

A Survey Report on Loans for Expatriates- Its Uses and Impact



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Contents

Subject		Page No.
Executive Summary		01
1.	Introduction	03
2.	Background and Methodology	08
3.	Basic Features of Loans for Expatriates under ABL and PKB	10
4.	General Characteristics of Expatriates and Their Beneficiaries	12
5.	Cost of Migration and Expatriates' Loans	17
6.	Inflow of Remittances and Its Utilization Patterns	23
7.	Socio-economic Impact of Expatriates' Loans	26
8.	Major Obstacles Found from the Survey	28
9.	Policy Recommendations	30
Annexure I		31
Annexure II		32
Annexure III		34
Acronyms and Abbreviations		36

Executive Summary

Bangladesh has a glorious history of migration for employment. After independence, the first evidence of the migration took place in 1976 through 6087 migrants, which increased over time along with significant changes in patterns. According to the information of Bureau of Manpower, Employment and Training (BMET), there are more than 1 million people currently living abroad for employment. Among the various challenges that the prospective migrant workers face, managing the required finance for migration is very much crucial. It has been observed that the migrant workers initially try to manage their funding from family savings or/and borrowings from relatives. In case of un-skilled and semi-skilled immigrants from lower income families, however, most of the funds are managed either by selling their properties or borrowing money from the NGOs or local money lenders at a very high rate of interest. Finding a suitable job is another challenge for migrant workers. Failing to find a job compels them to return home empty handed creating additional financial, social and emotional burden on their families. Therefore, in addition to ensuring a suitable job managing an easily accessible, cheaper and collateral free loan provision for the expatriates would be very useful in enhancing outflow of migrant workers to uphold a higher and sustainable inflow of remittances.

The present study titled "A Survey on Loans for Expatriates - Its Uses and Impact" intends to assess the overall scenarios of existing overseas loan facilities for prospective expatriates—namely expatriates' loans by the Probashi Kallyan Bank (PKB) and Agrani Bidesh Jawar Loan (ABJL) by the Agrani Bank Limited (ABL) through collecting information from both the banks and beneficiaries of relevant expatriates. Based on the findings of the survey, the study makes some policy recommendations and suggestions to overcome the current challenges of migrant workers and their families. The survey is conducted based on two structured questionnaires - one for bank and the other for beneficiaries - covering a total of around 400 beneficiaries of expatriates from 80 branches of two banks spreading over 40 districts across the country. Selection of branches and beneficiaries are done on random basis. Major findings of the study are summarized below:

1. The Agrani Bank Limited (ABL) has disbursed Taka 0.78 crore under the scheme of “Bidesh Jawar Loan” to the borrowers in 2014 which increased gradually and stood at Taka 2.45 crore in 2017. On the other hand, Probashi Kallyan Bank (PKB) has disbursed Taka 26.06 crore to 899 borrowers in FY14 which has increased significantly to Taka 74.80 crore against 7763 borrowers in 2017.
2. The amount of loan recovery for ABL has shown significant improvement in 2015 which increased by 58.84% to Taka 1.10 crore compared to the previous year. However, this has been reversed drastically during the next two years declining to Taka 0.53 crore and Taka 0.34 crore in 2016 and 2017 respectively. On the other hand, the PKB has shown better performance in loan recovery during the last three years. The amount of loan recovery was Taka 11.97 crore in FY14 which increased gradually to Taka 64.50 crore in FY17.
3. The amount of outstanding loan of ABL has increased significantly due mainly to negative growth of loan repayment by the borrowers, which stood at Taka 2.14 crore at the end of FY17 compared to Taka 0.13 crore at the end of FY14. The amount of outstanding loan for PKB stood at Taka 111.86 crore at the end of FY17 compared to Taka 29.02 crore at the end of FY14.
4. Most of the expatriate (about 73 percent) under this survey were migrant workers/working in the Middle-eastern countries covering around 32 percent and 25 percent from Qatar and Saudi Arabia respectively. High concentration of expatriates in the Middle-eastern countries has created a precarious situation since any unexpected crisis in this region can affect a large population of Bangladeshi expatriates and, thereby, remittances inflows to Bangladesh.

5. Majority (62 percent) of expatriates are unskilled, 36 percent are in the semiskilled and only 2 percent are in the skilled category. The occupation pattern also shows that the expatriate workers are involved in various odd jobs where a large portion of them (38%) are employed as labor in construction sectors.
6. Around 72 percent of the surveyed beneficiaries of the migrants are from rural areas. Age and skill distribution show that about 57 percent of the expatriates are young and 62 percent of them are unskilled. About 74 percent of the expatriates' education level is up to Secondary School Certificate (SSC). A large number (45 percent) of expatriates have migrated via agents and most (73 percent) of them live in Middle East. Only 2 percent of migration takes place via legitimate government procedure.
7. Migration cost for 65 percent of the expatriates was above Taka 3 lakh. Only 15.5 percent of the expatriates' migration cost was Taka 1 to 2 lakh. Twenty-three percent of the expatriates had to pay above Taka 5 lakh for their migration.
8. A significant portion (32.4 percent) of expatriates' migration cost came from bank loans. More than five percent came from NGOs and money lenders with higher rate of interest. About 11 percent of the total cost came from sale of property. The survey finds that 69 percent of the total (107) expatriates could not repay their loan because of irregularity of their jobs, unexpected work condition, payment of loans taken from other sources (e.g. money lenders, NGO), sickness, delay in job and decreased salary.
9. About 31 percent of remittances were spent on education, health care, savings and purchasing property. A large number (83 percent) of beneficiaries reported that the living standard of their families has been improved after moving abroad. The expatriates are highly satisfied and greatly benefited with this loan offered by PKB. Apart from daily expenses and loan repayment, 29 percent of the total expatriates are now economically solvent and able to meet the educational expenses of their children and can afford expenditure for purchasing land and building houses for living.
10. The survey shows that expatriates' loan is contributing to financial inclusion. A large number (86 percent) of expatriates had opened new bank accounts for the loan which is contributing to financial inclusion particularly in rural areas.
11. Only eleven percent of the expatriates have succeeded to take their family members abroad which created additional employment.

Obstacles and Policy Recommendations

12. The study identifies a number of problems faced by the expatriates. The banks are claiming extra charges on overseas loan in addition to the quoted rate of interest in the name of service charge, documentation fee, stamp fee, CIB report fee, processing fee, insurance fee, VAT charge, etc. The centralized process of sanctioning loan in ABL, manpower shortage in PKB, requirement of Government officials as guarantors and higher cost of migration, comparatively lower earning by the expatriates, etc. are the major problems associated with the expatriates' loan program of the two banks.
13. Easing the procedures of loan disbursement, abolishing additional loan charges, enhancing the loan amount and its grace period, reducing the interest rate, skill development of human resources, changing the existing insurance policy and finding out the ways to reduce migration cost are considered to be main steps to address the existing problems. Before sending women abroad it is recommended to train them foreign languages, accommodate with the situation and in some cases, protect them from abuse and torture of the owner and the agents.
14. Finally, expatriates' loans provided only by two banks are not sufficient to meet its growing demand. Therefore, it is recommended that more banks should come forward to provide this loan with a view to reducing cost and other financial barriers in the path of migration.

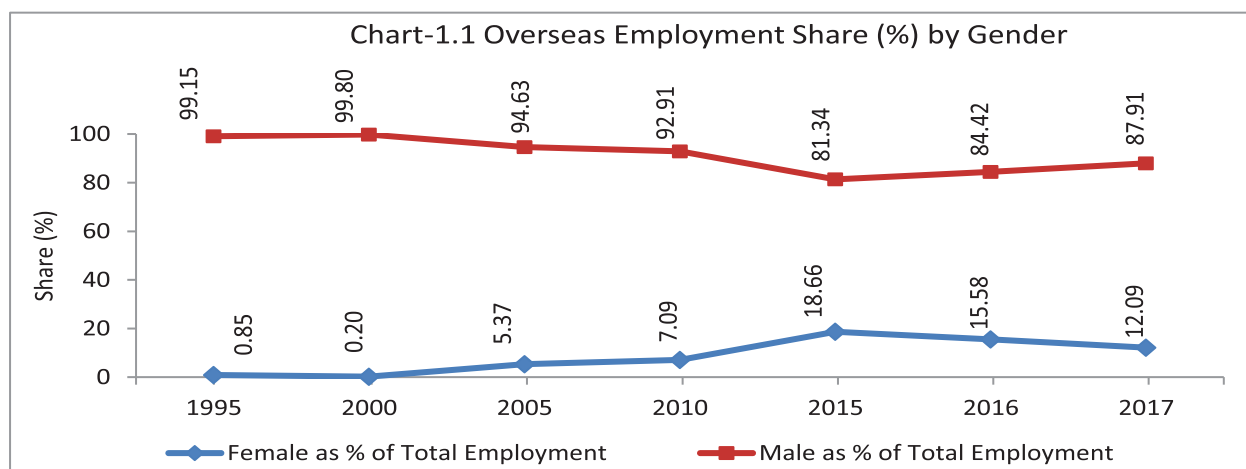
1. Introduction

Migration has become the cornerstone of employment strategy for Bangladesh. It plays a vital role in the national economy mainly in two ways—firstly, it reduces unemployment and secondly, migration is conducive to the inflow of remittances for the country, which in turn puffing up foreign exchange reserves.

In addition, remittances play a supportive role in boosting the current account surplus of the country. The migration has grown steadily over the years, which is favorable to the development of Bangladesh. The link between migration and remittances is positive. Both have a strong relation to reduce poverty. It also has a great contribution to Gross Domestic Product (GDP) of the country. Remittances are treated as savings. However, the recipients of remittances use the receipt for consumption as well as investment. Reflection of the use of the remittances by the recipients can remove the gap between investment and savings.

Bangladesh has a long history of overseas migration. Before the independence of Bangladesh, few people migrated to UK and also USA mainly for higher study. But after independence, the flow of migration to other countries has increased. During mid 1970s due to oil exploration of Middle East countries, there created a tremendous demand for skilled and unskilled workers. The higher wages of the migrants not only changed their destiny, but has also improved the lives of their family in the home country.

So, with a view to meeting the needs of overseas employment this manpower is steadily turning into an asset by training and skill development. Overseas employment from Bangladesh started officially in 1976 with only 6,087 workers. Till 2017 about 11.5 million Bangladeshi migrants are working around the world. However, overseas employment did not confine to male workers only. Bangladeshi women workers started to migrate abroad officially in 1991 and their number was 2,189. Overseas female employment has grown significantly by this time. The share of female employment was 0.85% in 1995 which stood at 1,21,925 or 12.09% of total overseas employment in 2017 (Chart-1.1).



According to BMET yearly migration from Bangladesh is on an average about 0.52 million during 2004 to 2017. In 2017, 10,08,525 people went abroad in the pursuit of job. Bangladeshi workers have mainly gone to Middle-eastern countries and the portion is about 90% of the total migration. Malaysia, Qatar, Saudi Arabia, UAE, Kuwait, Oman, and Singapore are some of the other major destinations of our migrants. Such a large number of people moving abroad were due to the government's policies, initiatives and encouragement from time to time. Box 1.1 shows the government's steps taken for overseas employment and expatriates' welfare.

Box 1.1 : Steps Taken by Bangladesh Government for Overseas Employment and Expatriates' Welfare

After The independence of the country, diplomatic initiatives and consensus for overseas employment with the Muslim countries of Middle-East started. In continuation of that, Bangladeshi workers began to be employed in the Middle-Eastern countries during mid-seventies. Overseas employment has aided in decreasing unemployment problem, poverty reduction and increasing foreign exchange reserves. However, significant contributions of overseas employment and remittances are observed recently in accelerating economic pace of the country. To provide more emphasis on the overseas employment sector, Government has established a separate ministry named Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE) on 20 December 2001. MoEWOE has been working for formulating policies, plans, enacting laws, developing projects and monitoring relating to the management of overseas employment. The Ministry is being assisted by BMET, Bangladesh Overseas Employment Services Limited (BOESL), Wage Earner's Welfare Fund (WEWF) and the Probashi Kallyan Bank (PKB).

- BMET was established in 1976 and is involved in controlling and monitoring the activities of the recruiting agents; registration of job seekers and promoting employment in home and abroad; ensuring the right of migrant workers and extending welfare services.
- BOESL, a government owned organization, was established in 1984, which is responsible for enhancing and processing foreign employment. BOESL also undertake effective employment promotion campaign in the labor receiving countries.
- WEWF was established in 1990. The vision of WEWF is to ensure overall and sustainable welfare of the workers employed overseas and their families.
- PKB was established in 2011 to provide collateral-free expatriates' loans, facilitate in sending remittances and encourage the wage-earners to invest in the country.

