



# THE VALUE OF CARE

Key Contributions of  
Migrant Domestic Workers  
to Economic Growth and  
Family Well-being in Asia

*Commissioned research study by Experian,  
in partnership with Enrich*



# About Experian



Experian is the world's leading global information services company. We unlock the power of data to transform lives and create opportunities for consumers, businesses and society. By working with the right partners, we enable communities to develop their social and economic potential. We help individuals to take financial control and access financial services, businesses to make smarter decisions and thrive, lenders to lend more responsibly, and organisations to prevent identity fraud and crime.

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# About Enrich



Enrich is the leading Hong Kong charity promoting the economic empowerment of migrant domestic workers. We empower migrant domestic workers to invest in themselves through financial and empowerment education. Our workshops equip domestic workers with the tools to save, budget and plan for a future with greater financial security while they are here in Hong Kong.

[www.enrichhk.org](http://www.enrichhk.org)



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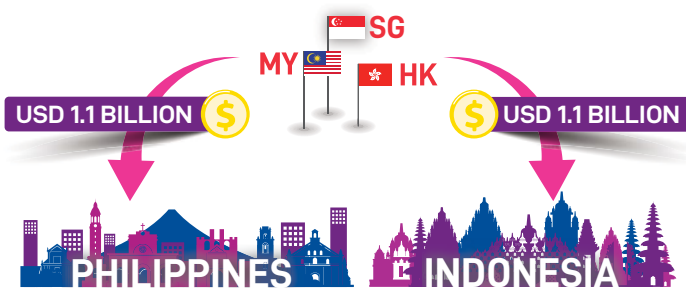
# EXECUTIVE SUMMARY

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## ECONOMIC CONTRIBUTION

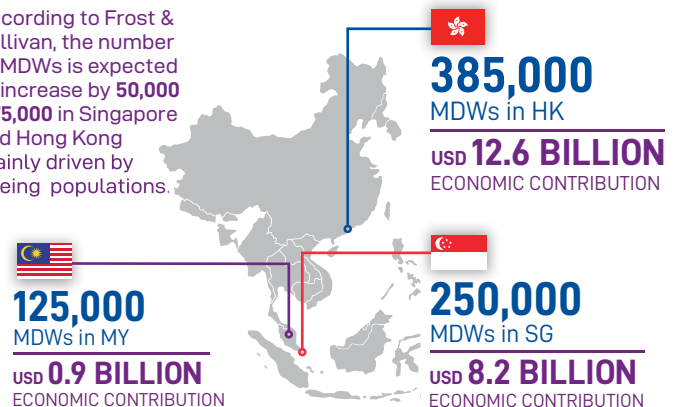
### Economic contribution to the countries of origin

The Philippines and Indonesia each received **over USD1 billion** in remittance from MDWs, contributing towards poverty reduction and increased household incomes.



### Number of MDWs and their economic contribution to the recipient country as of 2018

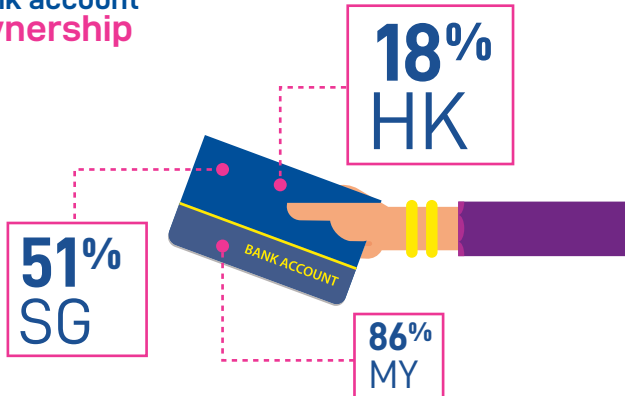
According to Frost & Sullivan, the number of MDWs is expected to increase by **50,000** – **75,000** in Singapore and Hong Kong mainly driven by ageing populations.



2

## FINANCIAL INCLUSION LANDSCAPE

### Bank account ownership



### Reasons for MDWs not opening a bank account

Majority indicated that they don't see the need to have a bank account, indicating **lack of financial knowledge** and **stricter regulations** to open an account as the reasons.

74%

NO NEED TO OPEN A BANK ACCOUNT

24%

LACK OF DIGITAL LITERACY

31%

LACK OF FUNDS

17%

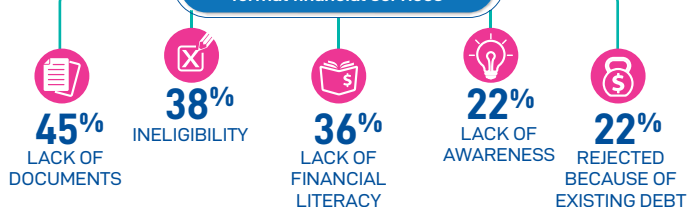
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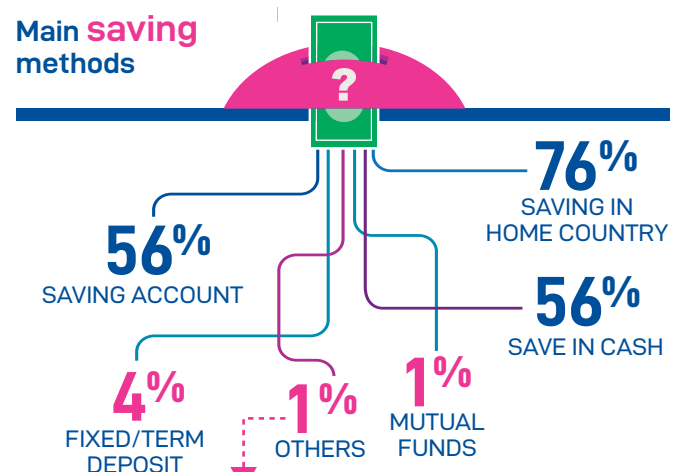
### Where do MDWs turn to raise a loan



### Why MDWs couldn't access formal financial services



### Main saving methods

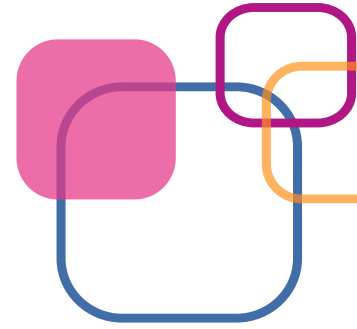


A small portion of income was invested in fixed/term deposits and mutual funds, due to factors such as **lack of financial knowledge** and **confidence** to save in the other options



# FOREWORD

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## FOREWORD BY EXPERIAN

Financial inclusion is a global issue, and our vision at Experian is to bring financial inclusion to every adult in the world. In Asia Pacific, more than 1 billion people still lack access to formal financial services - with no formal employment, no bank account and no meaningful ability to engage in offline or online transactions.

Understanding their specific needs will help us to develop the solutions that can help people unlock their dreams and for our communities to thrive.

