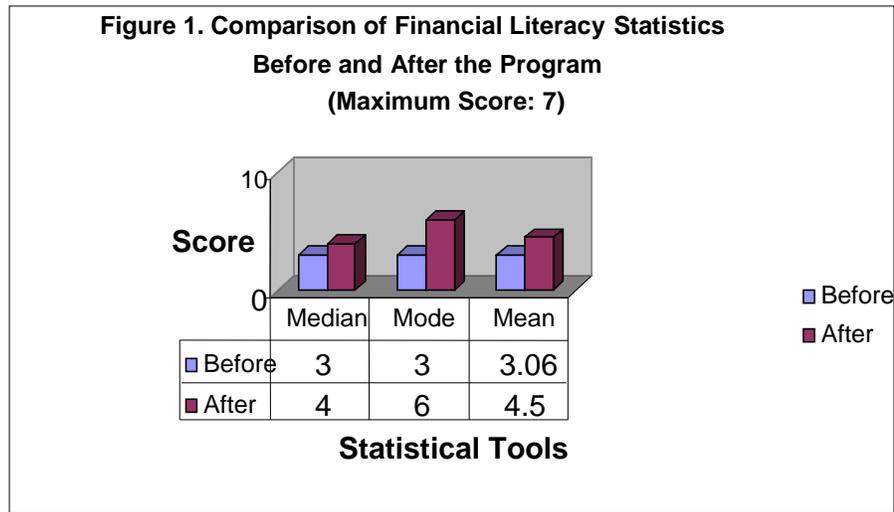


Effects of Financial Education among Overseas Filipino Workers (OFWs) in Seoul, Korea: Evidence from a Survey

(Supervised by the Department of Political Science, University of Oklahoma)

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A survey conducted by the Philippine Embassy in South Korea in 2008 showed that financial education plays a very important role in increasing the financial literacy of overseas Filipino migrant workers and encouraging specific behaviors among them.

The study aimed at evaluating the effectiveness of the Embassy's Financial Literacy Program (FLP) demonstrated that the scores of participants improved by 47% after attending a two-hour seminar, from an average score of 3.06 to 4.5 out of a possible perfect score of 7. See Figure 1. At the same time, most of the participants expressed interest in initiating some form of personal financial planning and persuading their families back in the Philippines to adopt the same method.

The Financial Literacy Program (FLP) was specially designed to address the unique circumstances of Filipino migrant workers in Korea and the savings culture among Filipinos.²

¹ The author conducted the survey under the supervision of Prof. Aimee Franklin, Director of the Public Administration Program, and Department of Political Science of the University of Oklahoma as part of his Masters of Public Administration degree research paper in 2009. He initiated the Financial Literacy Program of the Philippine Embassy in South Korea where he served as consul and second secretary from 2002-2008. He acknowledges the assistance of Consul Arnel Talisayon and the support of the Philippine Ambassador Luis Cruz in conducting the survey. He also thanks Labor Attaché Delmer Cruz and Welfare Officer Esperanza Cobarrubias of the Philippine Overseas Labor Office and the Overseas Workers Welfare Administration (POLO-OWWA) and Commercial Counselor Edgardo Garcia for their support of the FLP. The study may be reproduced and circulated with citations.

² See related blog articles at Juan E. Dayang, Jr., "Advocating Financial Literacy to Overseas Filipino Workers (OFWs)," in Reflective Diplomat (Canberra2011). See <http://jedayang.wordpress.com/2011/08/31/advocating-financial-literacy-to-overseas-filipino-workers-ofws/>, Juan E. Dayang, Jr. and Arnel G. Talisayon, "Financial Literacy Campaign and the Philippine Government," in Reflective Diplomat (Canberra2011). <http://jedayang.wordpress.com/2011/08/24/financial-literacy-campaign-and-the-philippine-government/>, and Arnel G. Talisayon, "Financial Literacy Campaign and Overseas Filipino Workers (OFWs)," in Reflective

The Survey

The Embassy administered a survey composed of standard open and close-ended questions to participants before and after the seminar. The pretest survey was divided into three main sections: the first part examined the participant's general behavior or attitude regarding financial planning; the second part tested the participant's knowledge about financial concepts, while the last one focused on demographic information.

Behaviors promoted in the campaign were: setting short and long-term financial goals; saving money regularly; making a written budget for expenses; comparing actual expenses to the budget; paying bills on time; reviewing bills for accuracy; and comparison-shopping before making purchases. The seven questions in the second part highlighted key concepts in financial planning, namely budgets, savings, compound interest, inflation rate, risk, liquidity and insurance. The post-test, meanwhile, explored changes in the participants' behavior and knowledge using the same indicators.

The Respondents

More than 200 participants volunteered to take part in the survey. Forty-eight respondents successfully completed the forms, which the researcher used as the sample size of the population. Majority of the respondents were between 26 to 35 years old, are married with children, have a college degree, earn between US\$1,000 and US\$1,500 per month, and have been in Korea for less than three years. Of the total respondents, 27 were men and 21 were women.