Besides, the following some initiatives are taken by Government for enhancing overseas employment in recent times:

- ❖ The Government has approved a more detailed and comprehensive "Expatriates' Welfare and Overseas Employment Policy 2016" on 25 January 2016 in line with the Overseas Employment and Migration Act 2013 and the United Nations' international convention. The new policy replaced the 'Overseas Employment Policy 2006'. The policy advises simplifying the migration process for the female workers and increasing the number of female officials in Bangladeshi missions abroad, particularly in those where an increased number of Bangladeshi women are working.
- ❖ For encouraging women participation in overseas employment, Government has taken some initiatives like training programs, ensuring safe work environment, expanding labor market and migrating free of cost, etc.
- ❖ PKB provides collateral-free loans for the expatriates and rehabilitation and project loans for returnee migrants.
- ❖ BMET has some initiatives for reducing migration cost and elimination of middlemen in the process of recruitment to make it accountable, transparent and automated. Alternative recruitment mechanism has been arranged through automation and digitalization such as MUSANED and MEGA system with the KSA, EPS with South Korea, G2G & G2G Plus with Malaysia and JITCO and IM with Japan.
- ❖ BMET is providing smart card to the expatriates for storing the expatriates' information electronically.
- ❖ Online visa checking programs are introduced for the expatriates moving to United Arab Emirates, Qatar, Singapore and Bahrain.
- ❖ Probash Bondu Call Centre was started on 1 September 2016 by WEWF in order to facilitate the expatriates in making instant call in case of emergency or asking for solutions for any problem. Call Centre also responds to any request from various communicating channels and apps like e-mail, messengers, Imo, WhatsApp, Facebook, etc.

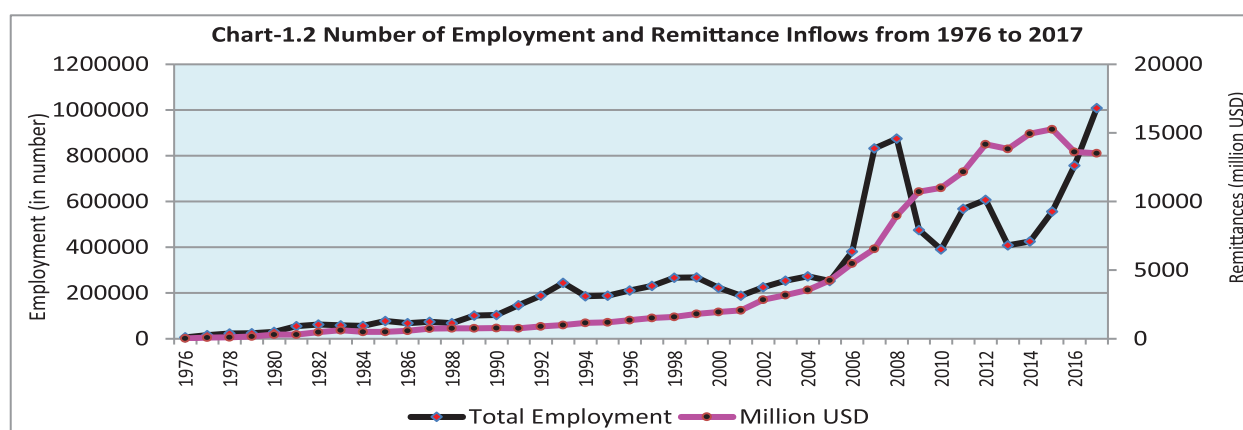
Box 1.1 : Steps Taken by Bangladesh Government for Overseas Employment and Expatriates' Welfare(Continued)

- ❖ Through e-learning platform prepared under Access to Information Program by the Government, migrant workers can receive training programs by having only a smartphone. This can help them to be more capable without spending much time and costing.
- ❖ To digitalize the activities of BOESL, SMS Service Gateway has been established through which migrants can receive necessary information regarding their migration.
- ❖ WEFW provides financial help in bringing dead worker's corpse from abroad to home and performing burial rituals. WEFW also gives financial grants to the family of dead expatriates.
- ❖ For encouraging sending remittances through valid channels and recognizing expatriates' roles in the development of the country, Commercially Important Person (Non-Resident Bangladeshi) (CIP (NRB)) selection policy was introduced in 2006. Each year MoEWOE selects CIP (NRB) in 3 categories.
- ❖ For skill development, 70 Technical Training Centre (TTC) at district level are set up across the country.
- ❖ Radio Kuwait Bangla and Kuwait Television Bangla were introduced for providing entertainment, important announcements and information to the Bangladeshi expatriates working in Kuwait.
- ❖ Safe Home was created by WEFW for women expatriates in Saudi Arabia and Oman if they feel their lives risky abroad and can return home in safe.

Source: MoEWOE

Currently, two types of global migration are observed in Bangladesh. One takes place mostly to the industrialized West countries and the other to Middle-eastern and South-east Asian countries. Migration to the industrialized West includes permanent residents, immigrants, skilled work permit holders and professionals. They are usually characterized as long term or permanent migrants. Migration to Middle-east and South-east Asia are usually for short term and the migrants must return home after finishing their contracts of employment.

Temporary migrants from Bangladesh are categorized into four types. These are professional, skilled, semi-skilled, and unskilled. Doctors, engineers, nurses and teachers are considered as professionals. Manufacturing or garments workers are considered as skilled, while tailor, mason, etc. as semi-skilled workers; housemaid, cleaner, labors are classified as less-skilled/unskilled. The number of migration and remittances from 1976 to 2017 is shown in Chart-1.2.



From Chart 1.2, it is observed that the rapid growth in workers' remittances took place during 2004 to 2017 due mainly to the creation of facilities to send remittances from abroad. In this regard, the Bangladesh Government as well as Bangladesh Bank have taken a good number of policies for encouraging remittances through banking channels. Box 1.2 shows some policies taken by Bangladesh Bank to increase remittances.

Box 1.2 Policies Taken by Bangladesh Bank to Increase Remittances

Bangladesh Bank (BB) has taken several measures to boost up remittance inflows in the banking channel in past few years through the guidelines, policies and regulations.

- ❖ In order to accelerate and smoothen the delivery process of inward remittances, scheduled bank branches, Micro Finance Institutions (MFIs), branches of Bangladesh Post Office and Singer Outlets are now contributing in the network of remittance distribution since July 2009.
- ❖ Banks are allowed to establish drawing arrangements with the exchange houses all over the world for collecting remittances according to the circular regarding policy on establishment of Drawing Arrangement on 29 October 2007. In October 2018, 1226 drawing arrangements are active in 31 countries.
- ❖ On 1 June 2008, BB advised all scheduled banks and financial institutions under Corporate Social Responsibility (CSR) program, mobile phone based/local MFI outlet supported programs promptly to deliver remittances from migrant workers to recipients in remote rural households; programs for card based/ mobile phone based delivery of financial services to such households.
- ❖ Bangladesh Electronic Funds Transfer Network (BEFTN) was established on 28 February 2011 with other funds transfer activities in order to swift delivery of remittances to beneficiaries through bank-to-bank clearing systems
- ❖ In order to promote accessibility to formal financial services for remittance inflows and distribution network, BB issued guidelines on mobile financial services for the banks on 20 December 2011. Later guidelines on agent banking for the banks has been issued on 9 December 2013 to accelerate safe, secured and smooth alternative delivery channel of financial services for the unbanked people. Under this guideline, as in September 2018, 18 banks have been operating with 3902 agents and 5791 outlets for delivery of remittances.
- ❖ In April 2013, BB licensed NRB Commercial Bank Ltd. as scheduled bank. Later, NRB Bank Ltd. and NRB Global Bank Ltd. got approval as scheduled banks to facilitate investment by Non-Resident Bangladeshis (NRBs).
- ❖ The Wage Earner Development Bond Rules, 1981 and later the US Dollar Premium Bond Rules, 2002 and the US Dollar investment Bond Rules, 2002 were enacted to encourage NRBs to invest these bonds by sending remittances through formal banking channels. The money invested in the purchase of Wage Earner Development Bond (WEDB) below 5 lakh, shall be exempt from tax payable since October 2014. Payment methods in Taka currency received against inward remittances is permissible for purchase of WEDB since March 2018.
- ❖ Bangladesh Bank has introduced “Bangladesh Bank Remittance Award” in 2013 to motivate and encourage the expatriates for sending more remittances. In 2018, Bangladesh Bank awarded “Bangladesh Bank Remittance Award 2017” to 29 individuals, 5 banks and 3 exchange houses of NRBs as highest remitters.

Box 1.2 Policies Taken by Bangladesh Bank to Increase Remittances (Continued)

- ❖ From April 2014 non-residents are eligible to the purchase Bangladesh Government Treasury Bonds (BGTBs) with funds from a Non-Resident Foreign Currency Account (NFCA) or a Non-Resident Investor's Taka Account (NITA) with a bank in Bangladesh in the name of purchaser.
- ❖ From July 2014, all bank branches in Bangladesh have to provide remittances to beneficiaries of their clients within maximum two working days instead of 72 hours.
- ❖ In July 2014, Customer Right Preservation Centre (currently Financial Integrity and Customer Services Department) has been established in the Bangladesh Bank to give feedback by receiving complaints regarding remittances from the Bangladeshi expatriates or their domestic beneficiaries directly.
- ❖ A remittance help desk is established at each branch of the scheduled bank since June 2017 for facilitating the expatriates and their beneficiaries any matter regarding remittances.
- ❖ From 23 July 2017, NRBs working abroad can avail housing finance facility at a maximum debt equity ratio of 75:25 instead of existing debt equity ratio of 50:50.
- ❖ In order to document the remittance senders, BB has taken an initiative to collect the information of NRBs and maintain that in a dynamic, interactive and online database. Any NRB can open an account in this database through BB website and upload his/her information. This database will play as a communication platform for BB and NRBs as well.
- ❖ To mitigate the burden of increased expenses in sending foreign remittances and to encourage bringing in foreign remittances through legal channels, an incentive at the rate of 2.0 percent on money remitted by Bangladeshi expatriate will be provided from financial year 2019-20.

Source: Various circulars, guidelines, regulations and policies by BB.

Like other South-Asian countries, Bangladesh is in a position of surplus manpower with the mix of professional, skilled, semi-skilled and un-skilled labor force. In case of un-skilled and less educated workforce, the cost of overseas employment is very high compared to their earnings along with the less access to finance specially bank finance for them. This situation makes them rely on high interest-bearing loan from different NGOs and informal channels like Mohajonee (local money lender) loan, mortgage of land, gold, etc.

This Survey has assessed the overall scenario of expatriates' loans facilitated by Agrani Bank Ltd. and PKB for the expatriates and analyzed the pros and cons of existing loan facilities the socio-economic impact of this loan along with the inflow of remittances sent by expatriates and its utilization pattern.

2. Background and Methodology

Every year a lot of people go abroad in the pursuit of job. Most of the migrant workers either need to sell properties or borrow money from the NGOs or local money lenders at a very high rate of interest to mobilize the procedure. Sometimes migrants have to sell or mortgage their properties like land, gold, cattle, etc. in order to fulfill the dream of going abroad and changing their destiny. In some cases, they failed to achieve their dreams and unfortunately, returned home empty handed. In one hand, no employment, on the other hand, liabilities of debt on their shoulder make their life miserable. In these circumstances, government has come forward to take full advantage of the remittances in a better way by introducing a cheaper and collateral-free loan provision for the expatriates.

In this consequence, the Ministry of Expatriates' Welfare and Overseas Employment established Probashi Kallyan Bank (meaning in English 'Expatriates' Welfare Bank'), a non-scheduled bank under 'Probashi Kallyan Bank Act-2010'. Accordingly, the bank started its operation in 2011. The main objective of PKB is to disburse loans for the expatriates. Since inception, PKB has been playing a leading role in disburse expatriates' loans through its limited branches.

In 2013, ABL has launched a project named Agrani Bidesh Jaoar Loan (ABJL) (meaning in English Agrani Loan for Overseas Worker). Although all branches under ABL have been instructed to provide this service, but only a handful of branches are currently doing so. Currently, 94 branches of this bank are providing this service under the ABJL project across the country. ABL possesses a vast branch network which should be convenient for providing this loan along with other loan activities. While analyzing loan disbursement of PKB and ABL to the migrants, it was observed that PKB's loan has been growing markedly while ABL's ABJL is in a declining trend.

The findings of two recent surveys on remittances - "Utilisation on Wokers' Remittances in Bangladesh" and "Barriers and Challenges of Channels for Transferring Expatriates' Remittances"- done by the Research Department of Bangladesh Bank in 2014 and 2017 respectively indicate that without availing loans from financial sector, overseas job seeking lower income people in Bangladesh have been losing their assets and valuables and amassing burden with high interest-bearing loans from informal sector. Considering the need for fund and the high interest on informal loans for migration, it was recommended in those surveys that loans for expatriates need to be proliferated by the banking system. These loans will improve well-beings of prospective migrant workers of lower income segment and thus contribute positively to enhancing financial inclusion and inflows of remittances in the country. Therefore, introduction of such loans by all commercial banks especially state-owned commercial banks appears to be very useful policy initiative for accelerating inflows of remittances. However, before initiating such policy for banks it would be sensible to assess the overall scenario of existing loans for expatriates along with its uses and impact by collecting information from the PKB, ABL and beneficiaries of relevant expatriates.

2.1 Objectives of the Study

This study aims to investigate the impact of the loans for the expatriates and assess whether it fulfills the objective for which the schemes have been initiated. The primary objectives are-

- a) Assessing the overall picture of loans for expatriates;
- b) Analyzing the pros and cons of existing loan facilities for expatriates by collecting information from PKB and ABL and beneficiaries of relevant expatriates;
- c) Analyzing the inflow and utilization pattern of remittances sent by expatriates;
- d) Analyzing the socio-economic impact on the living standards of the beneficiaries of the expatriates receiving loans from banks.

2.2 Methodology

2.2.1 Research Team for Conducting Survey

In order to conduct this study, a research team was formed including seven officials of Research Department of Bangladesh Bank. Later, for the convenience of the survey, the team divided into two groups as sub-teams in order to work in the field level.