We're using alternative data to help people through life's biggest moments, and we're most importantly building people's financial confidence, from training small teams to train others on financial education, to working with our NGO partners like Enrich, to support their financial education programmes. Our social innovation products alone have reached 18 million people, giving them access to essential services in times of need, like natural disasters.

The ambition behind this report was to shed light on the 760,000 MDWs in Hong Kong, Singapore and Malaysia who are significantly benefiting our economies across the region, the families they provide for in their home countries as well as the households they work with and support. By arming all socio-economic groups with financial knowledge and access, we are able to start addressing the financial difficulties they face and help resolve the region's financial inclusion challenges.

Only by working with our strategic NGO partners like Enrich, are we able to reach our underserved populations together.

**Ben Elliott**  
CEO, Experian Asia Pacific

## FOREWORD BY ENRICH

Domestic work is, in many ways, invisible work, taking place behind closed doors. It is work that is easy to overlook, but noticeable when it isn't there. It disproportionately falls on women, often migrants, for low pay.

Enrich is proud to release data, demonstrating how the presence of domestic workers unlocks economic potential. In a financial hub like Hong Kong, the sobering reality is that domestic workers contribute significantly to the economy, but yet are largely financially excluded from it. They migrate for financial reasons; to provide a better future for their families but sadly, many return home worse off.

There are many tangible things that can be done to make migration mutually beneficial. Governments in the region can acknowledge domestic work as skilled work, providing skills training. They can also enact better regulation over existing financial organisations (such as money lenders) and work with banks to provide greater access to financial services, decreasing the risk of domestic workers resorting to unsafe financial solutions. Corporates whose employees are empowered to join the workforce through domestic workers can support financial inclusion within their CSR strategies.

Employers of domestic workers can offer financial education to their employees. We know that this education is life-changing; 96% of Enrich participants begin tracking their expenses and 85% save more money, setting them on course to change their entire migration experience.

Taking steps to recognise the economic value of care and domestic work is a long-term strategy that can be mutually beneficial, ensuring a positive future of care across the region.

**Lucinda Pike,**  
Executive Director, Enrich

# INTRODUCTION

Globally, in 2015, 2.1 billion people were in need of care (including 1.9 billion children under 15 years old and 0.2 billion old persons aged at or above healthy life expectancy). According to a recent ILO report, by 2030 this number is expected to increase to 2.3 billion. This population increase is being felt most in Asia, with rapidly ageing populations and lower fertility rates in countries such as Japan. With little or no affordable care services, migrant domestic workers in the region fill this care gap; over 21 million of them work in Asia and the Pacific. Regional projections show this demand is only set to grow in the future. In Hong Kong for example, the government has projected a total need of 600,000 migrant domestic workers by 2047.

This report examines comprehensively, for the first time, the economic contribution of migrant domestic workers have across the region. Conducted by international market research firm Frost & Sullivan, the research shows that migrant domestic workers (MDWs) contributed an estimated USD\$12.6 billion in 2018 to Hong Kong's economy, representing 3.6% of the GDP. MDWs in Singapore contributed USD\$8.2 billion to the economy (2.4% of the GDP) and in Malaysia, USD\$0.9 billion, 0.3% of the GDP.

This figure has been broken down according to the absolute value that MDWs add, including the real value of care work and the value of freed up time. The real value of care work, highlights the true cost of each of these services if an MDW was not employed, which includes direct, personal care for children, the elderly and the disabled, as well as indirect care tasks such as cleaning, cooking and washing. For example, the real cost of hiring a cook per hour would constitute HKD\$80 at local rates; a cleaner would cost HKD\$47.

In turn, employing MDWs has a direct effect on increased female labour force participation. In Hong Kong, only 49% of mothers (at the prime working age of 25-54) would be able to join the labour force if they did not employ an MDW. However, if they employed an MDW, this labour force participation increases to 78%. By enabling more mothers to join the

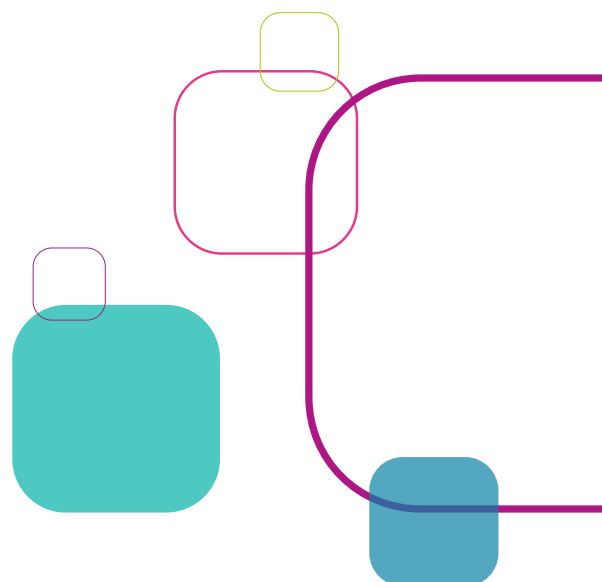
labour force, MDWs indirectly add USD\$2.6 billion to Hong Kong's economy, USD\$2.6 billion to Singapore's economy and USD \$0.23 billion to Malaysia. This has an additional contribution to family well-being.

Yet, the research also shows that this relationship is not mutual, particularly demonstrating a significant lack of access for MDWs to participate in the economy. For example, whilst 86% of MDWs in Malaysia have bank accounts, this number drops to 51% in Singapore and 18% in Hong Kong. Barriers to accessing these financial services include lack of financial knowledge and awareness, strict regulations for opening bank accounts, and a lack of funds.

There was also a high level of debt amongst MDWs, with 34% reporting being in debt in Singapore, 65% in Malaysia, and 83% in Hong Kong.

Financial inclusion must therefore also be accompanied with financial education, to ensure that everyone in the economy can reap these benefits.

Domestic work, whether paid or unpaid, is traditionally performed by women and has been historically undervalued. It is hoped that this research shows this work is a key contributor to economic growth, and should be valued accordingly.







