

# the **MIGRANTREPRENEUR**

Newsletter of the **ECONOMIC RESOURCE CENTER FOR OVERSEAS FILIPINOS (ERCOF) PHILIPPINES, INC.**

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## **MONEY MAKERS**



Overseas Filipino Workers (L-R) Isabel Frisch, Dennis Yaun, Estelita Cabrieto and Gemma Velches (inset) have embarked on a savings and investment scheme from Luxembourg. Their future and stories mirror the new movement of Filipinos abroad in the pages of this very first newsletter of ERCOF, one of the forces pushing that movement.

### **In this Issue:**

**ERCOF for the Record • Pinoys in Belgium say cooperation, trust back savings tack • Showdown in Europe • Options open for OFW investor • Pinoy workers in Europe take first steps to development lending • Sifting scams seeks sensible schemes**

# ERCOF for the Record



Ding Bagasao

At the birthing of the Ercof newsletter, indulging in a bit of history might be apropos.

Sometime in 1999, the subject of putting up a migrant's bank was discussed in a Netherlands workshop. Unusually, where action steps decided in a workshop could be easily forgotten as soon as a conference ends, some of the participants continued to study and exchange ideas after the conference, or more accurately, long after the conference ended. Thus, this motley group—Tina Liamzon from Rome, Leila Rispens-Noel of Gouda, and myself from Geneva—evolved into what is now Ercof. Germany-based Alan Glinoga joined us later but had to leave earlier for more heavenly pastures.

Circumstances constrained the group to shelve the migrant bank model. The Bangko Sentral ng Pilipinas then (and until now) preferred mergers, not new banks. Besides, a migrant's bank

calling itself so, does not necessarily ensure patronage by target remitters. It has to equal or better the services offered by existing institutions, which are mostly big banks with extensive networks and experience.

After various consultations with Filipino communities in London, Rotterdam, Geneva, Zurich, Hamburg, Bern and elsewhere, we realized there was something more basic and far-reaching than simply putting up a financial institution.

Furthermore, we felt efforts could not be sustained through email exchanges and interviewing communities, all of which were funded solely by personal funds and those provided by our spouses. We needed help.

So we approached and shared our vision with Novib. The plea did not fall on deaf ears.

Given some serious money in 2003, we committed to come up with financial mechanisms that will link migrant remittances to local economy development, which turned out to be a Herculean task.

Fast track to 2005, Ercof is on the eve of presenting to overseas Filipinos in four European countries the savings and investment mechanisms in microfinance and local government unit (LGU) bonds, aside from encouraging them to cultivate a sound financial mindset on resource conservation.

A group of Filipinos from Luxembourg and the Netherlands had already put in time deposits in two microfinance rural banks in Western Mindanao, as soon as they heard about the program in the early part of 2004. The

potential participation of the association of Philippine rural bankers promises to widen coverage for those who wish to invest in financial institutions or LGU units in their own hometowns. These programs have been shared to receptive audiences in national and international discourses, and were even recently given special mention as an emerging model in linking remittances to poverty alleviation and development.

Whether the rest of our fellow citizens overseas will participate remains to be seen. These are not traditional areas for investment. Their participation is not also helped by possible negative perceptions on the current political and economic situation in the Philippines.

There is more than sufficient rationale for these programs that could directly and swiftly our Philippine hometowns more than the current trickle-down approach.

ERCOF is not a stranger to treading the less-traveled road, and it seems so with its chief supporter Novib Oxfam Netherlands.

Together, we are doing it simply because it is the right thing to do.

# Pinoy in Belgium say cooperation, trust back savings tack

Jeremaiah M. Opiniano

After a decade of taking in the greeting-card scenes of Neufchateau, France, thirty Filipinos there decided to paint a brighter future: they pooled money.

It was during one of our study session in 1997 that we decided to do something more, Joyce del Rosario said of how 21-year-old Samahan ng mga Manggagawang Pilipino sa Belgium (Association of Filipino workers in Belgium, or Samahan) raised a current fund of P1.2 million.

“Why don’t we make monthly savings and pool it as our fund,” del Rosario recalled the members decided that year.

“We wanted to go beyond talking about our individual histories as migrants and the issues facing us while working as professionals and domestic helpers in France, del Rosario added.

“We wanted to do something more, this time for ourselves,” she said.