2.2.2 Data Collection

Data has been collected from selected branches of PKB and ABL, and beneficiaries of migrants through structured questionnaires (Annexure II and III).

2.2.3 Survey Area

The team is split into two sub-teams and visited all divisions of Bangladesh. Data have been collected from 40 districts and each team has visited selected branch offices of the PKB and ABL from each district. 40 branches from PKB and 40 branches from ABL are brought under survey. A minimum of 10 clients has been interviewed in two branches from PKB and ABL at each district. Table 2.1 below shows the districts under divisions have been surveyed under this study:

Table 2.1 Survey Area

Division	Districts
Dhaka	Dhaka, Munshigonj, Manikgonj, Shariatpur, Rajbari, Narshingdi, Faridpur, Gazipur, Tangail, Kishoregonj,
Chattogram	Chattogram, Cox's Bazar, Brahmanbaria, Chandpur, Cumilla, Lakshmipur, Feni, Noakhali
Khulna	Khulna, Jashore, Narail, Magura
Rajshahi	Rajshahi, Chapai Nawabgonj, Pabna, Bogura
Barishal	Barishal, Pirojpur, Patuakhali, Bhola
Sylhet	Sylhet, Sunamgonj, Moulvibazar, Hobigonj
Rangpur	Rangpur, Dinajpur, Gaibandha, Kurigram
Mymensingh	Mymensingh, Jamalpur

2.2.4 Stages of Team Activities

Firstly, research team collected secondary data, developed questionnaire and selected beneficiaries.

(a) Secondary data collection: Initially, information on the basic feature of the PKB and ABL has been collected from the respective bank. The research team has also collected basic data regarding expatriates who took the loan from these two banks. The information consists of how the bank selects the applicants, disburses loans, scrutinizes documents, other rules and regulations regarding loans, etc.

(b) Questionnaire development: The research team prepared two questionnaires i.e. one is designed for branches of the banks (Annexure III) and another for beneficiaries (Annexure II).

(c) Beneficiary selection: Based on the information of banks' clients, 40 branches from both banks i.e. a total of 80 branches are chosen for the study covering 40 districts across the country. Finally, a minimum of ten beneficiaries from two branches in each district has been interviewed at random basis through questionnaires (Annexure II). Thus, the size of the sample reached approximately to 529. However, we have dropped 128 cases from the total sample for various reasons (Annexure I). Therefore, this survey report is based on the complete information on the interviewed 401 beneficiaries of the expatriates.

Secondly, selected bank branches are requested to supply information on questionnaires designed for them to collect recommendations, suggestions and opinions from their assessment regarding loans for the expatriates.

At the third stage, after collecting data/information from beneficiaries and bank management, the survey team has prepared the report. This report highlights the recommendations and valuation from feedback by checking the consistency of the collected data/information.

3. Basic Features of Loans for expatriates under ABL and PKB

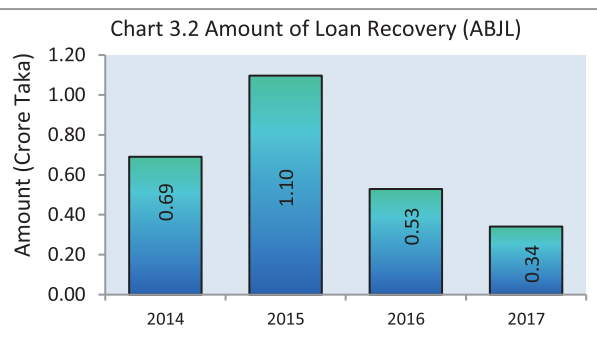
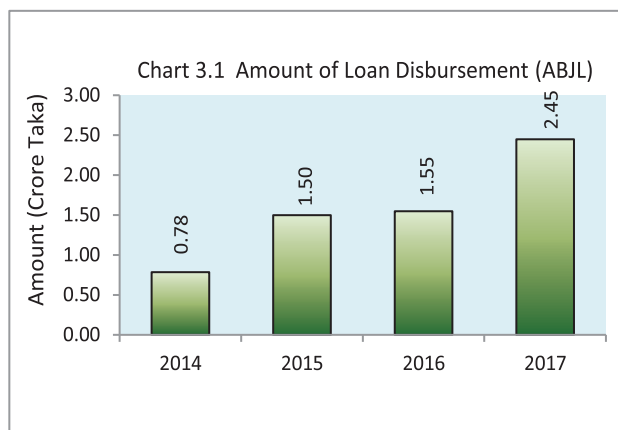
To facilitate the people in migration for overseas employment, currently two banks - Agrani Bank Limited (ABL) and Probashi Kallyan Bank (PKB)– are playing pioneering roles. While ABL is lending money to the expatriates as a special scheme along with disbursing loans to other purposes, PKB is totally focused on giving loans only for the expatriates. Therefore, PKB basically plays leading role in expatriate loans in the country. The basic features of expatriates' loans in two banks are discussed below.

3.1 Agrani Bank Limited

In order to help the people who want to go abroad for employment, ABL, as a scheduled bank, for the first time in this country, has initiated a loan scheme named ABJL in 2013. The bank also extends its support from the planning and preparation of passport, training, visa, health-check and ticketing for the expatriates. The loan amount regarding ABJL is ranging from Taka 50,000 to Taka 3,00,000 with a duration of 15-18 months and the annual interest rate is 9 percent. Some basic features of ABJL are given below.

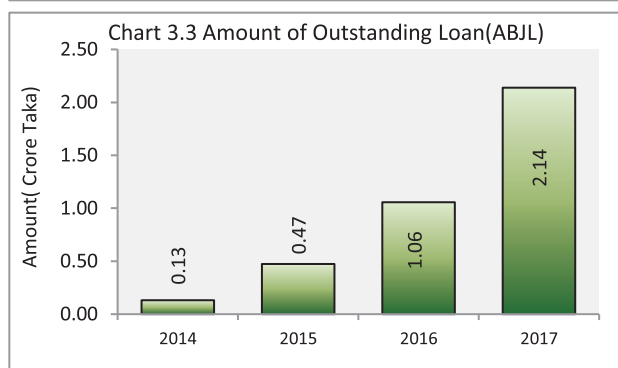
3.1.1 Loan Disbursement

ABL has disbursed Taka 0.78 crore under the scheme of ABJL in 2014 which increased gradually and stood at Taka 2.45 crore in 2017 (Chart 3.1).



3.1.2 Recovery

The amount of loan recovery has shown remarkable improvement in 2015. It increased by 59.42% to Taka 1.10 crore compared to the previous year. However, this growth has declined drastically in the next two years. The amount of recovery stood at Taka 0.53 crore and Taka 0.34 crore in 2016 and 2017 respectively (Chart 3.2).



3.1.3 Outstanding

The amount of outstanding loan has increased significantly due mainly to less loan recovery, which stood at Taka 2.14 crore at the end of 2017 compared to Taka 0.13 crore at the end of 2014 (Chart 3.3).

3.2 Probashi Kallyan Bank

With a view to serving the overall interest/benefits in support of the unemployed Bangladeshi youth who want to move abroad for job, facilitating faster and cost effective remittance process through modern information technology and encouraging them to invest within the country after their return, a state-owned and specialized bank, PKB, started its operation with a start-up capital of Taka 100 crore in 2011. In order to give assistance to the expatriates, PKB has established help-desk at the Hazrat Shahjalal International Airport. The loan disbursement, recovery and outstanding amount of PKB's overseas loan from FY12 to FY17 are discussed below.

3.2.1 Loan Disbursement

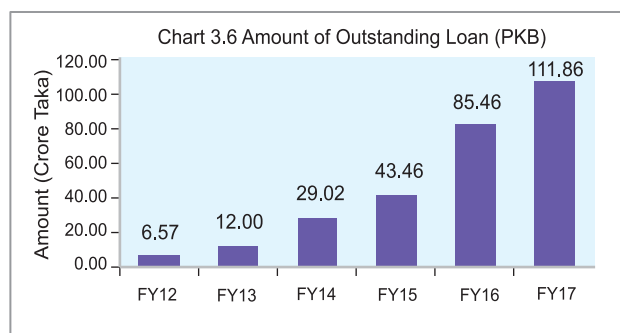
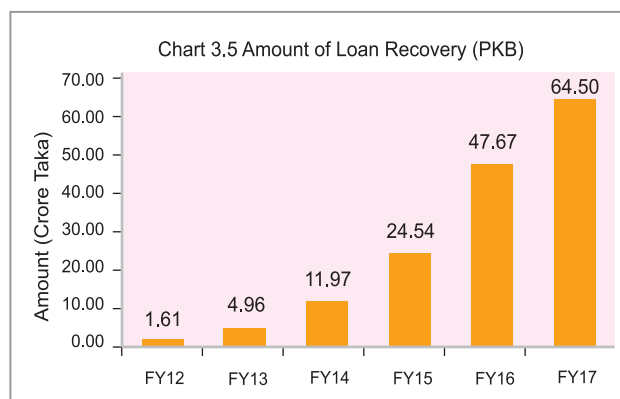
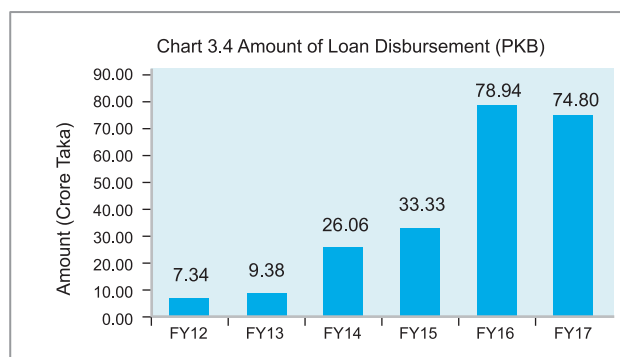
PKB has disbursed Taka 7.34 crore to the borrowers (899) who went abroad in FY12, which increased significantly and stood at Taka 78.94 crore against 7763 borrowers in FY16. But the amount of loan and the number of borrowers has declined during the next year (FY17) and stood at Tk.74.80 crore with 6305 borrowers (Chart 3.4).

3.2.2 Recovery

PKB has shown mentionable performance in loan recovery. The amount of loan recovery was Taka 1.16 Crore, only 21.93% of loan disbursement in FY12 which increased gradually to Taka 47.67 Crore and stood at 86.23% in FY17 (Chart 3.5).

3.2.3 Outstanding

The amount of outstanding loan of PKB was increased over time and stood at Taka 111.86 crore at the end of FY17 from Taka 6.57 crore at the end of FY12. However, the growth of outstanding loans fluctuated during this period (Chart 3.6).



4. General Characteristics of Expatriates and Their Beneficiaries

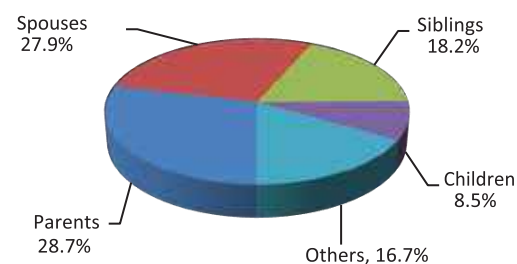
This survey report is prepared by covering the information collected through questionnaire based interview of 401 beneficiaries of the expatriates. The beneficiaries are classified into banks, divisions, location of residence and gender which is depicted in Table 4.1.

Table 4.1 Categorization of Information on Beneficiaries		
Bank	Number of beneficiaries	Percent
Probashi Kallyan Bank	371	92.5
Agrani Bank Limited	30	7.5
Division		
Dhaka	102	25.4
Chittagong	78	19.5
Khulna	33	8.2
Rajshahi	48	12.0
Barishal	36	9.0
Sylhet	50	12.5
Rangpur	38	9.5
Mymensingh	16	4.0
Residence		
Rural	287	71.6
Urban	91	22.7
Suburb	23	5.7
Gender (Beneficiaries)		
Male	236	58.9
Female	165	41.1

4.1 Relationship of Beneficiaries with Expatriates

Majority of expatriates remit money to their family members and close relatives. About 29 percent of expatriates send money to their parents, 28 percent to spouses, 18 percent to siblings and 8.5 percent to children and 16.7 percent to others such as uncle, nephew, father-in-law and other relatives (Chart 4.1).

Chart 4.1 Relationship of Beneficiaries with Expatriates



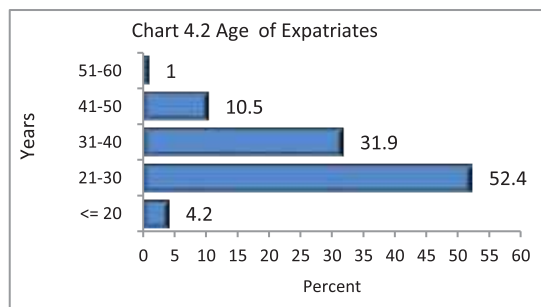
4.2 Beneficiaries' Bank Account

About 82 percent of beneficiaries hold bank accounts and about 52 percent of beneficiaries have mobile accounts which in most cases is bKash account (a product operated under BRAC Bank Limited) (Table 4.2). This trend indicates that the beneficiaries prefer to receive remittances through bank accounts as they have taken loans from banks. However, some of the beneficiaries do not have bank or mobile account of their own, but their other family members have bank accounts or mobile accounts which are used to receive money from the expatriates.