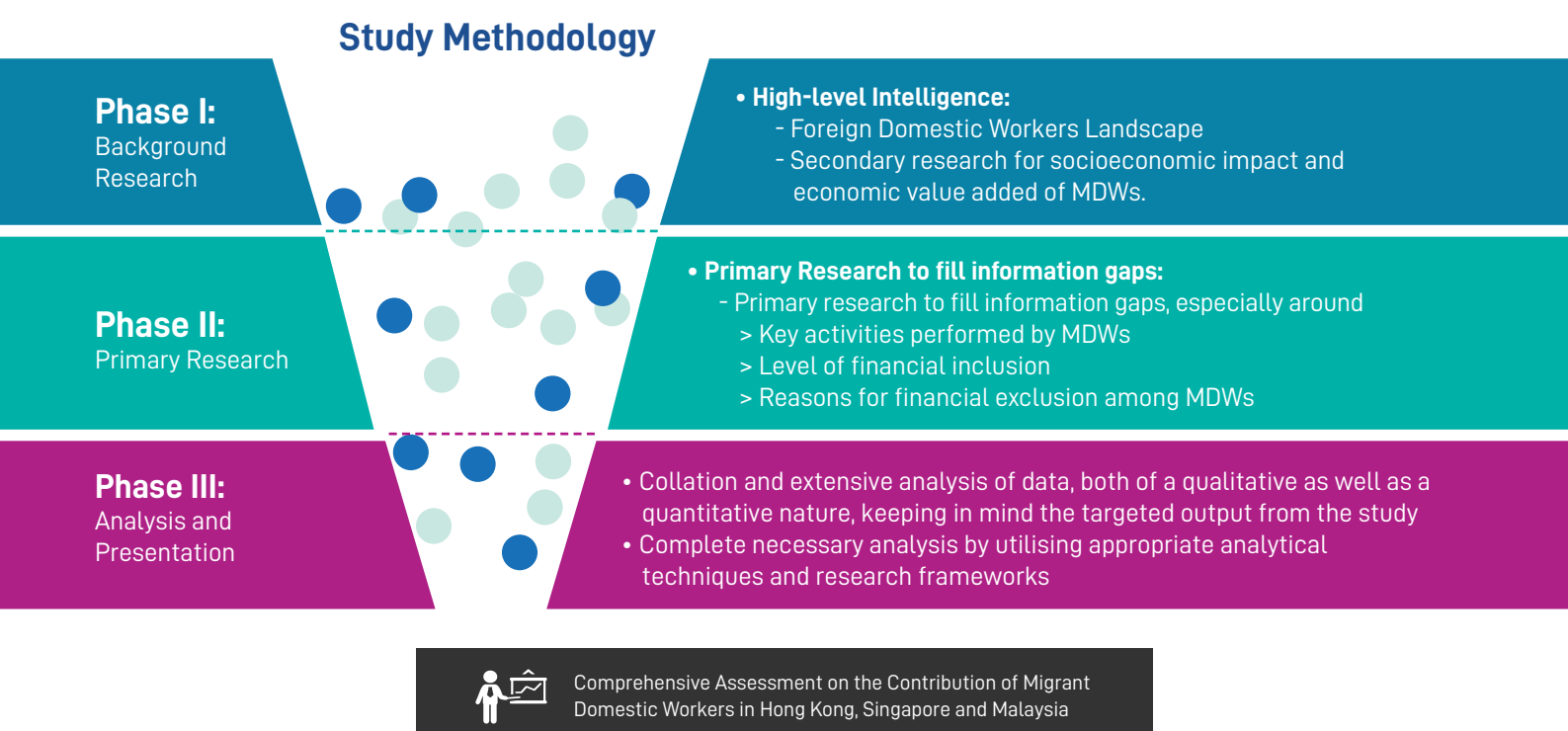
# METHODOLOGY

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## Research Methodology

Frost & Sullivan used a combination of primary and secondary research to construct this study. They conducted face-to-face interviews with MDWs, who were selected randomly through field intercepts on weekends in places frequented by MDWs

Primary and secondary research was conducted for the key indicators. Primary research included face-to-face interviews with migrant domestic workers in Singapore, Hong Kong and Malaysia, including closed and open ended questions. Secondary research was conducted by drawing upon regional data, such as the Census and Statistics Department Hong Kong and Ministry of Manpower Singapore.



## Primary Research Sample Size

Country	Hong Kong	Malaysia	Singapore
Philippines	50	40	50
Indonesia	40	50	40
Others	10	10	10
Thai			
Sri Lanka			
Vietnam			
Bangladesh			
India			
Laos			
Myanmar			
Cambodia			
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>





# MIGRANT DOMESTIC WORKERS' LANDSCAPE

Photo credits:  
Robert Godden @ Rights Exposure

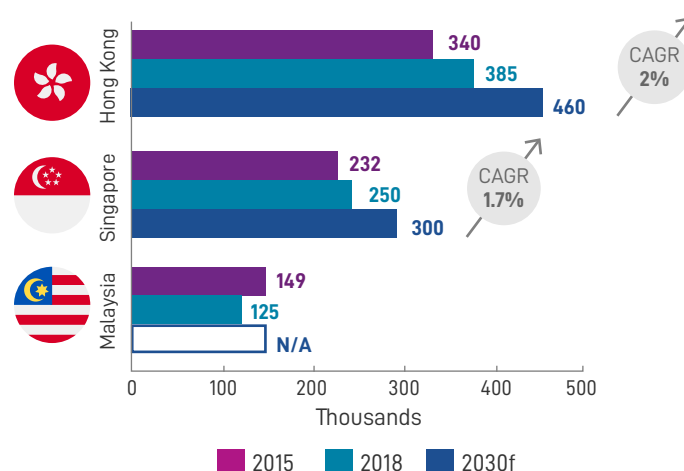
## Migrant Domestic Workers' Landscape

A rise in household incomes and willingness of educated mothers who wish to re-enter the workforce has increased the flow of MDWs into Hong Kong and Singapore

### Key Takeaways

- The number of MDWs in Hong Kong has steadily grown, reaching 385,000 in 2018 and driven by the ageing population. This number is expected to reach 460,000 MDWs by 2030, according to the Labour Department of Hong Kong.
- The willingness of mothers returning to the workforce and the increase in household income have propelled Singapore's MDW market to moderate growth. As the country's share of ageing population increases, the Prime Minister's Office projected that Singapore will need 300,000 MDWs by 2030.
- Conversely, the number of MDWs coming to Malaysia is declining because of lower compensation and the increasing cost of hiring Indonesian MDWs. Most Malaysian agencies do not want to bring in Indonesian domestic workers as the price their Indonesian counterparts set is too high due to demand from other developed countries/regions such as Hong Kong and Singapore. The situation may worsen as the Indonesian government is adopting a policy to stop sending live-in maids to Malaysia from 2019 and send only upskilled helpers for specific jobs like caregiver, babysitter or nanny.

