



A financial literacy training session at Cumilla in 2022

FINANCIAL LITERACY WORKS!

Migrant workers' families manage household finances more sustainably

Strengthened and Informative Migration Systems (SIMS) Project

January 2023



AN INNOVATIVE APPROACH TO FINANCIAL LITERACY FOR MIGRANT

Traditional financial literacy (finlit) trainings provided in Bangladesh are usually 4-5 days long and cover financial literacy for business development. SIMS had a different **vision: the basis for successful and productive investment of remittances is a sound management of household finances**. This requires a separate training of longer duration to instigate behaviour change. Therefore, SIMS developed a training modality for 17 weekly sessions and a course duration of 4 months. Each session is designed for two hours of blended input, discussion, groupwork and practice.

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“I did not miss any of the 17 two-hour weekly sessions. I got sufficient time for learning, practicing, and adopting. I even had enough time for my household work. I really like this arrangement.”

Rashida Khatun, finlit graduate, Sadar Dakshin, Cumilla District.
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Countering initial doubts from many sides, the training modality has proved successful. 81.5% of

the participants rate the course as **highly successful – both for its quality, the long-term modality as well as the learnings they could put into practice, such as increased savings**.

Respondents indicated that a different modality would have collided with their household and care duties. The modality allows for deepening a topic if and use slightly more time than planned without jeopardizing the full course content. With increased trust and group spirit, active participation increased substantially which further reinforced the learning process.

Given the 4 months duration of the course, there was **space and time for putting the learnings in practice, clarifying upcoming questions, adapting it to the family’s circumstances and slowly change the behaviour**. Participants start to accumulate savings, reduce unnecessary expenditures, keep the record of monthly income and expenditure, prepare a family budget, or use valid remittance transfer channels.

KEY FINDINGS

After 1.5 years of implementation, 120 finlit graduates were interviewed, and ten Focus Group Discussion (FGD) were conducted in the three implementing Districts Narsingdi, Cumilla and Chattogram with the objective of capturing key findings and lessons learned. Alongside, three discussion sessions were held with staff involved in conducting and organizing the finlit training.

A monthly family budget for planning security

Preparing a monthly family budget has been a particularly helpful tool for families left behind. Before the training, no one developed and maintained any formal financial plan. After receiving the training, 40% maintained and updated daily income and expenditure accounts in written form, 20% updated the account on a weekly basis. The remaining 40% has not maintained a detailed regular income and expenditure account in written but sets aside the money early in the month for the planned expenses.

Initially, the major income head was remittances. As a result of the training, alternative income sources were generated which diversified the income heads in their planning document. Major heads of expenses were food consumption,



Mina Rani adopted family budgeting

children's education, family health care, electricity, mobile phone and internet, attending social events, migration loan repayment, etc. After the training, some costs were reduced, such as for mobile phone and internet, as well as attending social events. Savings, children education, loan repayment became high priority expenses.

Regular savings for resilience

In Bangladesh, when a remittances transfer is received, a sense of spending spree occurs. In this finlit course, the link among savings, resilience and investment was extensively discussed. Before the training, 60% practised formal savings through one or more savings schemes with banks, Micro Finance Institutions (MFIs), insurance companies or in an informal way such as cash, on average, everyone has at least one saving scheme with a range of fixed term deposit, deposit pension scheme, savings bond, regular based savings, NGO savings, schemes of 1.1 per person. After the training, all the finlit training graduates had their savings schemes with an average of 2.4 schemes per person. The average monthly savings increased by 88%.

Rekha Akther and Farzana Akther completed the training in July 2022. Being motivated by the training, Rekha increased her average monthly savings from BDT 500 to BDT 2,000 while Farzana increased from BDT 2,000 to BDT 5,000.

Towards formal remittances transfer channels

The informal remittances transfer channel "Hundi" is popular despite its security risks. Before the training, 32% preferred the informal Hundi system; 28% used the bank, and 38% mobile banking as formal channels. Currently, 89% trained finlit graduates prefer the banking channel while 10% expressed their preference for mobile banking. Only 1% still use Hundi. Reasons for the change were consideration of safety and security, future loan facilities, government incentives and safety nets for migrants. The other channels are still used for smaller amounts and emergency transfers. However, access to banking channels can be a challenge in the destination countries and for irregular migrant workers.

More savings thanks to reduced expenses

All the finlit graduates reflected upon their expenditure patterns and identified unnecessary or less important expenses which could be

reduced. The areas included unproductive mobile talk time and internet usage such as surfing on social media unproductively, fast food takeaway – in short: striking a healthy balance between the wish list and the real need.

“After the training I reduced spending on extra cosmetics sets, non-purposeful frequent outings, and extra sets of clothing which allowed me to have extra savings.”

Farzana Akther, Polash, Narsingdi District.

Reducing the dependency on remittances

With a migrant worker abroad, the remittances transfer is oftentimes the only source of income for the (extended) family to live off. Only upon return of the migrant worker, the family starts exploring investment opportunities. Before the training, very limited investments in the rearing of farm animals and vegetable gardening occurred and if so, then largely for self-consumption. The finlit training highlights the risks of dependency on the remittance income only, as well as the potentials arising from productive investments of remittances early on. This led to a transformation of their traditional consumption-oriented family farm to a more profit-oriented one. Before the training, a family on average had 0.7 consumption-oriented farming activities. This increased to 1.7 farming and non-farming activities focusing more on business.



“I transformed my pastime tailoring work, and household animal keeping into business-oriented dress making, and poultry and cow farming. Thanks to the finlit training.”

Jharna Akther, Polash, Narsingdi District.