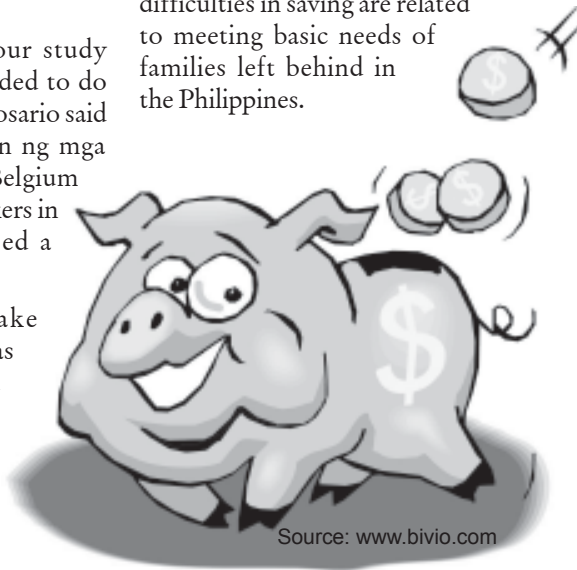
Saving or pooling ten to 20 francs a month was one way for each member to “plan for the future”.

They have so much money now, after nearly a decade of saving, that they are thinking of investing “in green bonds, preferably in the Philippines, or through established Philippine financial institutions, or in homeland-based income generating projects”.

“Migrant workers wish to invest money in the Philippines, but they have no immediate desire to leave Belgium to return to the Philippines (for good),” Samahan founding member Dennis Yaun said.

The savings scheme might provide some answers to the economic needs of Filipinos in Belgium, where an

estimated 6,000 to 8,000 are documented migrant workers while another estimated 5,000 are undocumented. Some have cited difficulties in saving are related to meeting basic needs of families left behind in the Philippines.



But Yaun’s documentation of the savings scheme showed that when Samahan members agreed to save and set up the system, it was easy.

Yuan said members give their monthly savings to a member acting as collector.

We rotated the task of collection

among ourselves so that all members get a chance to be the monthly collector, Del Rosario added.

Yaun cited that they opened a bank account for these savings and the group collectively review financial records as well as update the books.

Yaun said the money also serves as a credit facility to help members’ urgent needs. He added the repayment rate is at 105 percent because of advanced payment of dues.

Only a year after they began, Samahan’s 17 members in 1998 received dividends: they copied the credit cooperative model.

“We banked on trust among ourselves. It worked,” del Rosario said adding that not doing so would have placed the group under Belgium’s prohibitive regulations and expenses required for credit cooperatives.

The scheme paid off and is considered Samahan’s major achievements in its nearly two-decade old operations.

Del Rosario said the savings scheme meets the group’s aims “to foster the habit of savings, to enhance (the values of) self- and mutual-help, and to promote the principles and techniques of cooperation”.

## Power of Pinoy migrants’ money

- Two hundred nipa huts in the village of Mapanique in Candaba, Pampanga were replaced by cemented houses due to money sent by Filipinos from Japan.
- San Quintin in Pangasinan, a fourth-class agricultural town, has 2,834 families of the town’s 5,667 total receiving US\$340 monthly or US\$11.562 million a year (roughly P635.949 million at US\$1 = P55).
- Former Switzerland-based caregiver Indira Dayupay and vice mayor of Gen. Tinio town in Nueva Ecija, now owns a poultry farm, a garments factory and a fruit processing plant that have employed some 110 former illegal loggers.
- The two-year-old OFW Savings and Credit Cooperative, managed by banker Robert Abao, is into the remittance business. But after starting out with a million-peso capital, the Makati City-based cooperative with over 200 members (including former overseas workers) now has a P20 million portfolio.

# ROADSHOW IN EUROPE

## Ercof Roadshow focus:

Alternative programs for overseas Filipino savings and investments in Microfinance Institutions

Local Government Unit (LGU) bonds  
Financial Literacy

## Roadshow activities

Briefing on current Philippine socio-economic conditions

Introduce specific business sectors as viable business or investment opportunities for Filipinos

abroad and business sectors in the host countries.

Meeting with leaders of organizations, bank executives, development agencies, other OF groups, hometown associations and local business.

Luxembourg: Forum for local business, in coordination with the Philippine commercial attaché in Brussels and the Office of the Undersecretary of International Economic Affairs of the Philippine Foreign Affairs department.