### Number and Growth of MDWs by Countries/Regions and in APAC, 2015, 2018 & 2030F

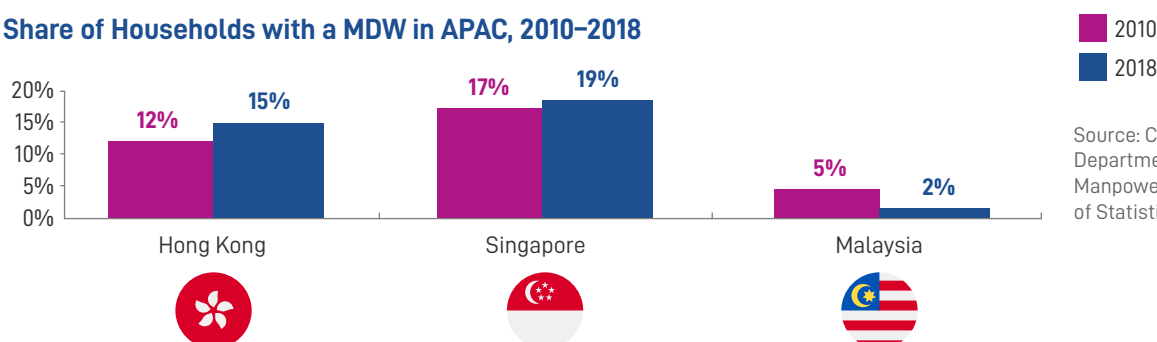


Source: Census and Statistics Department, Hong Kong; Ministry of Manpower, Singapore; Ministry of Home Affairs, Malaysia

## Household Dependency on MDWs

The dependency of households in Hong Kong and Singapore on MDWs is increasing due to the rising cost of local domestic help and an ageing population

### Share of Households with a MDW in APAC, 2010–2018



Source: Census and Statistics Department, Hong Kong; Ministry of Manpower, Singapore; Department of Statistics, Malaysia

### Key Takeaways

- Households in Singapore and Hong Kong depend on MDWs more than those in Malaysia, with 1 in 5 households in Singapore and 15% of households in Hong Kong hiring a MDW; this dependency has been increasing since 2010.
- The dependence of households in Malaysia on MDWs is declining and comparatively low as hiring a MDW in Malaysia is becoming relatively expensive for an average household, i.e., between USD\$3,000 and USD\$4,500 as at 2018.



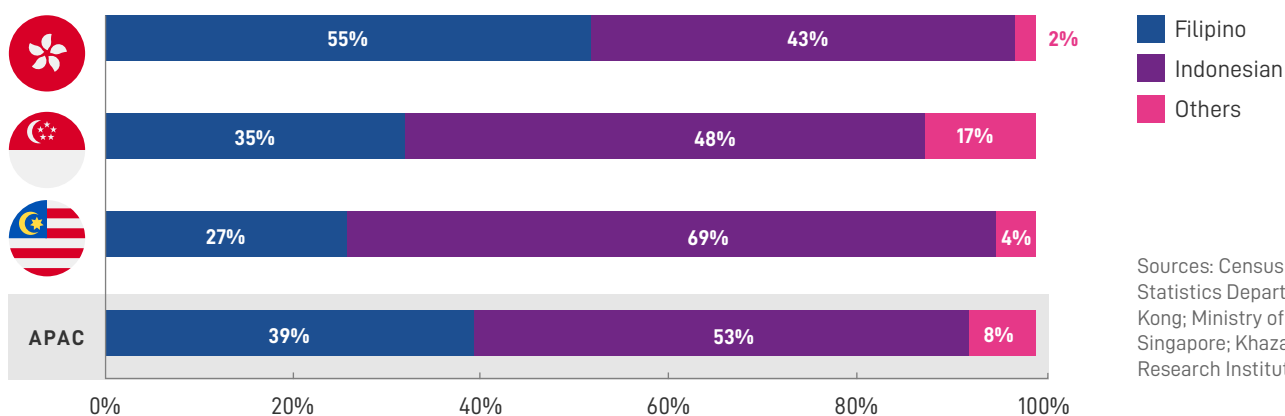


# SURVEY DEMOGRAPHICS

## Demographics of MDWs

Filipino and Indonesian MDWs are the most popular choices in all the countries/regions due to their mastery of English and Malay languages

### Country of Origin of MDWs by Countries/Regions and in APAC, 2018



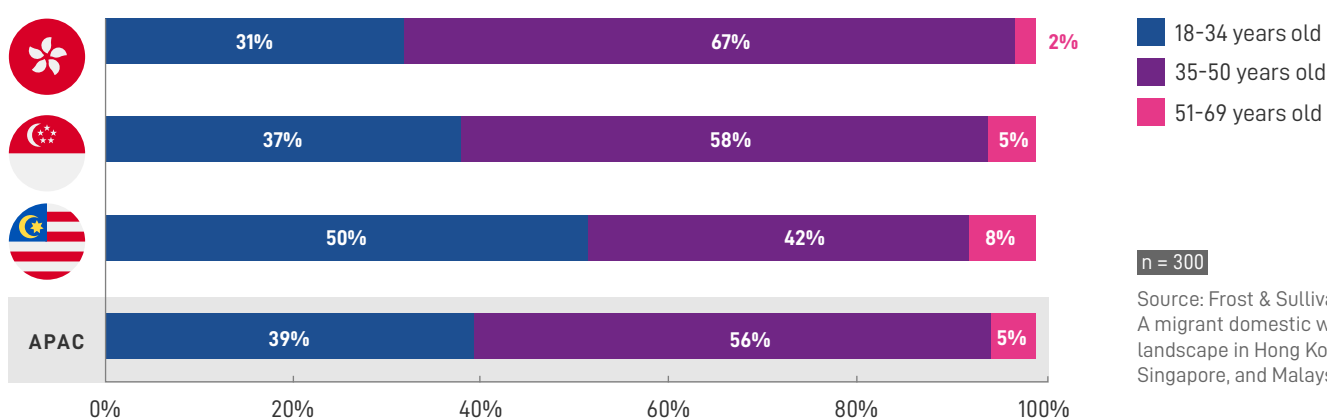
## Key Takeaways

- The Philippines and Indonesia provide more than 90% of MDWs in APAC region with countries such as India, Thailand, Sri Lanka, and Bangladesh accounting for the rest.

## Age of MDWs

Majority of MDWs in APAC region are in their prime aged between 35 and 50 years old

### Age of MDWs by Countries/Regions and in APAC, 2018



## Key Takeaways

- More than half (56%) of MDWs in APAC region are in their prime, aged between 35 and 50 years old.
- 18-34 year olds, however, account for the majority of Malaysia's MDWs, accounting for 50% of MDWs in the country.

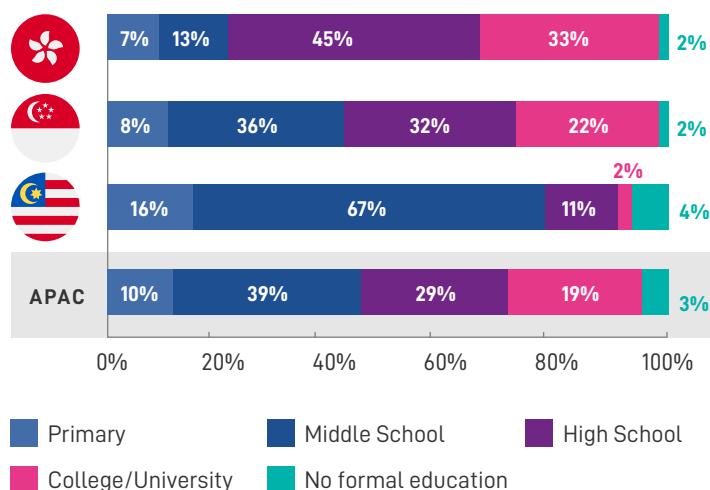
## Highest Level of Education Attainment of MDWs

Mostly high school and college-educated MDWs went to Hong Kong and Singapore, while most of MDWs in Malaysia are middle school educated

### Key Takeaways

- Close to 80% of MDWs surveyed in APAC do not possess higher education degrees, with 68% of them being educated up to middle or high school.
- Most MDWs interviewed in Hong Kong attended high school (45%), followed by college/university (33%) and middle school (13%). High minimum allowable wages for MDWs in Hong Kong is one of the reasons attracting women with higher education degrees to the region.
- Most MDW respondents in Singapore received middle-school education (36%), followed by high school (32%) and college/university (22%). As Singapore stipulated that arriving MDWs have 8 years of mandatory education, the number of high-school-educated MDWs are higher in the country than Malaysia.
- Majority of MDWs in Malaysia are educated up to middle school (67%), followed by primary (16%) and high school (11%). A small number of college/university-educated MDWs in Malaysia is due to lower wages compared to Hong Kong and Singapore.