Alongside traditional agro-based investments, they invested in diversified areas such as layer/broiler farming, beef fattening, dairy cow rearing, fish culture, ferrying of cloths, running a shop, tailoring, sewing, block, batik, weaving. Their vision is to establish a broad income source which would allow the returnee migrant worker to join the business and support his/her economic reintegration.

Financial literacy empowers women!

Women in general are fully responsible for household and care work. Their engagement in income generating activities is usually limited and seldom recognized in the patriarchal society. However, the experience demonstrates that financial literacy and subsequent sound management of household finances has an impact on women empowerment and their respect in the family and the wider community. Given the labour migration scenario in Bangladesh with an overwhelming majority of male migrant workers, 85% of the participants in the finlit training were wives left behind.



“Before the training we did not have the courage for savings and other economic activities. We thought we were women and could not do it. Now we know our strength and have become active.”

Halima Akther, Daudkandi, Cumilla District.

Initially, the husbands and in-laws were hesitant to allow the left behind wives to attend the finlit training. Some in-laws even accompanied the participants. But after a few sessions, they understood the purpose of the training and their doubts dispersed. When the training started to bear fruit, the husbands appreciated their wives and some wished that the training had started

earlier to optimize their hard-earned remittances both for household consumption, savings as well as productive investment.

Further, the various activities lead to an increased mobility of women, for instance to establish and attend to the various savings schemes at banks, Micro Finance Institutions (MFIs) offices, insurance companies, etc. The mobility of those who established a micro or small enterprise increased for collecting production inputs and selling the outputs.

An informal finlit graduate network supports social exchange and economic collaboration

Jointly attending a training in the same group for a period of 4 to 5 months created an organic feeling of connectedness with like-minded people among the wives left behind. This informal peer group provides space to connect, seek advice and exchange on life’s beauties and challenges. Even after the completion of the training, the exchange continues for business and market information, children’s education, social issues, availability of skills training, etc.

Members of a completed finlit batch in Burichang upazilla under Cumilla district formed a non-formal savings group among themselves. Alongside their formal savings in the bank, each member deposits BDT 1,000 in the savings group. They arrange a monthly draw. The winner of the lottery receives the money for investment.



“Being informed by one of my fellow finlit graduates I received training on compost preparation and established a compost preparation facility in my house.”

Rukaya Begum, Burichang, Cumilla District.

Financial literacy has the potential to break the migration cycle

The hardships and challenges of a migrant family are worth it when positive outcomes of labour migration are maximized, and its risk minimized. One of the risks is a total dependency on remittances oftentimes leading to a challenging reintegration of the returnee migrant worker, as without the remittances the family has no income to further sustain after his/her return which leads to economic and at times also social struggles. Financial literacy prepares the ground for future economic re-integration for the migrant worker. The left behind family members are able to manage finances soundly and establish saving practices oftentimes leading to investments. The family and the migrant worker remotely can nourish the alternative productive investment well

before the migrant worker’s return. When the enterprise development achieves maturity, the returning migrant can join in the business. To corroborate these anecdotal findings, a more in-depth impact evaluation is required at a later stage of the project.

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“After completing her finlit training my mother established a dairy farm with the savings she made from my remittances. I firmly believe that the farm will provide me with a job upon my return from Saudi Arabia.”

Touhidul Alam, Chandanaish, Chattogram District
(migrated to Saudi Arabia in 2021).
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Taslima is expanding her tailoring business in Burichang, Cumilla. Before receiving finlit training, she had only one manual sewing machine and a small collection of fabrics. After the training she purchased an electric sewing machine and expanded her collection. Her typical customers are women, often accompanied by their children, mostly girls. Therefore, she decided to take into account girls’ needs and she stored decorative items for children which fetch a significant amount of her profit.

CHALLENGES AND FURTHER REFLECTIONS

- The current training modality is targeted towards women left behind and has been confirmed as successful and impactful. However, there is a **growing number of female migrant** workers leaving behind husbands and other men of her family. For those, **the current modality** of 17 session covering 4-5 months is **not suitable** and further reflections and pilots are required to adjust the modality to also accommodate men left behind.
- The training content as well as putting it in practice requires a **minimum level of education** for reading, writing, and calculating which limits the outreach and excludes less educated family members. It requires family members to select a literate participant for the finlit training.
- The most pronounced contents in the finlit training were family budget, financial planning, opportunity for investment, strategy for increasing/alternative family income, safety net and institutional support for migrants and their family. They indicated that content delivered through role play, case story, practice session, group work and real-life example helped them most to learn and later adopt the aspect in real life. Participants were interested in **receiving further in-depth information on migrants focused formal, informal, and institutional support** sources and ways to accessing the services linked with business development.
- The finlit training is designed to be followed by an entrepreneurship training by the same project, providing support to those who wish to establish their own business. If the new entrepreneurs are not supported professionally over a certain period of time, **there is a risk of jeopardizing the positive impacts** (e.g. savings) of the financial literacy training which in turn **may lead to a loss of trust** in the financial management skills itself. The finlit training should not be considered as a standalone training but is ideally **followed by a business management and trade specific skill training** to reap the full fruit of enhanced household management skills.
- The course has not provided the graduates with a **certificate**. However, some demanded for this as they perceive the **certificate might be helpful** for securing loan and other institutional support. A possible collaboration with relevant government authorities could be explored in this regard.
- Organizing the training at community level is **time and resource** intensive, both in terms of organization (mobilization of beneficiaries, identifying suitable courtyards or training venues, etc.) and the training itself (which in the SIMS case is specifically designated staff of the partner organizations). The time and resource intense modality – with a high impact – might **likely require a transformation of the approach** if it is to be anchored within either the government, or private sector. However, such a change in approach will likely lead to reduced impact and should be carefully considered. This is supported by participants, opining that **shortening the training would reduce the time for blended learning**, practice and household adoption and thus lead to a more limited behaviour change of remittance management.

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