## Photo exhibit

Distribution of materials by Ercof partners Milamdec, Preferred Ventures, Philippine Business for Social Progress, Approtech Asia, and the Rural Bankers' Association of the Philippines.

## Venue of forums

The Diplomatic Missions in Geneva, Brussels and the Netherlands have offered to Ercof (which Ercof had accepted) the premises of their respective missions to hold the forums. In the case of Luxembourg, the Honorary Consul Alain Kinsch, has arranged a hall at the Ernst and Young office. The circulars and invitations to the roadshow forum will thus be issued as an initiative of Ercof in cooperation with the respective embassies and Ercof support organisations in the host countries.

## Tentative Program

Opening Remarks (by the Phil Diplomatic Chief of Mission and Ercof chair)

- Rationale for the Roadshow vis-à-vis Current Philippine conditions
- The Need for Financial Literacy

- Alternative OF Savings and Investment Channels
- time deposits in Philippine microfinance rural banks
- Local Government Unit(LGU)Bonds
- Possible business opportunities for overseas Filipinos.
- Open Forum
- Fellowship

Though not a financial mechanism, financial literacy is one of the areas that Ercof had decided to include as part of the roadshow program due to the importance attached to this program. To this end, Ercof, during this reporting period, had linked up with two financial literacy gurus, both of whom had authored books on the subject and are designed for OFWs. They are Francisco J. Colayco, who authored "Wealth Within Your Reach: Pera Mo, Palaguin Mo", and Efen Cruz, who wrote "The Complete Pinoy Guide to Financial Planning". Ercof had distributed copies of Colayco's

## The Ercof roadshow team

**I. F. Bagasao**  
Chair

**Ercof Phils Inc.**

**Fr. Emeterio Barcelon, SJ**  
Chair

**Milamdec Foundation**  
(on microfinance)

**Mr. Antonio Villanueva**  
Vice- President, Preferred Ventures  
(on LGU bonds)

**Gen. William Hotchkiss III**  
President  
Rural Bankers Assn of the Phils.

books to its focal persons overseas. Ercof will have a resource person to join the roadshow to speak on financial literacy and the culture of savings.

## Business Features of the Roadshow

The forums will also feature briefings on specific business possibilities for OFs and the local business sector as well as links with Ercof partners in the Philippines. These organisations/sectors are named and described here:



### **PBSP**

PBSP's Corporate Volunteer for Enterprise Development (CVED) program taps corporate volunteers to help small business executives deal with their problems. A volunteer visits the business every week for four months in exchange for a small fee and assurance of transportation and other out-of-pocket expenses. This service helps enterprises in distress, especially those opened by overseas Filipinos.

### **Approtech Asia**

Approtech Asia, an NGO that matches technical expertise and knowledge with enterprises or investors needing such knowledge, has a list of 80 projects in areas they call "matured industries", where much research and studies have been made and are ready for application. This service seeks to match these industries with investors from overseas Filipinos or host country business sector.

### **Rural Bankers Association of the Philippines**

Rural Bankers Association of the Philippines (RBAP) and its link with Ercof was prompted by the need to increase the geographical expanse of rural bankers' participation in Ercof's microfinance investment fund program. OFs have expressed their desire to put time deposits in MFI institutions in their own hometowns in the Philippines. Ercof and RBAP are negotiating for an agreement on possible participation of microfinance rural banks in Ercof's MFI programs. Additionally, Ercof and RBAP are studying ways by which remittances from overseas Filipinos could be sent directly to rural banks, thus effectively lowering remittance charges and introducing families of overseas Filipinos in the remote countryside to banking services such as savings and other financial services. RBAP executives will join the roadshow to orient overseas Filipino communities on its important role in countryside development with the use of new technologies and under socially-oriented leadership.

### **Promotion of viable investments for Overseas Filipinos**

DVF Dairy Farms. Ercof has linked with DVF Farms, which operates a dairy processing farm in Talavera, Nueva Ecija, and the Talavera (Nueva Ecija) Dairy Cooperative, it is engaged in the sourcing from small farmers and large-cattle owners, of carabao and cow's milk and the distribution of fresh milk and other dairy-related products such as cheese and candies, in urban centers. The farm was founded six years ago to develop the Philippine dairy industry and reduce dependence on imported milk, which composes

almost 96 percent of the Philippine market. Ercof sees the cooperative-type farm as a source of livelihood for small farmers and OF families and as a model that could be replicated in other areas.