### Highest Level of Education Attainment Among MDWs by Countries/Regions and in APAC, 2018



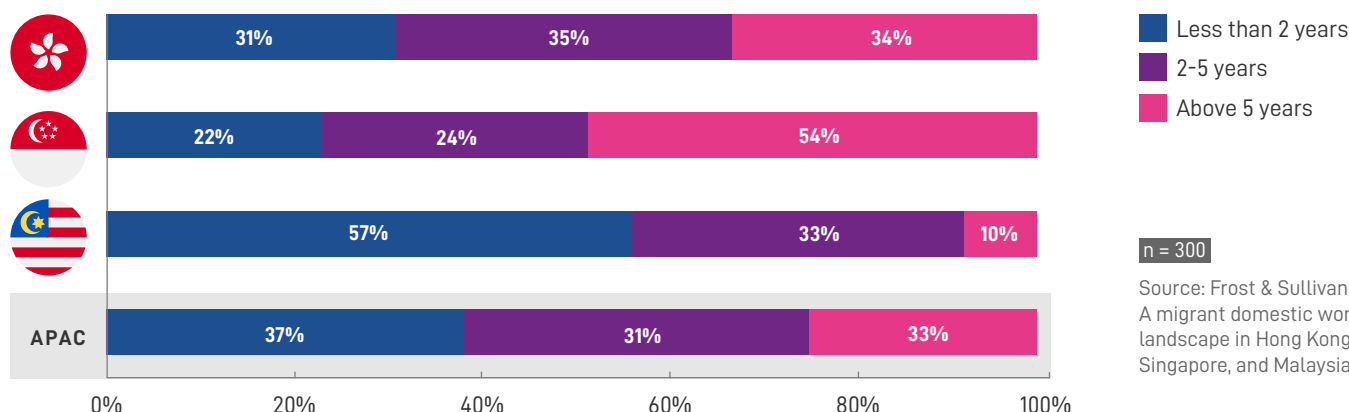
n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

## Tenure of MDWs Working in the Countries/Regions

Most of Hong Kong and Singapore's MDWs have been working in these countries longer than MDWs in Malaysia

### Number of Years MDW Respondents Working in the Recipient Countries/Regions and in APAC, 2018



n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

### Key Takeaways

- Singapore MDWs surveyed have been working in the country longer than those in Hong Kong and Malaysia.
- Malaysia MDWs interviewed have been working in the country for the shortest time, with 57% of them being there for less than 2 years.
- The share of Hong Kong MDW respondents is evenly split among those who have been in the region for less than 2 years, 2-5 years, and more than 5 years.





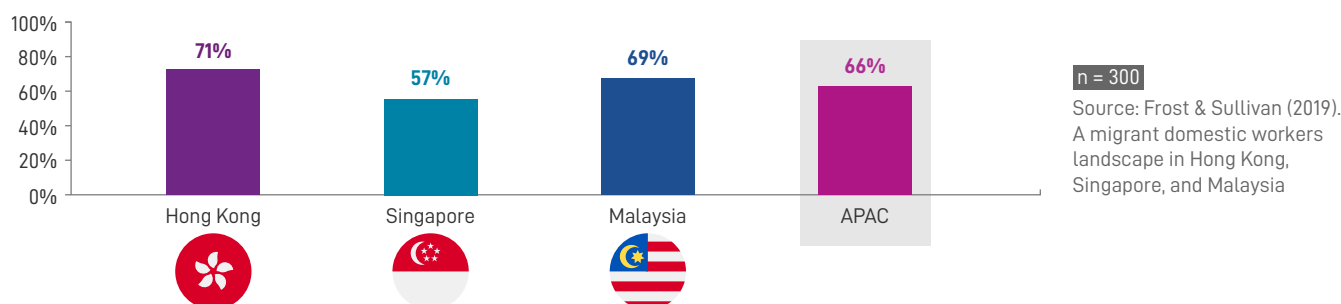
# SOCIO-ECONOMIC IMPACT OF MIGRANT DOMESTIC WORKERS



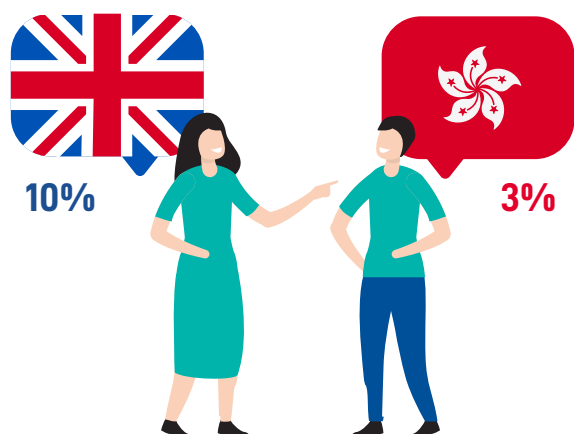
## MDWs indirectly have a positive impact on children's education

By giving parents more time to supervise and help with their children's homework, MDWs are indirectly improving children's educational achievements

### Share of MDW Respondents Involved in Childcare by Countries/Region and in APAC, 2018



### Improvement in Children's Language Tests due to Presence of MDWs in Households In Hong Kong, 2013



n = 15,081

Source: The University of Western Australia and The Chinese University of Hong Kong (2014)

Note: Results are normalised against parents' education, age, working hours, time spent with children, hours of tutoring, and income level.