Table 4.2: Beneficiaries' Bank Accounts and Mobile Accounts		
Bank Account	Number of beneficiaries	Percent
Holding of Account	330	82.3
No account	71	17.7
Mobile Account		
Holding of Account	208	51.9
No Account	193	48.1

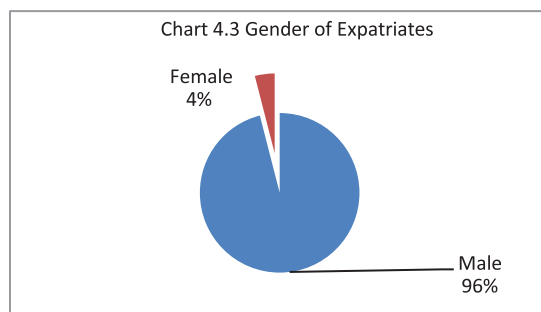
4.3 Age of Expatriates

Mostly young people are migrating abroad. The survey data reveals that about 57 percent of the expatriates are young and aged from 18 to 30 years (Chart 4.2). Moreover, about 42 percent of them are between 31-50 years. Only 1 percent of expatriates' age is above 50 years. The migration of young people also has positive impact on employment in the country.



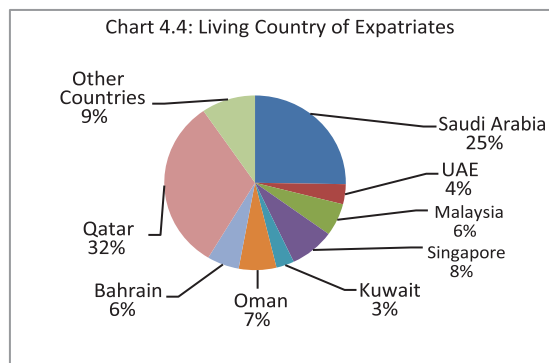
4.4 Gender of Expatriates

Among the migrants who took loan, 96 percent are male whereas only 4 percent are female (Chart 4.3). It is mentionable that though the number of female migration is still very limited, it is a new dimension in our expatriate pattern and is expected to go up gradually upon the creation of congenial work atmosphere for female worker abroad.



4.5 Expatriates Present Country of Residence

The Majority (73 percent) of expatriates under survey are working in Middle-eastern countries. Among them, the highest 32 percent live in Qatar followed by 25 percent in Saudi Arabia, 7 percent in Oman, 6 percent in Bahrain and 4 percent in UAE (Chart 4.4). On the other hand, the percentage of expatriates living in Singapore and Malaysia are 8 percent and 6 percent respectively. The concentration of expatriates in Middle-east countries has created a precarious situation, whereas any unexpected crisis in this region can have an adverse impact on the large number of Bangladeshi expatriates.



4.6 Education and Training of Expatriates

The education level of expatriates is very low. About 74 percent of the expatriates' education level is from primary to SSC (Chart 4.5a). About 12 percent of expatriates are educated up to HSC level and only 6.2 percent completed graduate degree. On the other hand, 32 percent of expatriates get basic training before going abroad (Chart 4.5b). With low level of education and training, the earning of expatriates is also low.

Chart 4.5(a) Education of Expatriates

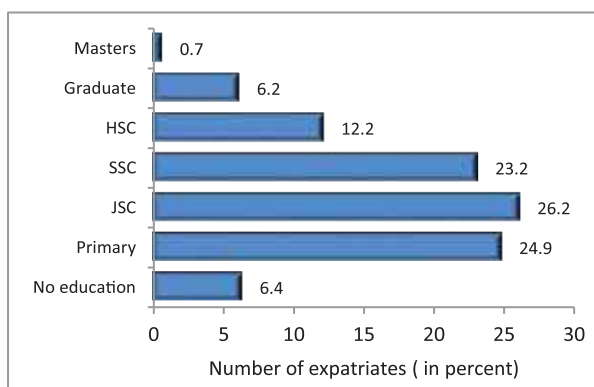
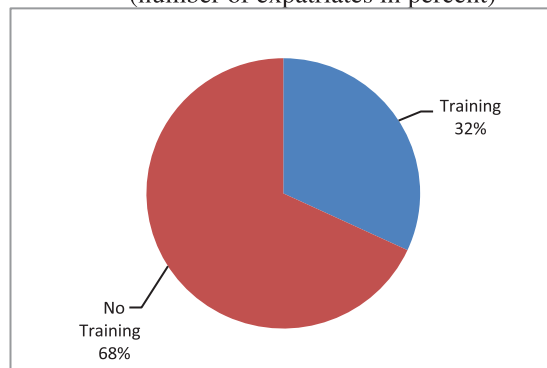


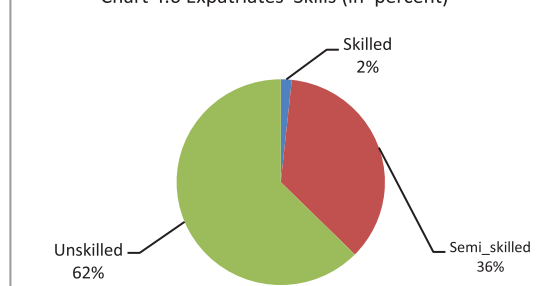
Chart 4.5(b) Training before Migration
(number of expatriates in percent)



4.7 Skills of Expatriates

Considering the skills of expatriates, it is found that unskilled labor is a noticeable feature of our expatriate pattern. Majority (62 percent) of expatriates are unskilled while 36 percent are semi-skilled and only 2 percent is in the skilled category (Chart 4.6).

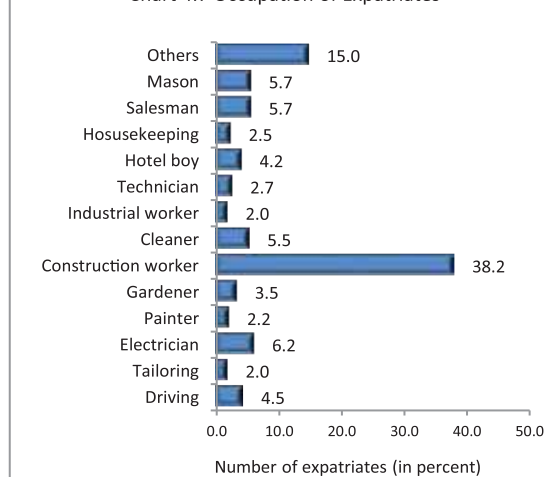
Chart 4.6 Expatriates' Skills (in percent)



4.8 Occupation of Expatriates

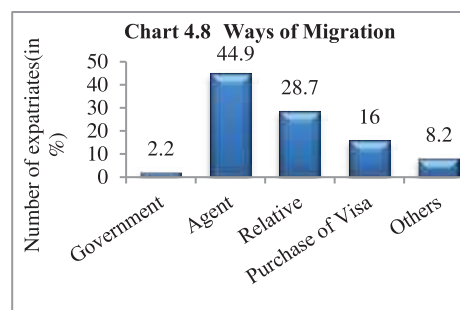
The occupation pattern shows that expatriate workers are involved in various categories of jobs. A large portion of them (38.2%) are employed as labor in construction sectors (Chart 4.7). The other major profession includes electrician (6.2 percent), salesman (5.7 percent), mason (5.7 percent), cleaner (5.5 percent), driving (4.5 percent), hotel boy (4.2 percent) and agriculture worker (3.5 percent).

Chart 4.7 Occupation of Expatriates



4.9 Ways of Migration

Agents play a vital role in migration of the expatriates. About 45 percent of the expatriates migrated through agents while about 29 percent migrated through their relatives (Chart 4.8). Only 2.2 percent of migration took place via government. The feature of Bangladesh's government to government (G2G) programmes is shown in Box 4.1.



Box 4.1 Government to Government (G2G) Programmes for Migrants of Bangladesh

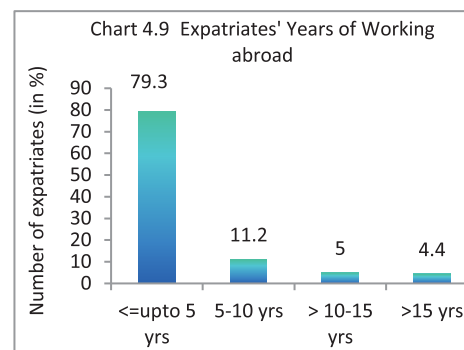
Each year, thousands of people are going abroad. Most of them are employed overseas by the form of temporary contractual method. Government to Government (G2G) programme is one of the important tools to ensure efficient and regular flow of migrants by government of Bangladesh. In this context, MOU took place between the government of Bangladesh and the interested countries. After the agreement between the governments, BMET initiates arrangements of recruiting on specialized request and G2G contract agreement.

From January to June, 2017, Bangladesh labor wing at different countries published their demand for labor in different categories. According to their data, Maldives, Greece, Thailand, Russia, Kuwait, United Arab Emirates, Iraq, Brunei, Switzerland, Australia, Jordan, Egypt, Italy, Japan, South Korea, Libya, Spain, Oman place their own requirement for Bangladeshi labor in sectors like agriculture, sales, services, construction, hospitality, housekeeping. As per the report by the Ministry of Expatriates' Welfare & Overseas Employment, Kuwait, UAE, Malaysia, Jordan, South Korea, Qatar, Oman, Libya, Iraq, Maldives and Hong Kong have been signing Memoranda of Understanding (MOUs) with Bangladesh from time to time. Programs like Musaned and MEGA system with KSA, EPS with South Korea, G2G plus with Malaysia and JITCO and IM with Japan are examples of G2G agreement of Bangladesh for migrating workers with cheaper cost and wiping out the malpractices of Agencies. Bangladesh signed 'G2G Plus' with Malaysia under the MOU (on 2012) with Bangladesh and Malaysia to recruit 1.5 million workers by 2018. An agreement was signed with International Manpower Development Organization (IMDO) of Japan on 8 July 2015 to send technical intern without any costs of migration. Bangladesh signed an MOU with the South Korean government on 4 June 2007 for sending manpower from Bangladesh to South Korea under Employment Permit System (EPS). On 10 February 2015, Bangladesh signed an MOU with KSA to send domestic workers there.

Source: Website and publications of Ministry of Expatriates' Welfare & Overseas Employment, Bureau of Manpower Employment and Training.

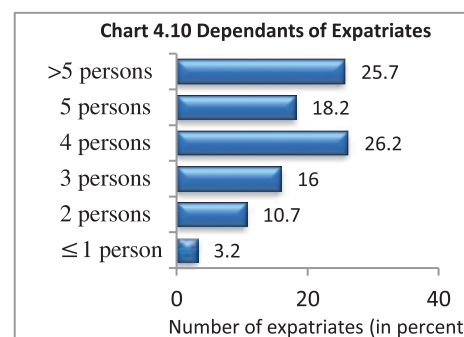
4.10 Work Duration of Expatriates

The majority (79.3%) of the expatriates are working abroad for up to 5 years whereas 15.6 percent are living abroad for more than 5 years (Chart 4.9). Longer duration of the expatriates staying abroad indicates a sustainable inflow of remittances to the country.



4.11 Number of Dependents

About one-third of the expatriates have three or lesser number of dependants in home country. However, some of the expatriates have more dependants. About 26 percent of expatriates have 4 dependants while 44 percent have 5 or more dependants (Chart 4.10).

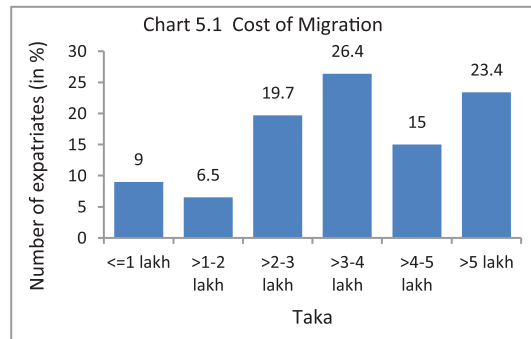


5. Cost of Migration and Expatriates' Loans

Cost of migration is regarded as the main obstacle for expatriates' to move abroad from Bangladesh. Cost of migration varies from country to country for Bangladeshi expatriates. To meet the cost, expatriates have to depend on different sources of finance. In this regard, expatriates' loans provided by the banks are considered as relief for the migrating people.

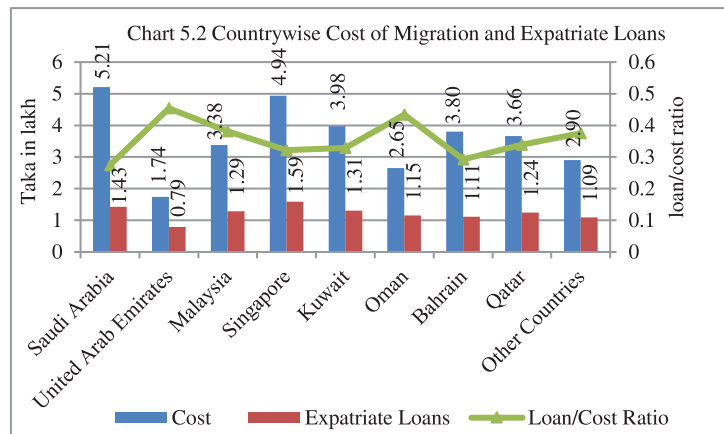
5.1 Average Cost of Migration

The average migration cost for 64.8 percent of the expatriates was above Taka 3 lakh and 35.2 percent of them was upto Taka 3 lakh (Chart 5.1). Moreover, migration cost for 23.4 percent of the expatriates was above Taka 5 lakh and only for 9.0 percent of them was below Taka 1 lakh.



