



## Rural bankers tie up with NGO in tapping OFWs

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BANKERS with rural folks as clients tapped a nongovernment organization to capture money from overseas Filipinos and boost countryside development.

The Rural Bankers Association of the Philippines Inc. (RBAP) in a memorandum of agreement with the Economic Resource Center for Overseas Filipinos Inc. (Ercof) now offers overseas Filipinos and their families rural bank products including shares of stocks.

What this means is that Ercof will act as the main outreach agent of [700]rural banks. . .and will assist [in] enhancing their capacity to anticipate the [clients working abroad] needs and concerns, both economic and social," said Ercof executive director Idefonso Bagasao, a former Bureau of Immigration official.

He said they hope the agreement "[w]ould also lead to the expansion of rural bank participation in microfinance as well as increased intermediation for hometown associations."

An Asian Development Bank (ADB) study showed the over 8 million migrant Filipinos send a minimum \$340 every month to the Philippines. In the first quarter of this year, remittances from overseas Filipino workers alone has reached \$2.8 billion, according to the Bangko Sentral ng Pilipinas.

Bagasao also told the RBAP the ADB study also showed that two-thirds of the overseas Filipino contract workers come from the rural areas. "If this partnership is sustained and managed well, impact to poverty alleviation and local economy and countryside development will be very significant, given that more remittances and resources would flow more directly to the countryside, and will stay there, in effect favoring a more equitable wealth distribution and rural fiscal reform to the oft-neglected rural areas."

He said rural banks "outpace commercial and thrift banks in terms of numbers, location, and portfolio of small entrepreneurs and agricultural folk."

Absentee investors could also have banking and mentoring assistance to their family members, who are often asked to manage that portion of remittances sent to start small businesses, but a large number of which end up in disasters due to lack of skills or entrepreneurial mindsets," added Bagasao.

Bagasao signed the agreement for Ercof, while the RBAP was represented by its president, Gen. William K. Hotchkiss III (Ret).

Former senator Ernesto F. Herrera, general secretary of the Trade Union Congress of the Philippines [TUCP] said they, too, have seen the needs of migrant workers and urges the Department of Labor and Employment to find ways to enrich their financial literacy and that of their families to spur them to save and invest some of their earnings.

"Transforming OFWs and their families from a plain consuming class to an investing class is absolutely imperative if we are to maximize the economic benefits of growing remittances."

"Reinforcing the financial know-how of OFWs is not that difficult, considering many of them are highly educated," Herrera said, citing a study by the World Bank indicating that "at least 30 percent of OFWs have a college degree, while another 31 percent have achieved some college education."

He also challenged private financial institutions to do their share. He said banks, mutual funds, stockbrokers and insurers were doing very little to heighten the financial skills of OFWs and to encourage them to save and invest.

Even banks have been totally unresponsive. And yet, families of OFWs are knocking on the doors of banks every month to withdraw remittances," Herrera pointed out. "Many OFWs and their families have the liquidity, and are aware of the value of savings. But nobody is really purposefully reaching out to them."