The Results

Figure 2 shows that, as a result of the seminar, respondents agreed on the need to adopt the program's intended behaviors. The program appeared to be most effective in promoting the importance of budgets and of regularly saving. (Respondents who were undecided or who have already been practicing the intended behaviors get a score of "0"). Respondents were also asked when they intend to practice what they learned the seminar.

Figure 2.

As a result of the program, participants believe that they should:	Average Score	Rank
Short- and Long-Term Financial Goals	1	5
Save Money Regularly	1.19	2
Make a Written Budget for My Expenses	1.33	1
Compare My Actual Expenses to My Budget	1.17	3
Pay My Bills on Time	0.9	7
Review My Bills For Accuracy	0.92	6
Comparison-shop Before Making Purchases	1.02	4
Average	1.07	

Scoring:	
Strongly Agree	(2)
Agree	(1)
Undecided /Already Doing This	(0)
Disagree	(-1)
Strongly Disagree	(-2)

Figure 3 shows the urgency with which the respondents regard the changes. Respondents stated that they will begin using budgets within the following month. Comparing actual expenses to the budget, among the top attitudes which respondents also agreed was necessary, also scored high.

Figure 3.

As a result of the program, the participants will implement their learning:	Average Score	Rank
Short- and Long-Term Financial Goals	2.73	3
Save Money Regularly	2.71	4
Make a Written Budget for My Expenses	3.04	1
Compare My Actual Expenses to My Budget	2.79	2
Pay My Bills on Time	2.48	6
Review My Bills For Accuracy	2.33	7
Comparison-shop Before Making Purchases	2.69	5
Average	2.68	
Scoring:		
This Month	(4)	
Next Month	(3)	
In 2 to 3 Months	(2)	
In 6 months	(1)	
Will not Do/Already doing this	(0)	

The Embassy considered the willingness of the participants to share their learning with their family as an important indicator of the success of the program, since migrant workers tend to send all remittances to their families back home. The families, therefore, have direct control over the finances. See Figure 4.

In this regard, the seminar convinced the respondents to encourage their families to adopt the intended behaviors, particularly in saving, setting short- and long-term financial goals, and comparing actual expenses to the budget.

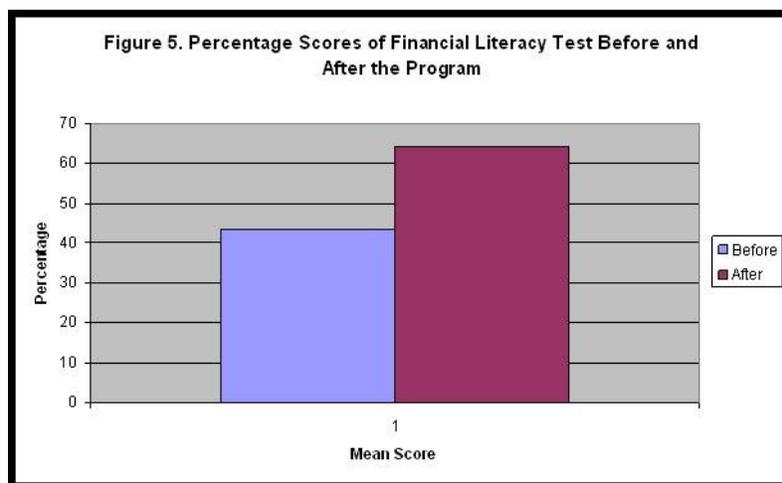
Figure 4.

As a result of the program, participants believe that they should share and encourage their families to adopt the following behaviours:	Average Score	Rank
Short- and Long-Term Financial Goals	1.23	2
Save Money Regularly	1.35	1
Make a Written Budget for My Expenses	1.13	5
Compare My Actual Expenses to My Budget	1.19	3
Pay My Bills on Time	0.02	7
Review My Bills For Accuracy	0.06	6
Comparison-shop Before Making Purchases	1.15	4
Average	1.07	

Scoring:

Strongly Disagree	(-2)
Disagree	(-1)
Undecided /Already Doing This	(0)
Agree	(1)
Strongly Agree	(2)

Based on the results of the basic financial literacy test, respondents became more knowledgeable about basic financial management concepts. Figure 1 shows that the modal score increased from 3 to 6 out of a possible perfect score of 7. From an average of 43.75%, performance increased to 64.29%. See Figure 5.



This is clearly evident in Figure 6, which shows that the bulk of respondents scored low before the seminar but reversed the trend after. Most respondents have a college degree; the seminar therefore helped in at least reminding the respondents of concepts they learned in high school and college.