5.2 Country-wise Cost of Migration and Expatriate's Loans

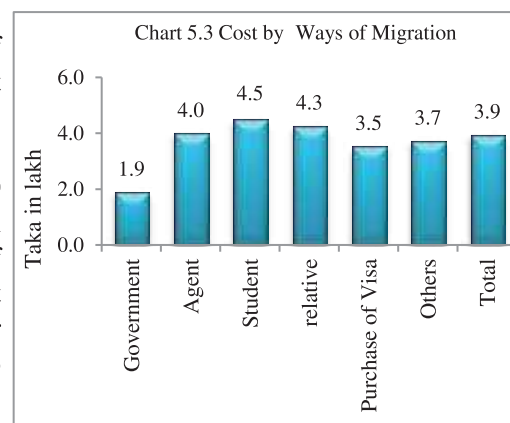
Country-wise cost of migration shows that the highest cost on an average was paid by the expatriates who went to Saudi Arabia (above Taka 5 lakh) followed by Singapore (Taka about 5 lakh), above Taka 3 lakh for Kuwait, Bahrain, Qatar and Malaysia (Chart 5.2). On the other hand, the highest amount of loans, on an average, was taken by the expatriates who went to Singapore (Taka 1.59 lakh) and Saudi Arabia (Taka



1.43 lakh). From the analysis of cost/loan ratio it is found that cost/loan ratio is the lowest for Saudia Arabia which implies that loans is much lower compared with cost for migration.

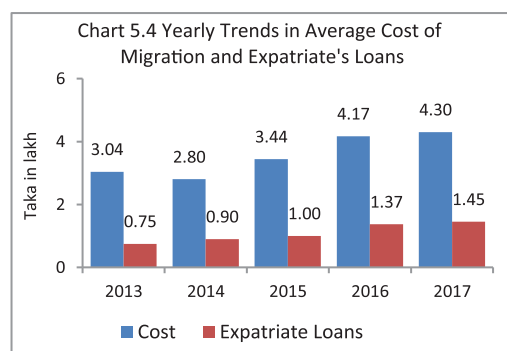
5.3 Cost of Migration Vs. Ways of Migration

While analyzing cost of migration from the point of ways of migration, it is found that migration cost through government arrangements is minimum of Taka 1.9 lakh (chart 5.3). Students bear the highest cost of migration (Taka 4.5 lakh), followed by relatives (Taka 4.3 lakh) and agents (Taka 4.0 lakh). In our survey, we find that the cost of migration through government arrangements is lower compared to other ways of migration. But the migration through government arrangement is meager. Therefore, the government may take initiatives for more overseas employment through government to government (G2G) arrangement.



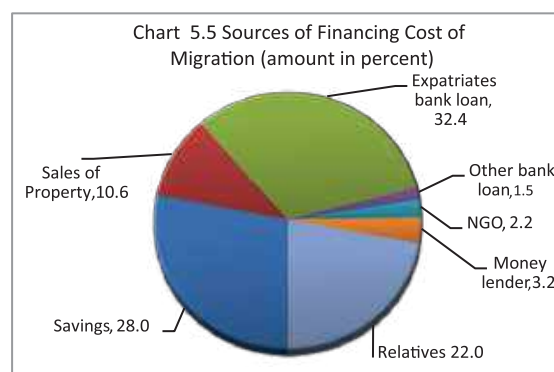
5.4 Relationship between Average Cost of Migration and Expatriate Loans

It is observed that year-wise cost on migration for Bangladeshi expatriates and their expatriates' loans are increasing over time. On an average, the cost of migration and expatriates' loans were Taka 3.04 lakh and Taka 0.75 lakh respectively in 2013 which increased to Taka 4.43 lakh and Taka 1.47 lakh respectively in 2017 (Chart 5.4). It shows that the amount of expatriates' loans are much lower than the actual cost in every year.



5.5 Sources of Finance

As we have followed a bank based sample, expatriates' loans provided by PKB and ABL have played a leading role in source of financing migration cost. It accounts for 32.4% of the total cost of migration (Chart 5.5). Expatriates' savings is the second source of finance (28.0%). Borrowing from relatives without interest is the third source of finance which covers 22% of total cost. About 11% of total cost came from selling of property. Loans from local money lender, NGOs and banks other than PKB and ABL account for 3.2%, 2.2% and 1.5% respectively.



The survey shows that actual cost of migration for a country is very high than the loans provided by the PKB and ABL to the expatriates' (Chart 5.2). These two banks provide loans to the expatriates according to the announced official cost set by the government. Box 5.1 shows the reason behind the disparity between officially announced migration costs and actual migration costs.

Box 5.1 Reason behind Disparity Between Officially Announced and Actual Migration Costs

The government has fixed the limit of migration cost charged by recruiting agents for sending male workers to 16 countries (Table 5.1). This migration cost includes airfare, fees for passport, health fees and other related expenses. However, there is a sharp disparity found between the cost set officially and the actual cost incurred by migrants. For example, the maximum migration cost for Singapore was set at Taka 2.62 lakh, whereas the survey report shows that Singapore-bound workers even pay Taka 8.0 lakh as the cost of migration.

Table 5.1 Country-wise Official Migration Cost to be Followed by Recruiting Agents

Name of Country	Cost Ceiling (in Taka)
Saudi Arabia	1,65,000
Singapore	2,62,270
Malaysia	1,60,000
Libya	1,45,780
Bahrain	97,780
UAE	1,07,780
Kuwait	1,06,780
Oman	1,00,780
Iraq	1,29, 540
Qatar	1,00,780
Jordan	1,02,780
Egypt	1,20, 080
Russia	1,66,640
Maldives	1,15,780
Brunei Darussalam	1,20,780
Lebanon	1,17,780

Source: Ministry of Expatriates Welfare and Overseas Employment

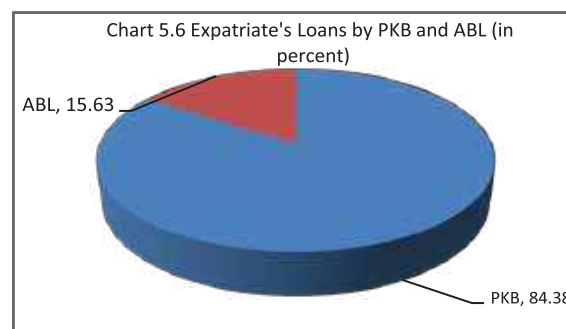
The high migration costs are driven by lack of opportunities at home and excess demand for foreign job, increasing restrictiveness of immigration policies abroad, unethical recruitment practices, illegal visa trading and influences by brokers and recruitment agencies. It is mentionable that sometimes migrant workers become victims of cheating twice, first when they are forced to pay much in excess of the officially set rates and again when they receive the wages much lower than they are committed.

The ceiling of expatriate's loan disbursed by PKB has been tagged with the country-wise migration cost set by the government. However, it is found that the actual migration cost is higher than that of official rates. The amount of expatriate loan is not sufficient to cover the cost of migration and, therefore, expatriates need to borrow from other expensive sources.

Efforts to reduce recruitment costs would require better regulation and monitoring of recruitment agencies, cooperation with large overseas employers and bilateral coordination with destination countries. The ceiling of the expatriate's loan also needs to be increased to give some relief to outbound workers from exploitation.

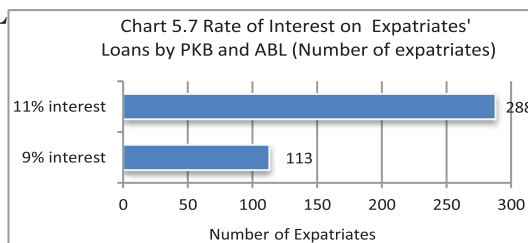
5.6 Bank-wise Expatriates' Loans

According to survey data, the share of PKBs' loans in total loans was 84.4 percent and that of ABJL was 15.6 percent (Chart 5.6). The higher share of PKB's loans compared to ABJL implies that PKB is a specialized bank focused only on disbursing expatriates' loans while ABL as a commercial bank is providing this loan along with other major loan activities.



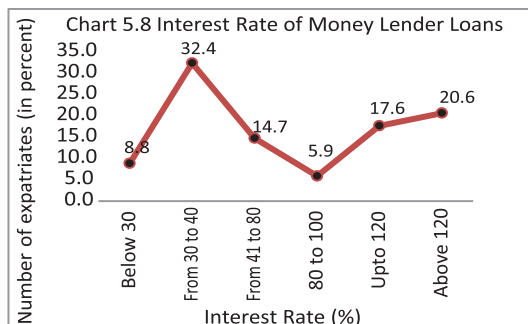
5.7 Interest Rate of Expatriates' Loans by PKB and ABL

Based on survey data it was observed that a large number (288) of the expatriates had taken expatriates' loans provided by PKB at the rate of 11 percent interest excluding additional charges (Chart 5.7). On the other hand, 133 expatriates availed this loan at 9 percent rate of interest from both PKB (for < Taka 1.0 lakh) and ABL.



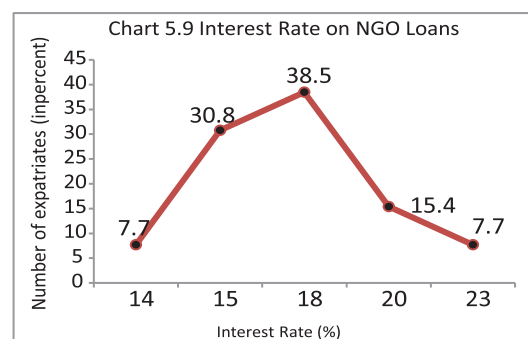
5.8 Interest rate on informal loans

According to our survey data, only 8.5 percent of the expatriates have taken loans from informal sources such as local money lenders at a very high rate of interest (Chart 5.8). Though the rate of interest from informal sources is very high, the expatriates have to take loans from these sources as they have no alternate source of financing. Among the expatriates who have taken loans from informal sources, 32.4 percent (11 persons) and 23.5 percent (8 persons) of them have borrowed at 30-40 percent and 80-120 percent rate of interest annually respectively.



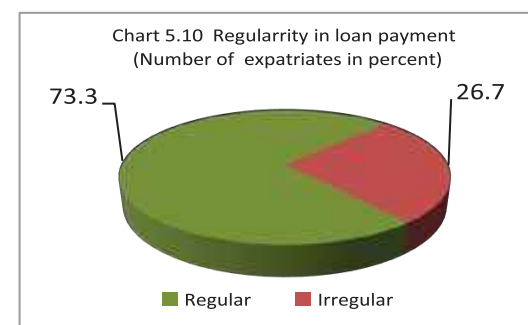
5.9 Interest Rate on NGO Loans

Survey data shows that a few expatriates (6.5 percent) have taken loans from different NGOs in a relatively higher rate of interest (Chart 5.9). The interest rate on NGO's loans ranges from 14 to 23 percent. However, majority (69 percent, 18 persons) of them have taken loans at rate of interest between 15 and 18 percent.



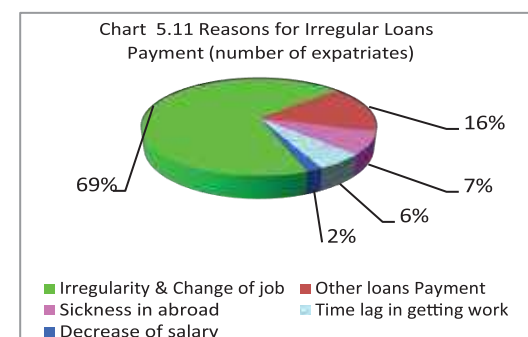
5.10 Grace Period

The grace period for the expatriates' loans disbursed by the ABL and PKB is 3 months and 2 months respectively. But the survey found that the expatriates have availed grace period for repayment of their expatriates' loans ranging from 15 days to 6 months. Majority (98 percent) of them got 2 to 3 months of grace period. Only 0.6 percent had the longest grace period of 6 months because of their job related problem.



5.11 Regularity in Paying Loans

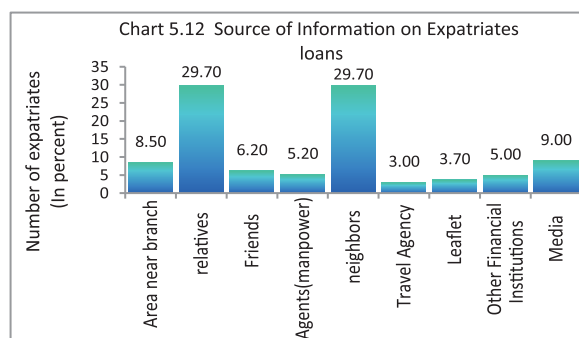
Survey data shows that majority (73%) of the total expatriates have been paying their loan installments on regular basis. On the other hand, 27 percent of them repay irregularly because of their other debt burdens (Chart 5.10). They are more eager to pay loans taken from NGOs, money lenders, etc. rather than banks due to comparatively higher rate of interest and strong supervision of those institutions/lenders.



The survey found that 69 percent of irregular repayment by expatriates was due to the irregularity and change of job followed by loan payment of money lenders, NGO (16%), expatriates' sickness (7%), delay in joining job (6%) and decrease of their salary (2%) (Chart 5.11).