Coconut Industry. An estimated 2.5 million Filipino farmers rely on this industry for source of livelihood. Recent developments indicate this industry's potential for a more sustainable and competitive sector that can uplift income levels for a great number of Filipinos. Ercof had been doing research as well as linking with existing proponents in Western Mindanao and in Camarines Sur for the coconut industry development. Two coconut-based products that show potential are virgin coconut oil and coco coir.

## **Ercof hits the European road**

- Nov 3, Thursday** Luxembourg Meeting with business sector
- 4 Friday** Luxembourg Meeting with Filipino Community
- 5 Saturday** Brussels Meeting with Filipino Community
- 6 Sunday** Brussels Mass at Philippine chaplaincy
- 11 Friday** Geneva Meeting with Filipino Community
- 13 Sunday** Den Haag Meeting with Filipino Community

### **When in Europe:**

Ercof's roadshow team will also maximize time to interact with members of the Filipino community in order to heighten their understanding of OF issues and concerns. The roadshow team will talk and listen to individual overseas Filipino organizations, particularly hometown associations, in between the weekend-forums.

### **Roadshow host country point person:**

Host country organizations are requested to coordinate with Mr. Tony V. Ranque, Project Development Officer (tvrank@gmail.com), on logistical requirements on roadshow related follow-up activities or on any other questions, comments and suggestions.

### **Other information**

In coordination with the embassies and focal organisations in the host countries, Ercof will be underwriting the expenses related to refreshments, physical arrangements and other logistical requirements of the forums. However, due to limited resources, Ercof may be unable to conduct these forums in Italy, Germany, Denmark, Japan, Saudi Arabia and the United States. Ercof will keep focal persons or organizations in these countries informed of the activities during the roadshow.

For documents and additional information, please visit the Ercof website: [www.ercof.org](http://www.ercof.org), and click on "Projects".



# HISTORICAL TIMELINE



**1999**

A workshop in The Netherlands gathered some Filipinos who decided to study the formation of a migrants' bank. Surveys were conducted among Filipinos in Europe to explore this possibility.



ERCOF was registered as a non-stock, nonprofit organization under the laws of Switzerland.

**2000**

**2002**



ERCOF staged the *International Conference on Identifying Economic Linkages between Overseas Filipinos and Rural Communities in the Philippines* (12-13 April, Davao City) to raise awareness on the development potential of migration.

The World Bank, in *Global Development Finance 2003*, reported that migrants' remittances have become a major source of development fund for poor countries apart from official development aid and foreign direct investment.



ERCOF registered with the Philippine Securities and Exchange Commission on June 12.

ERCOF held *A Conference on Programs to Harness the Resources of Overseas Filipinos for the Development of Local Economies* (16-17 July, Silang, Cavite).

**2003**

**2004**




Deployment of contract workers, as well as OFW remittances, have reached their highest numbers in 30 years.

The Asian Development Bank released a definitive study on Filipino migrants' remittances.

**2005**

ERCOF embarks on a roadshow to Luxembourg, Belgium, Switzerland and The Netherlands.

# ERCOF ROADSHOW SCHEDULE AND SCORECARD

			
<b>Schedule of ERCOF forums for overseas Filipinos and local economic development</b>	<p>November 4 (6 to 9 pm) • Ernst and Young, 6 rue Jean Monnet Kirchberg, Luxembourg</p> <p><i>in cooperation with the Honorary Philippine Consulate in Luxembourg and Filipino friends and partners</i></p> <p>November 5 (2 to 5 pm) • Philippine Embassy to Belgium headquarters, 297 Avenue Moliere, Brussels</p> <p><i>in cooperation with the Philippine Embassy in Belgium and the Council of Filipino Associations in Belgium</i></p>	<p>November 11 (6 to 9 pm) • Philippine mission to the United Nations headquarters, 47 Avenue Blanc, Geneva</p> <p><i>in cooperation with the Philippine Mission to the United Nations and Balik-Aral Volunteers Association</i></p>	<p>November 13 (2 to 5 pm) • Philippine embassy to the Netherlands headquarters, 125 Laan Copes van Cattelburch, The Hague</p> <p><i>in cooperation with the Philippine Embassy in The Netherlands and Filipino friends and partners</i></p>
<b>Estimated number of Filipinos</b>	12,600 in Belgium and 700 in Luxembourg (year 2004)	14,647 (year 2004)	15,431 (year 2004)
<b>Start of diplomatic relations</b>	July 4, 1946	-	1866 (appointment of the first Netherlands consul in Manila)
<b>Balance of Trade</b>	US\$33.329 million (Jan-June 2003)	US\$118.6 million (2003)	US\$2.737 billion (2001)
<b>Development aid to the Philippines</b>	Agrarian reform, support to NGOs Light Rail Transit (LRT) 1	Agreement between Switzerland and the Philippines to cancel US\$34 million in debt and form a development foundation in the Philippines (Foundation for a Sustainable Society, Inc.)	US\$40 million per year
	<i>source: Philippine embassy in Belgium and Luxembourg website</i>	<i>source: Swiss Embassy in the Philippines website</i>	<i>Source: Netherlands embassy in the Philippines website</i>