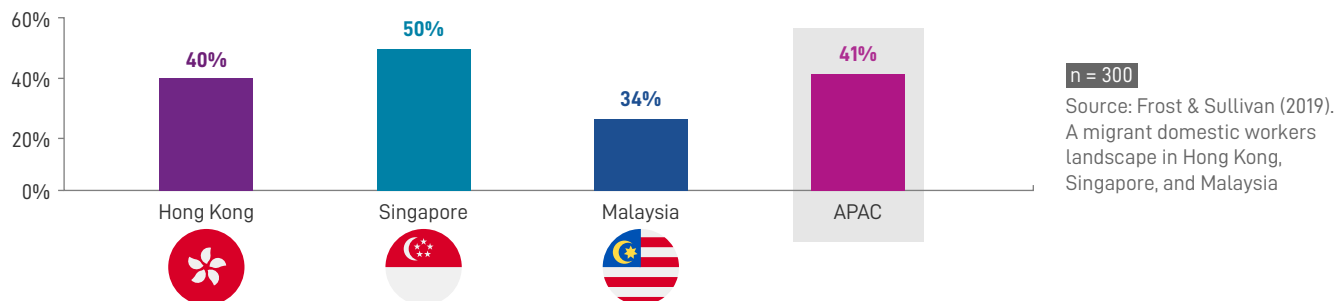
## Key Takeaways

- Households in Hong Kong, Singapore, and Malaysia are becoming increasingly dependant on MDWs as they are proving to be the helping hand by taking on multiple roles in the household - including childcare.
- According to the Frost & Sullivan study - "A migrant domestic workers' landscape in Hong Kong, Singapore and Malaysia, 2019" (n=300), overall, 66% of MDWs in APAC are involved in childcare, with 71% in Hong Kong, 57% in Singapore, and 69% in Malaysia.
- The presence of an MDW in the household has shown to have a positive impact on children's mastery of subjects, especially English language as MDWs give parents more time to supervise their children's school homework. For example, a study by The University of Western Australia and The Chinese University of Hong Kong, 2014 (n=15,081) shows that having a MDW helped children improve English and Chinese language test results by 10% and 3% respectively.

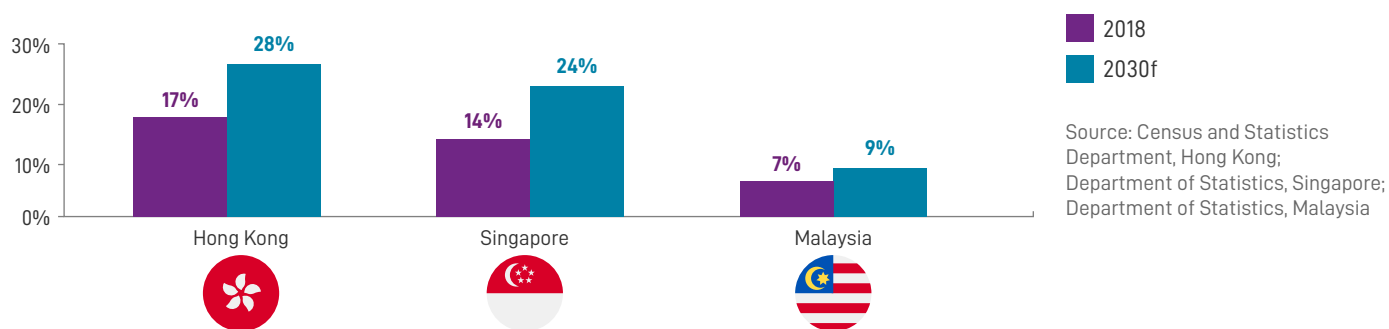
## Increased Need for MDWs for Elderly Care

Ageing population in Hong Kong and Singapore is further increasing need for MDWs for domestic elderly care

### Share of MDW Respondents Taking Care of the Elderly by Countries/Regions and in APAC, 2018



### Share of Elderly in Population by Countries/Regions, 2018 & 2030F



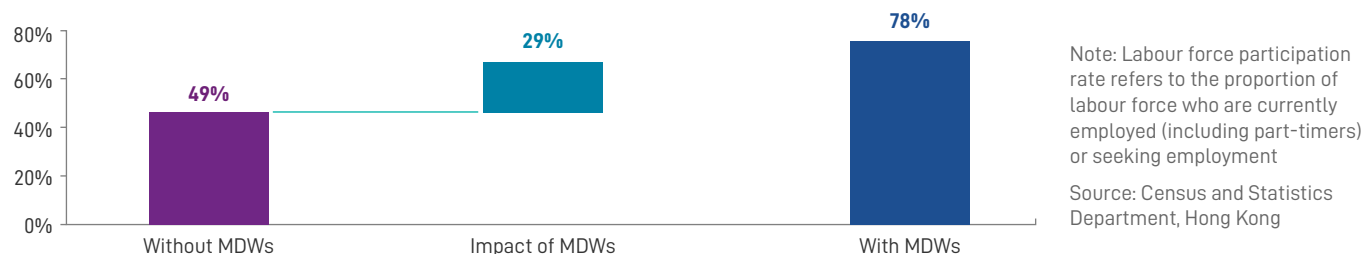
## Key Takeaways

- The need for MDWs for elderly care has been increasing and is likely to grow further in Hong Kong and Singapore as the share of the elderly population is expected to reach 28% and 24% by 2030 from current (2018) levels, i.e., 16.5% and 13.7% respectively.
- 41% of MDWs surveyed in APAC are involved in elderly care, and according to the Department of Hong Kong projections, out of 460,000 MDWs Hong Kong would need by 2030, 180,000 would be for taking care of the elderly.
- MDWs in APAC are also spending 12.3% of their time, i.e. about 1.5 hours in a day to take care of the elderly.

## Increased Female Labour Force Participation

MDWs accounted for almost 30% of the increase in female labour force participation rate in APAC