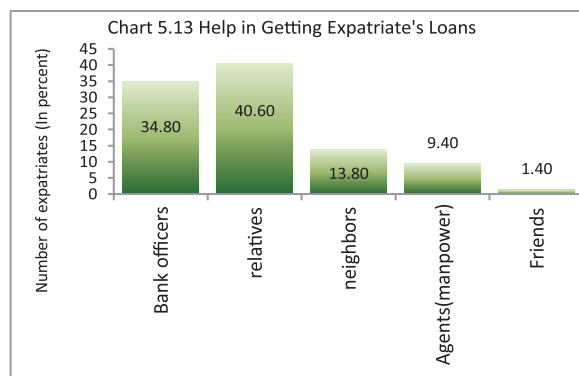
5.12 Source of Information on Expatriates' loans

Majority (65.6 percent) of the expatriates came to know about the information on expatriates' loans from their relatives, friends and neighbors (Chart 5.12). About 13 percent was informed through media and leaflet.



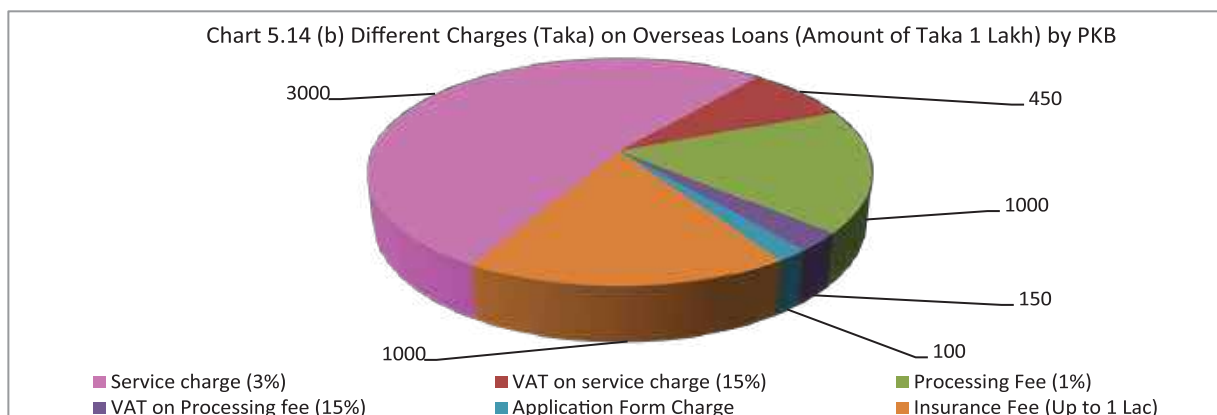
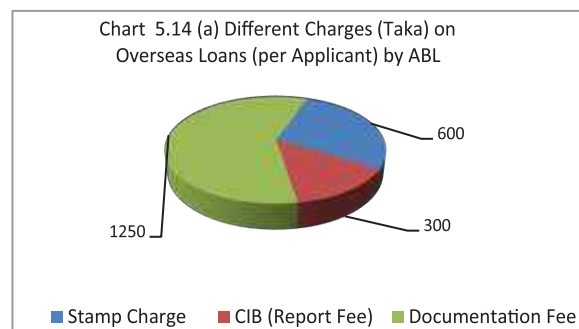
5.13 Help/assistance in Getting Expatriates' Loans

More than fifty percent of the expatriates received loans with the help of their relatives and neighbors followed by bank officers (34.8 percent), agents (9.4 percent) and friends (1.4 percent) (Chart 5.13).



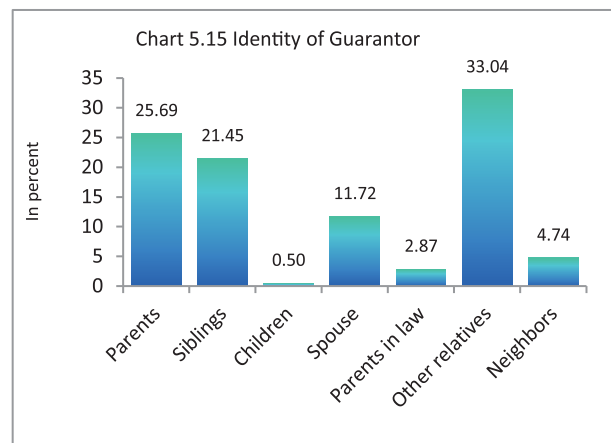
5.14 Extra Charges on Expatriates' Loans

The survey found that banks were claiming different charges on expatriates' loans in addition with existing rate of interest that in turn creates an extra burden for the expatriates. The PKB charges 3 percent service charge of total loan amount where ABL charges document fee worth of Taka 1250 for any amount of loan (chart 5.14a). In addition to documentation fee, the ABL charges Taka 900 for stamp fee and individual CIB report. On the other hand, PKB charges Taka 2600 as processing fee and insurance including 15 percent VAT on service charge and processing fee (Chart 5.14 b) an amount of loan 1 lakh. The PKB charges Taka 100 for application form also. Here, Bangladesh Bank may take necessary measures for abolishing these extra charges.



5.15 Identity of Guarantors

Although the expatriates' loans are collateral free, in some cases the banks are demanding a Government official as guarantor and a signed cheque leaf before sanctioning the loans. The study found that, expatriates especially the un-skilled and uneducated labors are facing difficulties to manage such guarantors. While analyzing the identity of the guarantors it is observed that, above 95 percent of them were family members (Chart 5.15) and only a few of them were neighbors (4.74 percent).

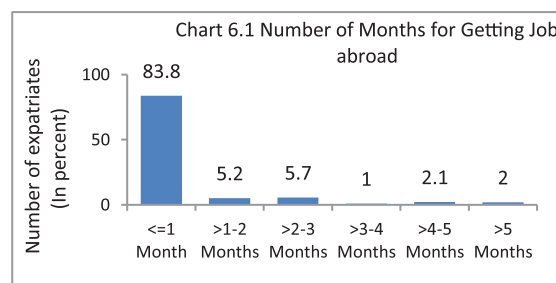


6. Inflow of Remittances and Its Utilization Patterns

Remittances sent by expatriates plays crucial role in improving economic situation of a developing country like Bangladesh. Inflow of remittances accelerates the wheel of the economy. Expatriates' family members or beneficiaries change their living standard by receiving remittances. However, magnitude of remittances depends on levels of education and skills of the expatriates.

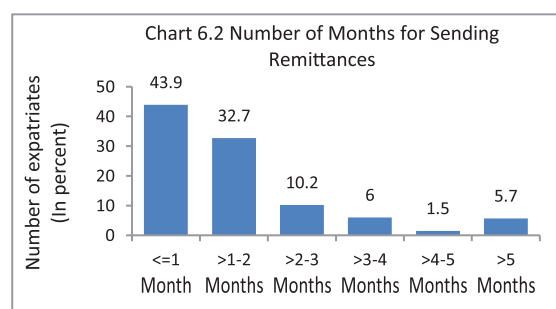
6.1 Joining of Work after Migration

The majority (83.8%) of the expatriates get job abroad after migration within one month. Few (16.2%) of them get a job within two or more months after migration (Chart 6.1).



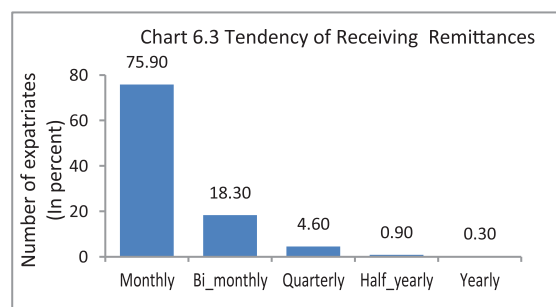
6.2 Sending Remittances after Migration

The majority (56.1%) of the expatriates send remittances within two or more months after migration (Chart 6.2). Only 43.9% of expatriates send money within one month.



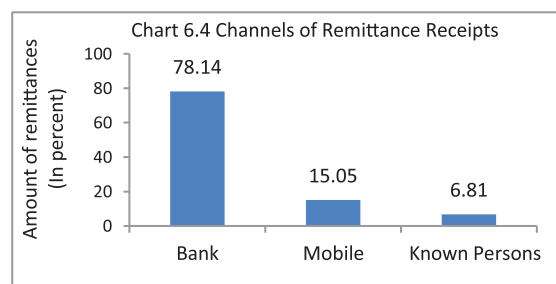
6.3 Frequency of Receiving Remittances

86% of the beneficiaries get remittances regularly. Those who receive remittances regularly is mostly on monthly basis. Nearly three-fourths of them receives remittances on monthly basis (Chart 6.3). However, 14% of them receive remittances casually.



6.4 Channels of Remittances

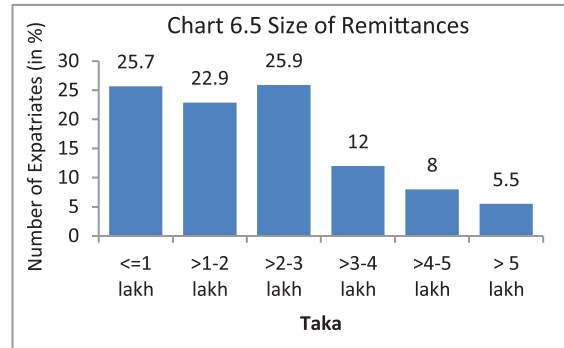
Based on survey data, it was observed that 78.14 percent of total remittances were received through banking channels and only 21.86 percent was received through informal channel including local mobile money transfer channels like bKash (15.05 percent) and known persons (6.81 percent) (Chart 6.4).



During the survey period PKB was a non-scheduled bank. So the expatriates could not send remittances to their PKB accounts directly. Therefore, some expatriates sent remittances through informal channels.

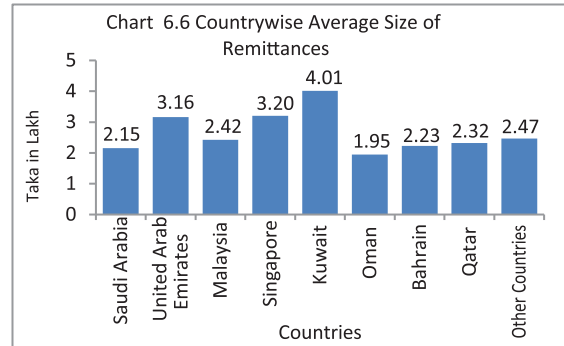
6.5 Average Size of Remittances

Survey data shows that majority (74.5 percent) of the expatriates sent upto 3 lakh Taka in last one year. The amount of remittances above Taka 3 lakh to 4 lakh and above Taka 4 lakh to 5 lakh sent by the expatriates were 12 percent and 8 percent respectively (Chart 6.5). Only 5.5 percent sent remittances above Taka 5 lakh.



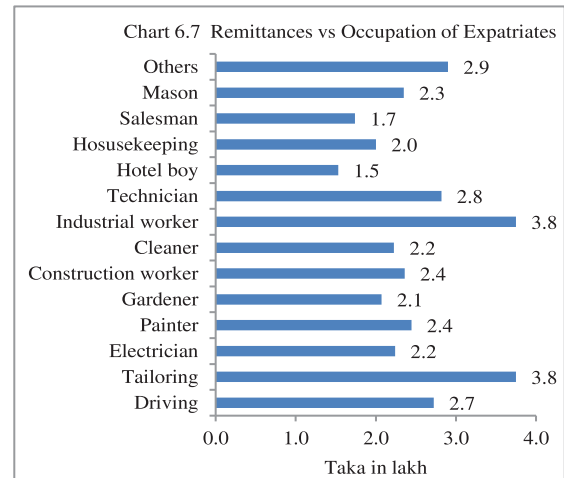
6.6 Country wise Average Size of Remittances

According to the survey data on country-wise average size of remittances, it was observed that the largest average size of remittances was received from Kuwait in last one year followed by Singapore (Tk. 3.2 lakh), UAE (Tk. 3.2 lakh), Qatar (Tk. 2.3 lakh), Bahrain (Tk. 2.2 lakh), Saudi Arabia (Tk. 2.15 lakh), Oman (Tk. 2.0 lakh) and other countries (Tk. 2.5 lakh) (Chart 6.6).



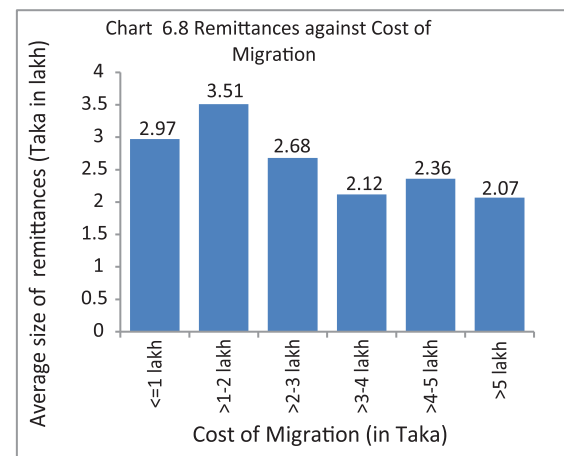
6.7 Remittances Vs. Occupation of Expatriates

While analyzing remittance inflows from the point of occupations, it is found from the survey that industrial workers and tailors are sending remittances on an average of Taka 3.8 lakh per year. Other occupations such as technicians, drivers, painters/construction workers and masons send remittances Taka 2.8 lakh, Taka 2.7 lakh, Taka 2.4 lakh and Taka 2.3 lakh respectively per annum (Chart 6.7).