An informative, handy booklet  
at the price of a bottle of Coca-Cola

## I was Pusoy!

*A practical guide for overseas Filipinos to avoid possible legal hassles and problems such as*

- Annuling and nullifying marriages
- Re-acquiring Philippine citizenship
- Adopting Filipino children
- Setting up a corporation
- Correcting your name in the Philippine civil registry and many, many more

US\$ 6.00 • Euro 5.00 • Swiss francs 8.00

*Do you have questions that require legal assistance and financial advice?*

**Ercof's staff and partners can help.**

**inquire with:**

- **Atty. Manuel Goyena (legal concerns)**
- **Mr. Antonio Ranque (financial advice)**

**ercofphils@gmail.com, 63-2-9229622 (tf)**

**www.ercof.org**

# Options open for OFW investor

William Alzona

INVESTING money is easier and simpler than splurging it all on a mall upon an overseas Filipino worker's return to the Philippines. However, if the latter is more a priority for money saved, investing becomes as tricky as piecing together where all the remittances went.

But deciding to invest is one thing, choosing an investment is another. With several investment products available in the market, choosing one can be tricky.

Some choose to let their money grow in a bank. The money may be secure but the return—yield, in investment parlance—is roughly two percent for every year in the case of a savings account and about three to five percent in the case of a time deposits.

A notch above this type of investment is the fixed income fund or the equities market, popularly known as the stock market. Unlike the two, which are deposit products and therefore covered by the Philippine Deposit Insurance Co. (PDIC) up to P200,000, many banks are offering different investment options that are not covered by the PDIC. This is because banks re-invest deposits to some other yield instruments.

A rule of thumb: the more risky the investment product, the higher return or yield.

In the stock market, for instance, a P50,000-worth of investment can be doubled in an instant but can also be wiped out as fast.

In bonds, commercial papers, or other debt instruments, the returns are there, say up to 20 percent from the face value of debt paper. However, it may not be as juicy as in the prospects in the stock market. Plus,

there is a risk that a company, or any entity that issued the commercial paper, may not be able pay the holder of the paper as it becomes due, or mature. So, the best thing to do is monitor the developments of the debt paper issuer or advise by risk a assessor; who are usually covered by the media. That's where business newspaper will come.

The media reveal factors to consider such as inflation, the price changes in a basket of consumer goods and services, and interest rates of the central bank and the US Federal Reserve. Higher inflation may wipe out any gain from bonds, while higher interest rates may cause share prices at the stock market to tumble.

In the recent years, fund managers—another type of brokers—have devised ways to manage the risk by diversifying their investments. Thus, the rebirth of hedge funds and mutual funds, which follows industry benchmarks. Both are pooled investment vehicles, or several investors give their money to the manager who invests the money in publicly traded securities, such as bonds and equities.

Hedge funds, according to investopedia.com, is more aggressive as it use hedging practice or attempt to reduce risk. The main goal fund is to get a maximum rate of return, whatever the cost.

Mutual funds, on the other hand, gives small investors access to a well-diversified portfolio of equities, bonds, and other securities. Each shareholder participates in the gain or loss of the fund. Many studies, shows the fund fails to beat the market. Local players will tell otherwise.

The minimum amount of investment may vary depending on the product. For instance, Bank of the Philippine Islands' dollar denominated funds—which are invested in various instruments such as government securities, commercial papers of big companies issued here or abroad—

offer an initial investment of \$10,000. If you choose to buy bonds or any debt papers of the Philippine government, Metrobank, the country's largest, requires a \$50,000 minimum amount if US dollar denominated or P1 million if peso-denominated.

But note that investments are not get-rich-quick deals. If this does happen, it's just a bonus but a bonus rarely happen everyday.