### Labour force participation of women with children in Hong Kong, 2013 (%)



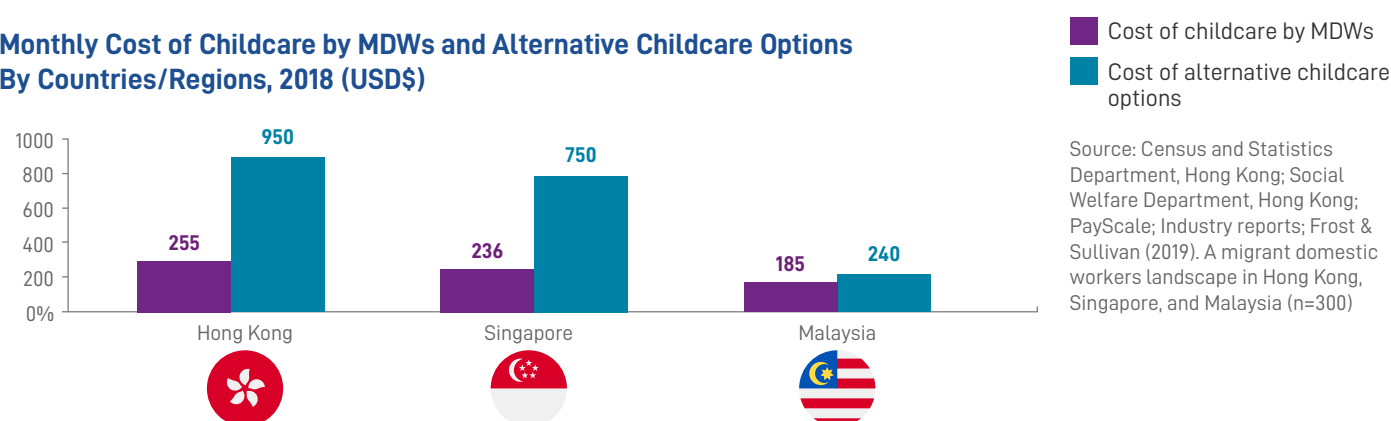
## Key Takeaways

- MDWs have helped many mothers to stay economically active, resulting in a noticeable increase in the female labour force participation rate.
- MDW's contribute to economies of recipient countries/regions indirectly by freeing mothers to participate in the labour force, who added USD\$2.6 billion, USD\$2.6 billion, and USD\$0.23 billion to the GDP in Hong Kong, Singapore, and Malaysia respectively in 2018.
- MDW's sharing of childcare responsibilities is one of the key contributing factors. Census and Statistics Department and Immigration Department of Hong Kong estimated labour force participation rate for mothers at the prime working age of 25–54 and with children to be only 49% if they did not employ MDWs. However, this ratio rose to 78% if they had MDWs at home.
- According to the study "Migrant Female Domestic Workers: Debating the Economic, Social, and Political Impacts in Singapore" (1999), of the working mothers surveyed, 29% stated that they would quit their jobs if they did not have an MDW at home.

## Childcare Cost Savings by MDWs

MDWs provide affordable childcare compared to other alternatives available

### Monthly Cost of Childcare by MDWs and Alternative Childcare Options By Countries/Regions, 2018 (USD\$)



## Key Takeaways

- Hong Kong and Singapore households can save up to USD\$700 a month in childcare costs by hiring MDWs as other alternatives, e.g., childcare centres, kindergartens, and private tutors are quite costly in comparison.
- In Malaysia, the cost of MDWs for childcare almost equals other alternatives. However, cost savings parents gain from their other roles outweigh the higher cost of childcare by MDWs.





# ECONOMIC IMPACT OF MIGRANT DOMESTIC WORKERS

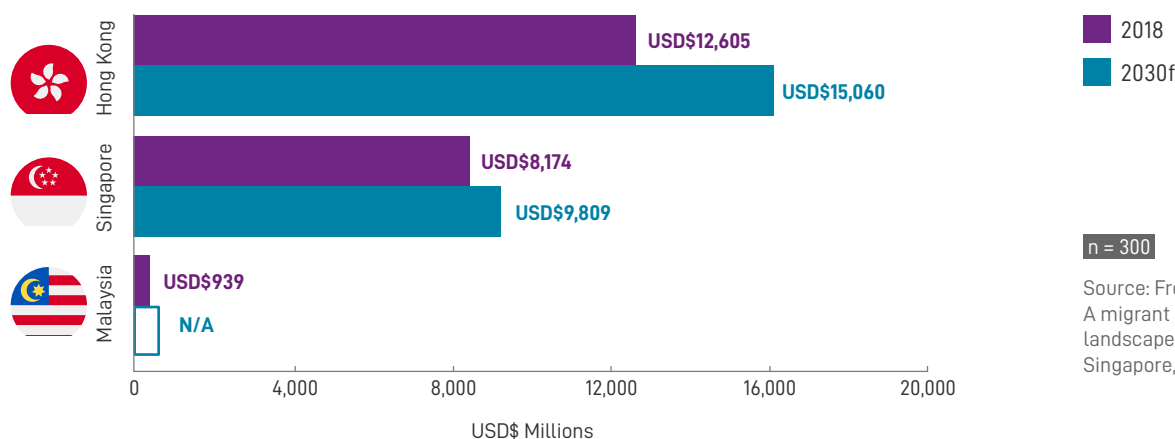
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## Economic Contribution of MDWs to Recipient Countries/Regions

In 2018, MDWs contributed approximately 3.6% and 2.4% to the GDP in Hong Kong and Singapore respectively

### Total Annual Economic Contribution of MDWs to the recipient countries 2018 and 2030f (USD\$ Million)



## Key Takeaways

- MDWs' economic contribution to Hong Kong's economy accounted for 3.6% of the region's GDP in 2018, while the figure is 2.4% and 0.3% for Singapore and Malaysia respectively.
- This contribution came as MDWs' direct contribution such as absolute value (HKD\$ 7.6 billion) and indirectly, e.g., real value of "paid" domestic work (HKD\$71.2 billion) and value of freed-up time (HKD\$20.1 billion).
- Over 385,000 MDWs in Hong Kong contributed an estimated USD\$12.6 billion to Hong Kong's economy in 2018.
- Over 110,000 mothers in Hong Kong were able to re-join the workforce, increasing the participation rates of females in the workforce.
- Singapore's economy benefited USD\$8.2 billion from 250,00 MDWs in 2018.
- Malaysia benefited from MDWs with USD\$0.9 billion addition to the economy because of a smaller number of MDWs, slightly over 124,000.

Note: USD\$1 = HKD\$7.85, USD\$1 = SGD\$1.35, USD\$1 = MYR\$4.07, February 27, 2019  
(Source: [www.oanda.com](http://www.oanda.com))

**Total Economic Contribution (p.a.)**

=

Absolute value of MDWs (Personal expenditure)

+

Real value of "paid" domestic work

+

Value of freed-up time

## Economic Contribution of MDWs to the Countries of Origin

The Philippines and Indonesia each received over USD\$1 billion in remittance from their MDWs in Hong Kong, Singapore, and Malaysia in 2018

### Key Takeaways

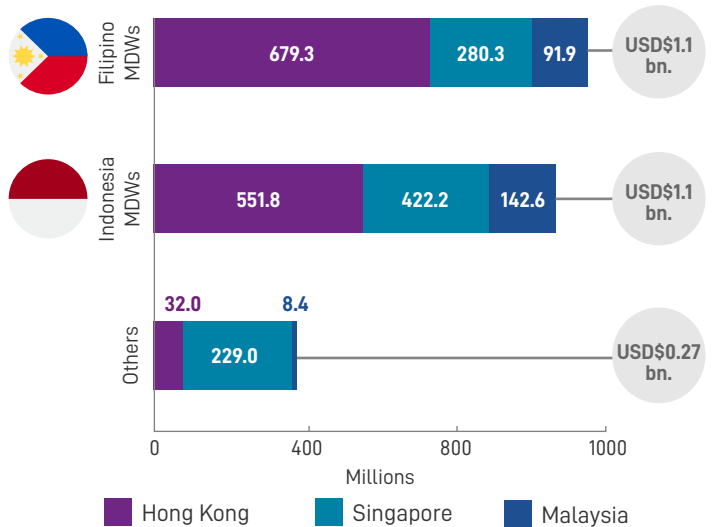
- MDWs also contribute to their country's economy by remitting sizable portions of their salaries.
- For example, of the USD\$33.7 billion total remittance income from Filipino overseas workers in 2018, 3% (USD\$1.1 billion) came from Filipino MDWs in Hong Kong, Singapore, and Malaysia.
- Whereas Indonesian MDWs in Hong Kong, Singapore, and Malaysia remitted 9.8% (USD\$1.1 billion) of the USD\$11.2 billion in total remittance income from Indonesian overseas workers in 2018.
- Studies indicate that MDWs' employability increases when they return to the home country due to new skills learned.