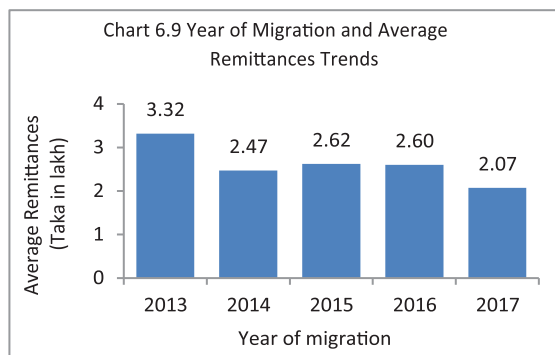
6.8 Remittances against Cost of Migration

The survey data shows a negative relationship between the cost of migration and remittances. Those who have less expensive migration can affordably send more remittances. The expatriates who spent Taka 1 to 2 lakh for migration had sent the highest amount of remittances (Chart 6.8). On the other hand, higher cost of migration yields lower amount of remittances. The primary reason for high cost of migration is the number of intermediaries working between the migrant and his host company which increases the cost of migration. Moreover, the intermediaries often make false promises to the migrants about the quality of job and after migration, the actual salary turns out to be much lower than the promised one.



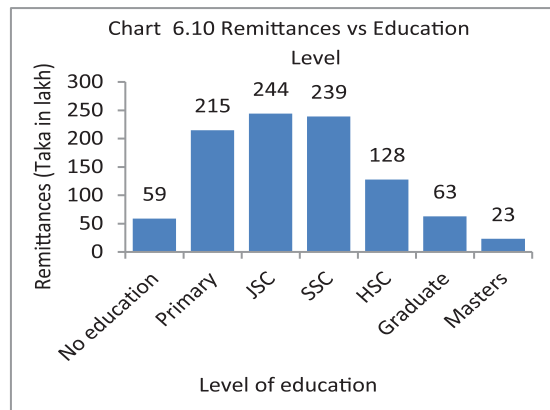
6.9 Year of Migration and Average Remittance Trends

The survey data shows that on an average, the older migrants send more remittances than the newer ones due mainly to experiences and stability of their job. Those who migrated in 2013 sent, on an average, Taka 3.32 lakh. On the other hand, those who migrated recently (in 2017) sent less amount of remittances, on an average, Taka 2.07 lakh (Chart 6.9).



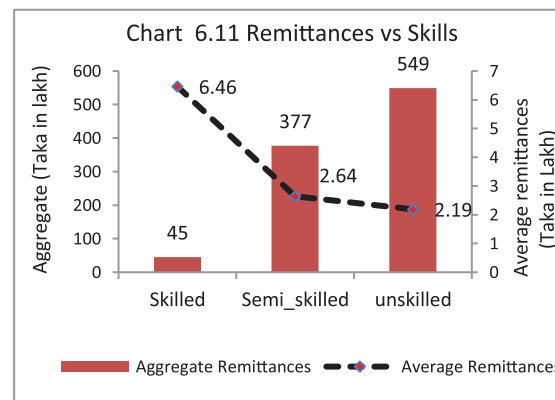
6.10 Remittances Vs. Education Level

The amount of remittances appears to be concentrated with the educational levels from primary to SSC.



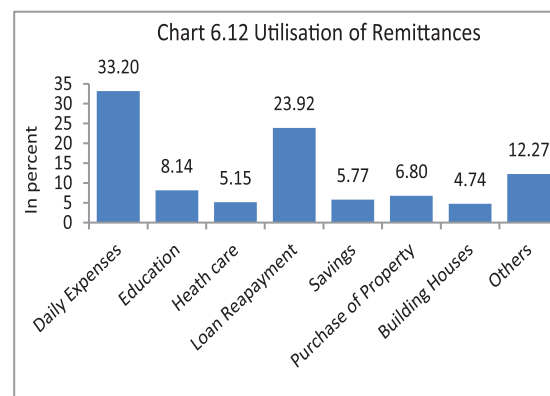
6.11 Remittance Vs. Skills

Survey data on skill-wise expatriates' contribution in remittances show that the unskilled expatriates contribute more to the aggregate remittances but less in average remittances (Chart 6.11). On the other hand, skilled migrants have contributed more in average remittances, but their contribution is not significant in aggregate remittances as the number of the skilled expatriates is meagre in the sample.



6.12 Utilization of Remittances

Considering the utilization pattern of remittance, it was found that 33.20 percent of remittances is used as daily expenses of the beneficiaries (Chart 6.12). Besides, a significant amount (23.92 percent) of remittances is utilized for repayment of their loans. Though savings from remittances are only 5.77 percent, educational expenses of the children/offspring of the migrants are almost 8.14 percent from their remittances.



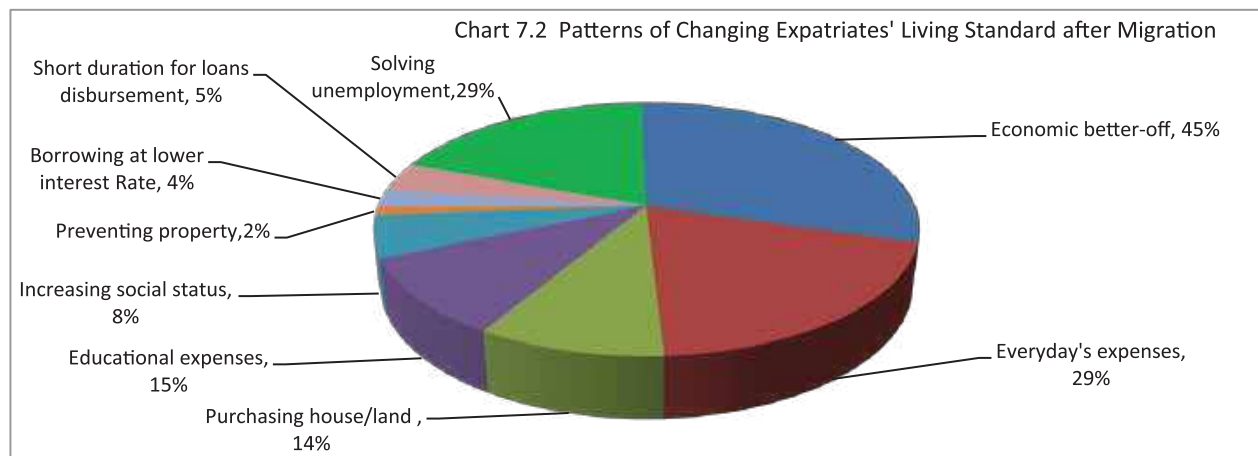
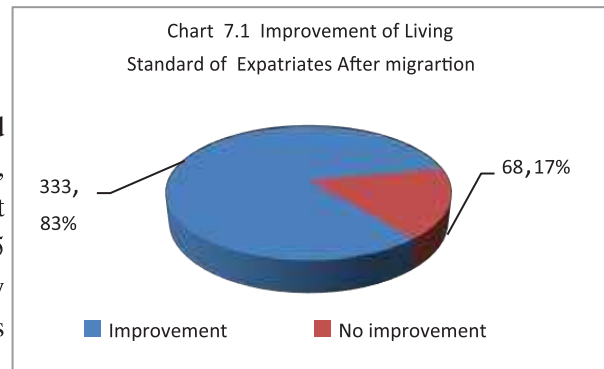
There are other ways of utilization of remittances such as purchase of property, health care, constructing building and other expenses which account for 28.96 percent.

7. Socio-economic Impact of Expatriates' Loans

The study shows that despite some problems, the expatriates are being benefited with loan facility for them. The loan is provided within a short period of time, normally within 3-4 days. In response to a question regarding the possibility of expatriates going abroad if there were no such loans, 38 percent of beneficiaries viewed that without such loan, migration abroad was not possible for the expatriates. The rest (62 percent) of the beneficiaries said that it could be possible but by losing assets, taking loans with high interest rate from money lenders or NGOs. The major socio-economic impacts, as evident from the study, are as follows.

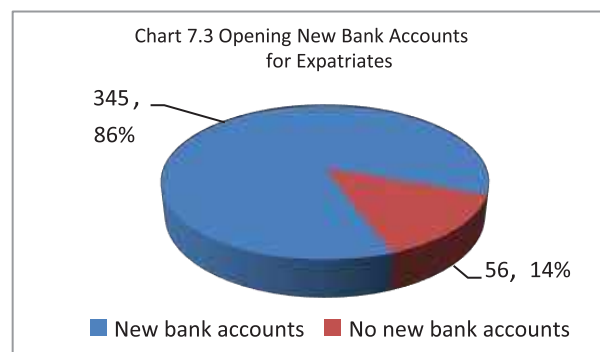
7.1 Improvement in Living Standard

Majority (83 percent) of the beneficiaries expressed views that by availing the loan and after migration, living standard of their families have improved (Chart 7.1). Among them the number of beneficiaries (45 percent) who said that they are now economically better-off is the highest. A good number of beneficiaries (29 percent) are solving their unemployment problem (Chart 7.2). They have also reported that they are now able to meet the cost of their children's education and afford to purchase land and build houses for living. Some of the beneficiaries have opined that their social status has also improved.



7.2 Financial Inclusion

The survey reveals that 72 percent of the expatriates under the expatriates' loan scheme are from rural areas while 7 percent are from sub-urban areas. On the other hand, 86 percent had to open new bank account for receiving loans (Chart 7.3) which indicates some sort of financial inclusion particularly in rural areas.

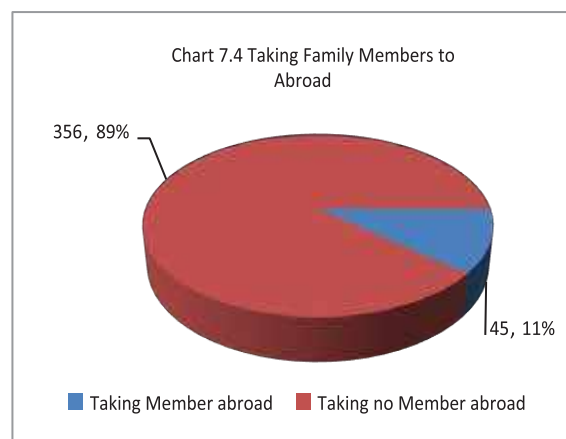


7.3 Woman Empowerment

The study shows that among the expatriates, 4 percent are female whereas among the beneficiaries, 41 percent are female. The cost of migration for female is comparatively low and as such, the ceiling of expatriates' loan is sufficient to cover the full cost of migration for them. In our society where most of the families are headed by men, remitting money by the female expatriates as well as receiving money by female beneficiaries is a definite sign of strengthening the empowerment and dignity of women in the society.

7.4 Employment

Before migration, most of the expatriates had no job at all or engaged in lower income jobs like working in agriculture, grocery, tailoring, etc. By taking the opportunity of expatriates' loans they migrated abroad and started to earn higher salaries. While their vacant jobs in home country are being filled up by family members. Moreover, 11 percent of expatriates have succeeded to take their other family members (1 or more) to abroad (Chart 7.4). In this way, more jobs were created at home and abroad for our people by availing expatriates' loans.



8. Major Obstacles Found from the Survey

Expatriate Loans are given only by two banks named ‘Agrani Bank Limited’ and ‘Probashi Kallyan Bank’ throughout the country. The major obstacles found from the banks and beneficiaries point of view are summarized below:

8.1. Banks

Centralised disbursement procedures: The amount of loan disbursement by Agrani Bank Limited is comparatively lower than Probashi Kallyan Bank, due mainly to lengthy process of loan application. The disbursement of loans at head office level and recovery system at the branch level makes the process more complicated.

Poor monitoring: Due to lack of monitoring and insufficient human resources, it is very difficult to recover the loans regularly by the banks.

Tendency to repay the loans from other sources: Expatriates have a tendency to repay the loans borrowed from local debtor/money lender and NGOs due to strong supervision and efficient management. Therefore, recovery of the loans received by banks sometimes delayed.

Problems with the guarantor: Guarantors are required while taking the loans from the bank. However, they have an opaque idea about the terms and conditions of the loan agreement. As the beneficiary and the guarantor are different persons, in some cases uncertainty arises who actually repay the loans. In some cases, an intermediate group emerges as guarantors in exchange of money which a problem not only for the banks, but also for the expatriates. In some cases, bank requires government employees as guarantors which cannot be fulfilled by the ordinary expatriates.

8.2 Expatriates/Beneficiaries

Insufficient loans: Expatriates need a significant amount of money to meet the expenses and costs for going abroad for job which they avail from local debtors, money lenders and NGOs at a high interest rate due to insufficient loan amount receiving from banking channels.

Hidden charges imposed by the banks: Clients are not clearly informed about the charges stipulated in the agreement. Insurance, excise duty, processing fee, service charges, etc. are the hidden charges.

Insufficient training of the expatriates: Expatriates before moving abroad take training program for 3-7 days. But these are short term training programs that are not sufficient for them. Expatriates need work oriented knowledge and training while staying abroad.

Agents’ fraudulence: Expatriates often become victim of fraudulent activities of the middlemen. Usually, the agents persuade the expatriates to go to banks for loans. After availing the loans, agents keep the whole or major portion of the loan as their intermediary fee or charges. This creates additional burden for expatriates if they fail to go abroad.