Figure 6. Comparison of Modal Occurrences Before and After the Program

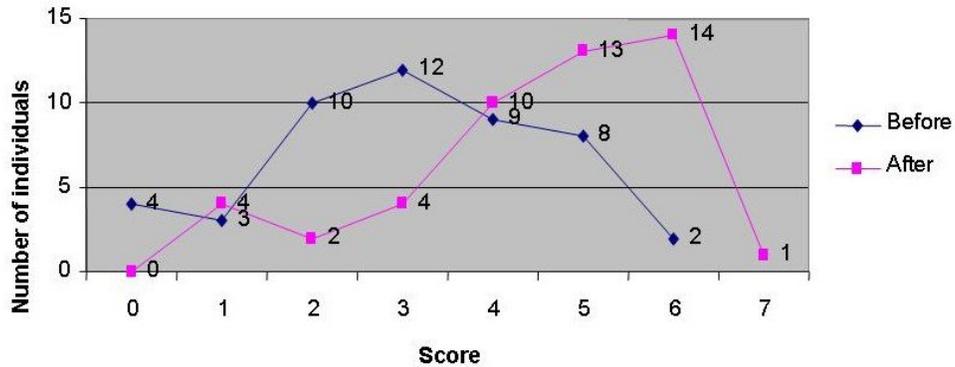


Figure 7 looks at the scores in detail. Prior to the seminar, the weakest area was in liquidity test and only 18.75% of the respondents got the correct answer. Insurance, the weakest area after the seminar, was at 45.83%. Respondents displayed consistent strength in the areas of compound interest, saving and budgeting. The greatest improvement was in liquidity score, which doubled from 18.75% to 50%.

Respondents rated the overall program between “helpful” and “very helpful.” The instructor received the top score with 1.70, followed by content at 1.67 out of the maximum score of 2.

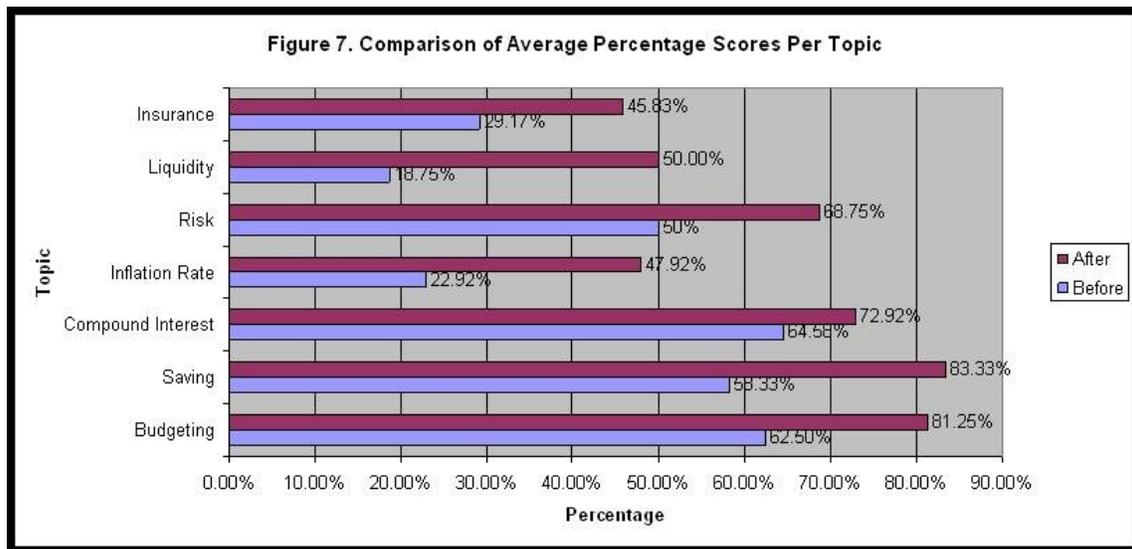


Figure 8. Evaluation			Scoring:	
	Avg. Score	Rank		
Instructor	1.70	1	Not Helpful	(-1)
Content	1.67	2	Somewhat Helpful	(0)
PowerPoint	1.64	3.5	Helpful	(1)
Handouts	1.60	5	Very Helpful	(2)
Overall Program	1.64	3.5		

Conclusion

The survey showed that financial education is effective in increasing the knowledge base of migrant workers and encouraging specific behaviours. It may be noted that although certain scores or behaviours rank lower than others, the overall impact was positive. The next, research stage is to follow-up from the same respondents whether they actually changed their behaviours and what actions they did to improve their financial status. The longitudinal study can be done by getting the same respondents around six months or beyond from the program and monitoring their progress. Philippine Embassy³ which started the program in 2008 has monitored the progress of the respondents through personal interviews recorded on video. It launched in 2009 a more comprehensive Finance Management Course among past participants of the Financial Literacy Program. Courses on bookkeeping, advertising and marketing, and feasibility studies are currently being offered. The seminars laid the foundation; future programs will build on the consciousness raised by the financial literacy campaign. The survey also provided invaluable feedback which gave the Embassy an idea which concepts or behaviors needed more focus—for instance, respondents do not seem to be persuaded of the need to convince their families to pay bills on time—and, through the written assessments of the respondents, revealed the inclination of participants in terms of current difficulties and future projects.

References:

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