Investment is about making your money work for you, while you do something else, rather than burying it underground and then digging it up when you need them.

Related Internet site: [www.investopedia.com](http://www.investopedia.com)

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*“Another direction is local government bonds, where overseas Filipinos can buy those and force local government units to channel their direct investments to develop their hometowns. Some 20 LGU bond projects, mostly in rural areas, are on the pipeline, and hometown associations can pool their funds for those bonds.”*

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continued from page 8

opportunity being floated. Don't rush into spending something that took years to accumulate.

Ask around, especially from official sources in the SEC and the Department of Trade and Industry.

Read, especially news or official documents on a company's operations.

And remember the golden rule in investing: “If it's too good to be true, it must be a lie.”



# Pinoy workers in Europe take first steps to development lending

Jeremaiah M. Opiniano



Remitters from the Netherlands, led by Mherzy van der Steen (Stichting Kapitbahayan) and Corazon Dee (Ercmove), also made time deposits in Xavier-Tibud and Xavier-Punla rural banks.

## Remittance, microfinance

Microfinance is a development approach of providing financial services to low-income clients

FILIPINO worker in Luxembourg Estelia Cabrieto was smug after sending half-a-million pesos to the Philippines but not to her family.

While it isn't also all her hard-earned money –she shares it with four other Filipinos– Cabrieto is already thinking of 2009 when that money grows from a bank in Cagayan de Oro City. Her smugness comes from the fact that her money are being used by fellow Filipinos, though people she doesn't know nor hasn't even meet.

Cabrieto, Isabel Frisch, Gemma Velches, Perla Achten and Dennis Yaun have taken the first steps to entrepreneurship by each sending in April last year a one hundred thousand pesos to a Pangantucan, Bukidnon-based bank, which does microfinance lending to poor Filipinos.

That money, combined with the fund sent by 11 workers in the Netherlands, is expected to generate small business of nearly 120 Filipinos in this Mindanao island province. That money locked in a time deposit will also generate an 8.5 percent return of investment for Cabrieto and her compatriots by 2009.

Not bad for Cabrieto and her group members and the Xavier-Punla microfinance group in Cagayan de Oro City. Not bad, too, for a culture of financial literacy promoted among migrant workers as money flowing from them to their origin countries have surpassed the money coming from governments through official development assistance.

e.g. savings and credit, insurance and payment. Multilateral lenders like the Asian Development Bank have banked on microfinance to spur development in countries like the Philippines.

Experts believe that a year's investment of about P100,000 in a microfinance bank, given the usual two microfinance cycles of six months each, will support about 20 micro-entrepreneurs—those with businesses hiring less than 50 people— in a year.

From the nearly 10,000 euros total amount of time deposits made by the Luxembourg and Netherlands-based Pinoys (about P634,793 at current exchange rates), some 120 enterprising poor such as street vendors, tricycle operators, carinderia owners, and artisans will get microfinance loans. They form the communities where two-thirds of the over-eight million Filipinos abroad come from.

Cabrieto and company had their time deposits locked in for five years, yielding 8.5 percent annually. Jesuit Emeterio Barcelon, president of the Xavier-Punla Rural Bank, said the migrants' deposits form part of a microfinance portfolio.

When the deposits mature on April 12, 2009, the Luxembourg-based Filipino depositor who sent P100,000 each (roughly 1,430 euros) will get PhP150,000 and a time deposit certificate.

The Netherlands-based Filipinos, nine of whom are women, sent a total of 2,360 euros to the bank's Metrobank account in Valencia, Bukidnon.

They were also promised an ROI of 8.5 percent per annum while the money is locked in for five years.

## Testing financial literacy

Financial literacy, which involves the wise and judicious spending, saving and investing of money, is propped up by an ADB study that says nine out of ten overseas Filipinos save remittance – perhaps mostly as consumer savings (e.g. daily needs, food, utilities) and some as investment savings.

“Because of our savings, we were able to buy a house, a car, and Arjay's educational plan has been taken care of already,” says Arbi Ibarrola, whose engineer-father in Saudi Arabia remits up to P40,000 monthly. Now the Ibarrola family owns a ten-hectare property in Lucban, Quezon where they plan to put up a subdivision with 50 housing units.

If at least one percent of an estimated 28 household of overseas Filipino workers in, say a town in Nueva Ecija, are building a concrete home with just a minimum cost of P3 million, the total cost is only at P84 million.