Concentration of expatriates in Middle-eastern countries: Majority of Bangladeshi expatriates are employed in Middle-eastern countries without spreading other destination countries. Besides, a significant portion of our labor force, being unskilled, is unable to find better work anywhere else other than Middle-eastern countries. Therefore, our labor force is primarily concentrated in this region, which poses a great threat both for the labor force and the country. If any unexpected crisis such as change in government policy or sudden shift in any external factors arises, a negative impact would happen on our economy.

Limited Participation of women: Unlike men, women are reluctant to go abroad due to lack of education, knowledge, skills, security and other attributes. In some cases, they are disheartened by apparent physical harassment of women abroad and improper implementation of Government to Government (G2G) contracts.

Difficulty in providing loan to women: If women fall in adverse situation abroad, they usually do not want to stay there any longer and return home shortly as compared to men. As a result, some branches of the respective bank consider it as a disadvantage of providing loans to women.

9. Policy Recommendations

The main objective of this survey was to assess the impact of loans for the expatriates disbursed by PKB and ABL through analysis of advantages and disadvantages of existing loan facilities for expatriates and their beneficiaries. The survey team found some obstacles to spread out the loans throughout the country and recommends some policy suggestions which are depicted below.

Enhancing loan ceiling and reducing migration cost: The survey team found that the cost of migration is higher than the amount of bank loans given to the expatriates. As such, they have to borrow money from other sources at a higher cost. In this respect, the ceiling of the loan is recommended to increase to avoid high cost of borrowing from other sources. In addition, the government must find out the ways to reduce migration cost. The more G-2-G arrangements and reducing the influence of middlemen will help to reduce cost of migration significantly.

Improvement of monitoring & human resources: Monitoring and supervision of the loans are needed to be strengthened for the proper recovery of the disbursed loans.

Increasing the number of banks and expanding the network coverage: Currently, only two banks are providing expatriate's loan, therefore, it is recommended that more banks should come forward to make the loan available for the expatriates. The network coverage of PKB needs to be expanded in rural areas through agent banking.

Reducing procedural obstacle: In order to make the loan process more feasible and easier, lengthy procedures and formalities should be revised and disbursement of loan may be introduced in branch level. Unlawful requirements of guarantor and other criteria also need to be eliminated.

Increasing participation of women: Before sending women to abroad it is advised to train them foreign languages, how to accommodate with the situation, and in some cases avoid abuse and torture by agents and foreign employers.

All hidden charges need to be abolished: Banks can encourage expatriates to avail loans by removing all the hidden charges and earning their trust. This will help to change conventional perception about banking loan and increase loan repayment by the expatriates.

Sending skilled workers abroad: It is evident that skill workers' average remittances are higher than those of unskilled ones. Therefore, Bangladesh needs sending more skilled workers to abroad. Establishing technical and vocational training centers and foreign language learning centers in all Upazilas will be an important step toward enhancing skill and employment opportunity of the expatriate workers.

CSR engagements: Corporate Social Responsibilities (CSR) activities of banks and Financial Institutions (FIs) can be expanded to train the outgoing workers as well as to rehabilitate the severely affected returnees.

Insurance coverage for outbound workers: There is no insurance coverage in ABJL scheme while existing insurance policy of PKB is insufficient which covers 100 percent waive of outstanding loan for death and 50 percent waive if workers return back to home within six months. As such, the government recent initiatives regarding introduction of insurance coverage for all outgoing workers need to be expedited.

Reasons behind the dropped sample

Failure to move abroad: There are 15 cases where recipients of the loans were unable to move abroad as the manpower agents deceived and failed on their promises. Borrowers trusted these agents with their money, but they lost all of their money and properties in the process. Study team found some cases where clients changed their intention of going abroad after learning about the precarious situation of the migrants.

Difficulty in securing a job: There are 27 cases where the expatriates did not find job abroad. Some expatriates got fake promises from fraud agents and they got bilateral agreement with their local manpower company stating that they would have guaranteed work and placement. However, after their arrival abroad, soon they realized that the reality was quite different. In the meantime, they lost all of their money and could not find any suitable work for them. They found themselves in a miserable condition and in some cases, their families had to pay or they had to borrow from others for their survival in abroad.

Non-receipt of remittances: There are 42 cases where the expatriates got job but did not send any remittances. The primary reason is uncertainty of their job abroad due to problems related to work permit, for instance, Iqama of Saudi Arabia. A lot of expatriates face problems in renewing their Iqama in Saudi Arabia because of higher fees. Most of them earn limited amount of money that they spent for renewal of work permit and could hardly save enough to remit money at home.

Return after a short period: There are 44 cases where the expatriates returned home within a short period of time. The primary reason is the difficulty in finding a suitable job and expected salaries. In some cases, expatriates became sick and remained workless. They eventually had to return home. In some cases, the nature of work was not the same as they were told before migration. For women expatriates, without proper training about culture, language and other necessities, expatriates found it difficult for them to cope in abroad and had to return home.

A Survey on Loans for Expatriates-Its Uses and Impact
Questionnaire
(Set-A)

Annexure II

Section-1: Beneficiaries' Information

1. Name: District:..... Phone:.....
2. Address (Region/Village):
3. Location: ☐ Rural ☐ Urban ☐ Sub-urban; 4. Gender: ☐ Male ☐ female
5. Relation with Expatriate:.....
6. Is there any Bank Account? ☐ Yes ☐ No;
If yes, How many and in which Bank.....
7. Is there any Mobile Account? ☐ Yes ☐ No;
If yes, Operator's Name.....

Section-2: Expatriates' General Information

8. Name: 9. Gender: ☐ Male ☐ Female
10. Age: 11. Marital Status: ☐ Married ☐ Unmarried
12. Education:
13. Host Country.....; Migration Period (year):;
Period of stay in abroad (year):
14. Medium of migration: ☐ Government ☐ Agent ☐ Student ☐ Tourist ☐ Relative
☐ Others.....
15. Profession of expatriate:
16. Efficiency: ☐ Professional ☐ Skilled ☐ Semi-skilled ☐ Unskilled ☐ Self-employed
17. Any training undertaken by the expatriate before migration: ☐ Yes ☐ No;
if yes, please mention the type:
18. Number of dependents: 19. If the expatriate took anyone in abroad; ☐ Yes ☐ No

Section-3: Information on Migration Cost of Expatriates and Their Remittances

20. How much does it cost to go abroad for the expatriates?Taka
21. Source of cost: ☐ Personal..... Taka; ☐ Savings.....Taka;
☐ Selling Properties..... Taka) ☐ Bank (Expatriate's) LoanTaka,
Interest rate% ☐ Other Loan.....Taka, Source: ; Interest rate.....%
22. Did he/she use expatriate's loans for any other purposes? ☐ Yes ☐ No;
If yes, mention the reason.....
23. Did expatriate take loan from other banks/sources? ☐ Yes ☐ No
If yes, amount of other loanTaka, Source: Interest rate.....
24. Is there any grace period in paying off loan? ☐ Yes ☐ No;
If yes, how many months?.....
25. How many months did the expatriate take to get job in staying overseas?.....;
How many months did the expatriate take to send the money after migration?
26. How did the expatriate come to know about the loan for expatriates?
.....
27. Did anyone help the expatriate to get the loan? ☐ Yes ☐ No.
If yes, How.....?
28. Is there needed any extra cost for getting loan? ☐ Yes ☐ No;

- If yes, how much?Taka
29. Did any collateral require for getting loan? ☐ Yes ☐ No;
If yes, what type of this?
30. Information on guarantor of the expatriate:
1. Name:.....Relation:
2. Name:.....Relation:
31. Is the expatriate repaying his loan regularly? ☐ Yes ☐ No;
If no, since when it is not being paid?.....month(s);
Why?
32. Information on expatriate's loan repayment till now:
Loan disbursement date:.....Disbursement:.....Taka; Repayment..... Taka;
Outstanding (Principal Taka; Interest Taka)
33. Does the expatriate send money regularly? ☐ Yes ☐ No;
If yes, frequency ☐ monthly ☐ bi-monthly ☐ quarterly ☐ half-yearly ☐ yearly
☐ others.....
34. Last year, (2016) how much money did the expatriate send?Taka
☐ Bank..... Taka ☐ Mobile..... Taka
☐ Person..... Taka
35. How did the beneficiary spend the remittance money? (According to 34):
☐ Daily consumptionTaka ☐ Education.....Taka
☐ Health.....Taka ☐ Repayment Taka
☐ Savings Taka ☐ Buying property..... Taka
☐ Building house Taka ☐ Others Taka

Section-4: Opinion of Beneficiaries

36. Did the expatriate face any problems to get loans? ☐ Yes ☐ No;
If yes, how? -----
37. Did you open any new account for getting bank loans? ☐ Yes ☐ No
38. Is the loan sufficient for migration? ☐ Yes ☐ No
39. If there was no bank loans, could the expatriate go to abroad? ☐ Yes ☐ No
If yes, how? -----
40. Is there any improvement in living standard by going abroad with availing the loans for the expatriates?
☐ Yes ☐ No; if yes, how?

41. Do you think loans for expatriates should be launched by other banks too? ☐ Yes ☐ No
42. Your any other observation/comments (If any)

Name of the Interviewer and signature

A Survey on Loans for Expatriates-Its Uses and Impact
Questionnaire
 (Set-B)

Annexure III

Name of the Bank: _____

Branch: _____

District: _____

Manager's Name: _____

Phone Number: _____

Fax Number: _____

1. Information on the employee/human resource under the loan section for expatriates:

a) Total number of employee in the branch:

b) Number of employee in the expatriates' loan section:

2. Information on loan for the expatriates:

(Taka in lakh)

Description	Male			Female		
	2014	2015	2016	2014	2015	2016
Disbursement						
Recovery						
Overdue						
Classified						
Outstanding						

3. Information about clients for expatriates' loan:

a) Selection method to select clients for expatriates' loan:

☐ Interested client visits the bank ☐ Searching for the clients in grass root level

b) What is the time interval between applying and granting for loan in the branch, in general?

Month — Day —

c) What is the time interval between loan approval and disbursement in the branch, in general?

Month — Day —

d) Information regarding number of loan applicants and sanctioned loan:

Description	Male			Female		
	2014	2015	2016	2014	2015	2016
Number of loan applicants						
Number of sanctioned loan						

e) What are the reasons behind the rejection of loan application/ flaws of rejected loan applications?

1.	4.
2.	5.
3.	6.

4. Information regarding implementation of the loan for the expatriates:

a) Do you have any methods to justify proper use of loan for the expatriates?

☐ Yes ☐ No

If yes, Please explain. If no, what do you recommend/suggest?

b) What are the problems/obstacles regarding loan sanctioning to the expatriates?

Description of problems/obstacles
1.
2.
3.
4.

5. Do you promote any publicity program for 'loan for the expatriates' from your branch?

☐ Yes ☐ No

If yes, please select the procedure(s) from the promotional media given below:

<input type="checkbox"/> Poster/banner	<input type="checkbox"/> Participating in the fair
<input type="checkbox"/> Leaflet distribution	<input type="checkbox"/> Newspaper advertising
<input type="checkbox"/> Sponsoring social/sports events	<input type="checkbox"/> Product campaigning for the loan
<input type="checkbox"/> Training to the expatriates	<input type="checkbox"/> Personal communication
<input type="checkbox"/> Others (please mention)	

6. Please justify your overall assessment about the loan for the expatriates (advantages, disadvantages, economic implication, etc.)

--

Signature and Seal of
information coordinator/ bank
official
Date:

Signature and Seal of manager
Date:

Acronyms and Abbreviations

ABL	Agrani Bank Limited
ABJL	Agrani Bidesh Jawer Loan
BB	Bangladesh Bank
BEFTN	Bangladesh Electronic Funds Transfer Network
BGTBs	Bangladesh Government Treasury Bonds
bKash	A mobile financial service operating under BRAC Bank Limited
BMET	Bureau of Manpower, Employment and Training
BOESL	Bangladesh Overseas Employment Services Limited
CIB	Credit Information Bureau
CIP	Commercially Important Person
CSR	Corporate Social Responsibility
DOLE	Department of Labour and Employment
EPS	Employment Permit System
FIs	Financial Institutions
FY	Fiscal Year
GDP	Gross Domestic Product
Govt.	Government
G2G	Government-to-Government
HSC	Higher Secondary Certificate
IMDO	International Manpower Development Organization
Iqama	Work Permit in Kingdom of Saudi Arabia
JITCO	Japan International Trainee & Skilled Worker Cooperation Organization
JSC	Junior School Certificate
KSA	Kingdom of Saudi Arabia
MEGA	An electronic integrated system for recruitment in KSA

Acronyms and Abbreviations

MFE	Ministry of Foreign Employment
MFI s	Micro Finance Institutions
MoEWOE	Ministry of Expatriates' Welfare and Overseas Employment
MOU	Memorandum of Understanding
MUSANED	An electronic integrated system for recruitment in KSA
NFCA	Non-Resident Foreign Currency Account
NITA	Non-Resident Investor's Taka Account
NGOs	Non-Governmental Organisations
NRB	Non-Resident Bangladeshi
PKB	Probashi Kallyan Bank
POEA	Philippine Overseas Employment Administration
SLBFE	Sri Lanka Bureau of Foreign Employment
SMS	Short Message Service
SSC	Secondary School Certificate
TTC	Technical Training Centre
UAE	United Arab Emirates
UK	United Kingdom
USA	United States of America
USD	US Dollar
VAT	Value Added Tax
WEDB	Wage Earner Development Bond
WEWF	Wage Earner's Welfare Fund



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