to manage. In addition to cash draw, credit cards provide more choices in terms of its uses: shopping, insurance and so on. Using credit cards to purchase goods will result in less use of cash (therefore less use of ATMs). It has also “risk-management” effects at the migrant households discussed in the next section (Massey et al. 1993, Stark, 1991; Hugo, 1998). However, a detailed cost-benefit analysis of credit cards as a remittance tool must be undertaken to find out its practicality and viability in the Indonesian context.

6.2.4 Promotion of NGO-based Development Plans

Indonesian NGOs are playing a greater role in the changed socio-political environment in Indonesia. They are more open to linking their activities to regional networks and they have become more a part of worldwide public opinion. Leading NGOs that deal with women migrant workers in Indonesia include Solidaritas Perempuan, LBH Jakarta, the Center for Migrant Workers, and LBH APIK (Social Justice for Women) (see Pudjiastuti, 2003). Their activities have given impetus to the government machinery and compelled it to devote more attention towards women migrant workers, and to formulate policies protecting and promoting the rights and welfare of migrant workers. Although NGOs are already an important ally in promoting and protecting the rights of women migrant workers (Pudjiastuti, 2003), they could play a much greater role, especially in managing remittances at the micro-level. Migrant worker NGOs should be invited to develop remittance management skills among migrant households and implement remittance-induced development programmes in the migrant source villages.
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