This is already bigger than the town's total equity and is even benefiting unemployed construction workers, Ercof chair Idefonso Bagasao said. Ercof is one group promoting financial literacy among Filipinos overseas.

Corazon Dee, one of 11 Filipino depositors in the Netherlands, said she decided to invest part of her savings to Xavier-Punla in the same spirit: “to promote local economic development through helping poor women and men engage in micro-business”.



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# Sifting scams seeks sensible schemes

William Alzona and Tony Ranque

Sifting through scams from secure investments, in Ercof's Tony Ranque's two-decade experience as an overseas Filipino worker in Saudi, is a tough job for OFWs since scam operators never run out of clever designs to squeeze money from their victims.

From so-called investment seminars to surprise phone calls from strangers, to mails and cellular short message services, these swindlers also thrive because they never run out of people they are able to dupe.

Past experiences of those victimized have been recorded but it doesn't hurt to scan the investment landscape in view of the growing interest of the financial market on migrant workers' remittances. With such a context, overseas Filipinos should know how to sift investment offers and identify the genuine ones from the scams not only to protect their hard-earned money but also to make scam a tool of a dying breed.

However, there is no good rule book to spot a scam operator or his activities.

Based on our research, scam operators rely on common sense to get away with their trick. It is also using common sense that OFWs can avoid falling for a scam.

For example, common sense dictates parting with hard-earned money shouldn't be rushed, as scam operators commonly pitch. They harp on the urgency of the opportunity to earn big "before it's too late". But the quicker scam operators get the money, the faster they can vanish.

These operators dangle the probability of earning while banking on the potential victim's curiosity to the "what if". They feed on the human frailty of risking money

based on the scam operator's set of compartmentalized information.

But aside from not giving potential victims the chance to sift through the data, scam operators also downplay the earnings he will slough off from the investment.

Some of these scam operators use the popular "pyramiding scheme" whereby they get a cut from the profits or sales of the "downlines" or recruits.

Scammers promise huge return in a short period of time. What they do is the tried-and-tested-scheme of telling victims not only to invest but also to recruit other people.

In the Philippines, multi-level marketing companies are so successful because the recruiters are such sweet talkers. If you visit the offices of these firms, they have air-conditioned rooms full of people who are patiently attending investment seminars. Some of these offer food for the "investors." They entice people to immediately invest and also recruit as many as they can to form small groups in order to get huge commissions. They use testimonials of other people who said they had gotten rich, bought a house and lot, or a car, among others, after "joining the business."

Some get away with it. Some have been shut down by the Philippine Securities and Exchange Commission. Not a few still operate, ready to pounce on a hapless individual who they can lead to part with his or her money.

Hence, we suggest a thorough background check on any investment

continue to page 6

## Five clues to an investment scam

- Bigger and faster profits than real investments
- Less risk and less effort than real investments
- Something special that genuine investments don't offer.
- More urgent than the real thing
- Offered by a stranger

**Every scam looks real: scam operators make sure it is so. According to the SEC, scam operators often go to a lot of trouble to:**

- Print attractive documents and set up a business-like website.
- Choose names that sound like reputable companies.
- Tell a persuasive story using the right jargon.
- Drop the names of people you know to build your trust

**The Philippines's Securities and Exchange Commission's website lists the following companies and the people connected with these firms suspected to offer irregular deals:**

- Access Credit & Development Group
- AVG Group of Companies
- AVG Lending Investors Inc.
- BGA Lending Investors Inc.
- Coins' Account Lending Services Inc.
- Conrad Group and Associates Inc.
- Five Vision Consultancy Inc.
- Intercontinental Services Inc.
- Mateo Management Group (MMG) & Mateo Pre-Need Plans
- MMC Investment and Finance Corp.
- Multitel Investment Corp.
- Multitel Investors Corp.
- Multitel Lending Corp.
- Phil-Asia Lending Investors Inc.
- Portfolio Management Services
- Red Dragon Lending Corp.
- Servlink Cargo Inc.
- Zurich Investment Group

*The SEC also advises the public it has not recognized or endorsed the business activities of First Quadrant Philippines Inc.*

## Other types of investment scams

- Pyramid schemes
- Ponzi Schemes
- Advanced Fee Fraud
- Email Lottery
- Phony job opportunities



**ECONOMIC RESOURCE CENTER FOR OVERSEAS FILIPINOS  
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