



حوار أبوظبي بين الدول الآسيوية المرسلية والمستقبلة للعمالة
Abu Dhabi Dialogue among the Asian Labor-Sending and Receiving Countries

Improving Financial Literacy among Domestic Workers

Abu Dhabi Dialogue 5th Ministerial Consultation: Panel Discussion Concept Note

Overview

The Gulf region hosts approximately 3.8 million domestic workers, mainly from South and South East Asia, and the sector is growing at an annual growth rate of around 8.7 percent. In recent years, countries of destination have made significant progress in extending legal protections to domestic workers. Moreover, for many women in countries of destination, undertaking domestic work in the Gulf is one of the principle routes out of poverty, and can provide a vital lifeline to families and communities by providing a regular salary.

However, historical and cultural reasons have meant that domestic work is often treated as distinct from the mainstream labour market. One of the consequence of this is that significant numbers of domestic workers in the Gulf region are unbanked and rely on informal networks for financial guidance and opportunities for growth. The few who manage to gain access to financial services, notably credit in the form of personal loans or the use of credit cards, are often unprepared to adequately manage their personal finances and can end up in precarious debt-related situations. Entering a debt-repayment cycle can cause significant vulnerability, as workers prioritise debt repayment over in-market labour mobility.

Empowering domestic workers to optimise their earning and saving potential thus requires that they be afforded a path to financial literacy, on the one hand, and access to carefully designed banking and financial services that are commensurate with their income level, on the other.

This panel will discuss what governments, business and civil society can do to help develop financial literacy and access to financial services among domestic workers.

Information and Orientation Programmes

Remittances constitute the most visible benefit of labour mobility. Workers benefit from being well-versed in financial literacy and understanding the most effective ways of navigating the saving and remittance of salaries. Research has shown that migrant domestic workers often lack the financial awareness required to enable them to meet their full economic potential.



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The current ADD programme on developing Comprehensive Information and Orientation Provision (CIOP) addresses this issue by tailoring information at key junctures in the labour migration process.

At the pre-employment stage, when individuals are still contemplating working overseas, CIOP's orientation guides beneficiaries to develop healthy financial expectations, introduces key concepts of financial literacy, as well as providing guidance, including to family members, on the creation of simple budgets and proper management of remittances. A module – titled 'Understanding basic financial management' – provides information on putting together a financial management plan, including the administration of remittances in the country of origin, and emphasising the importance of using formal remittance channels.

Pre-departure orientation provides an opportunity to re-emphasise crucial information pertinent to improving financial literacy. Beneficiaries are provided a quick guide to cost effective remittance procedures, and tips on how earning and remittances can be effectively managed. Detailed guidance on budgeting and savings are also provided. It should be noted, however, that this information is most effective when provided as a 'refresher', as pre-departure is often a time of heightened anxiety for workers, and large amounts of new information may not be successfully processed.

In countries of destination, post-arrival orientation seeks to apply pre-employment and pre-departure information to the context of the country of destination. As part of CIOP's post-arrival orientation, a module on financial management equips beneficiaries with accurate information on formal remittances routes, procedures for opening and maintaining bank accounts, along with tips on managing savings responsibly. Beneficiaries receive sample remittance slips, pamphlets on banking for foreigners, and learn through case studies how to recognise financial scams and what to do to avoid them.

Providing Banking Solutions

Women in the UAE currently earn USD 5 billion a year, much of it from domestic work. However, many remain unbanked and rely on cash, wire transfers and informal networks to meet their financial needs.

One business has recently been established to meet this unmet need for banking services. rise was launched in the UAE in December 2017 with the express intention of providing low cost banking services to domestic workers. An online-only solution, backed by one of the UAE's largest banks, 15,000 rise customers can now set up current accounts, buy insurance protection and investment products, and access low cost loans in their home countries (based on their credit score in the UAE).



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The app also provides financial literacy products, to help their customers better understand the impact of their financial decisions, including through an innovative AI chat-based financial planning tool.