Note:

USD\$1 = HKD\$7.85, USD\$1 = SGD\$1.35, USD\$1 = MYR4.07, February 27, 2019

(Source: www.oanda.com)

### MDWs' Total Annual Economic Contribution to Countries of Origin in APAC, 2018



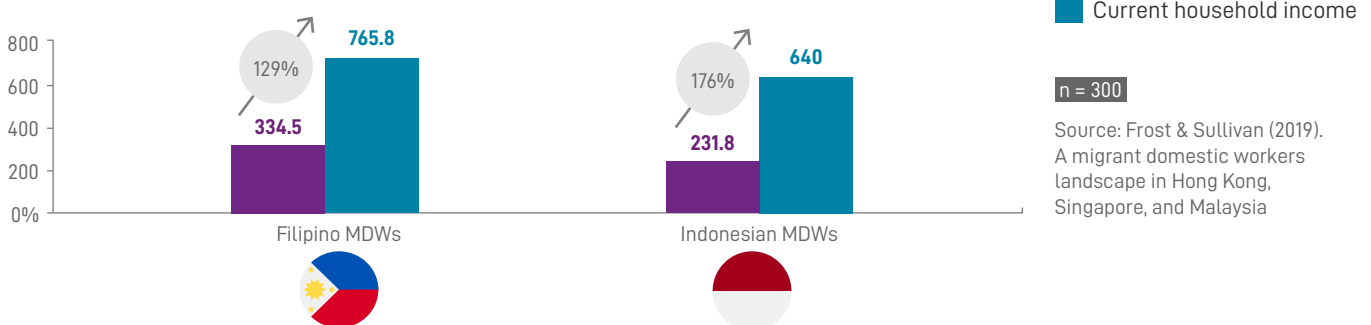
n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

## Contribution of MDWs Toward Poverty Reduction in the Countries of Origin

Within an average 4 years of working in recipient countries/regions, Filipino and Indonesian MDWs' household incomes more than doubled, mainly through remittance income

### Monthly Household Income of Filipino and Indonesian MDW Respondents Before and After Coming to Recipient Countries/Regions, 2018 (USD)



n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

### Key Takeaways

- From a prior USD\$335 monthly household income, Filipino MDWs surveyed increased their collective household income by more than USD\$430 in 2018.
- Similarly, Indonesian MDW respondents increased their collective household income by 176%, adding more than USD\$400.

Note: USD\$1 = HKD\$7.85, USD\$1 = SGD\$1.35, USD\$1 = MYR4.07, February 27, 2019

(Source: www.oanda.com)



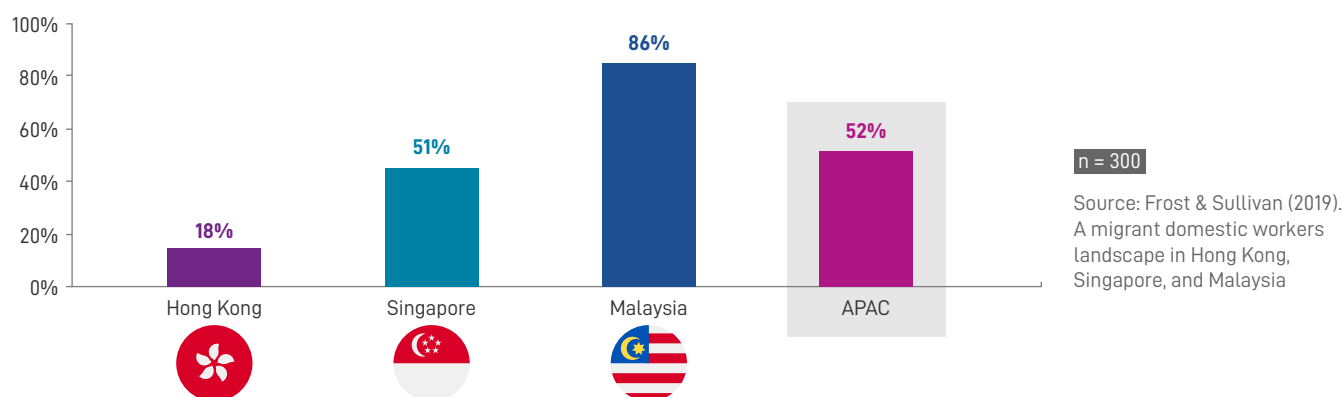
# FINANCIAL INCLUSION OF MIGRANT DOMESTIC WORKERS

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## Bank Account Ownership of MDWs in Recipient Countries/Regions

Due to stricter regulations for opening a bank account, the share of MDWs with bank accounts is much lower in Hong Kong and Singapore than in Malaysia

The share of MDW Respondents with Bank Accounts by Countries/Regions and in APAC, 2018



### Key Takeaways

- Malaysia has the highest share of MDWs with bank accounts, at 86% in 2018.
- Malaysia has the highest bank account ownership among developing countries in ASEAN, with over 80% of adults having a bank account. In promoting financial inclusion, the country further relaxed bank account ownership among its MDWs. E.g., Malaysia and Indonesia signed MoUs to pay MDWs' salaries through bank accounts, thus mandating employers to open bank accounts for their MDWs.
- In Singapore and Hong Kong, stricter regulations for MDWs to open a bank account, e.g., the requirement for employment documents, employers' presence, and minimum accounts, are restraining financial inclusion among MDWs. This results in MDWs keeping their salaries in cash or some of them entrust their employers to safekeep salaries.
- However, this scenario is changing as the Singapore government has recently started actively promoting financial inclusion among its MDWs by prohibiting employers to safekeep their MDWs' money starting from January 1, 2019, and offering free bank accounts with no minimum amounts from mid 2018 onward.
- Overall, a little more than half of MDWs surveyed in APAC have bank accounts.

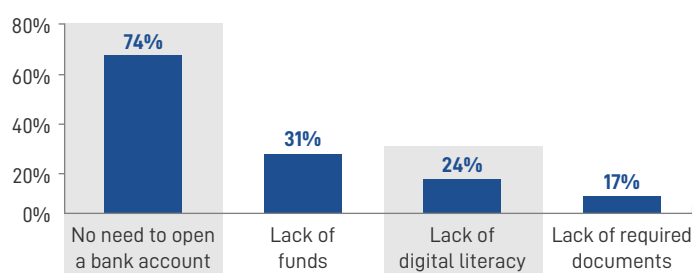
## Reasons for not opening a bank account

74% of MDWs did not see the need to have a bank account due to the lack of financial literacy as well as strict regulations to open a bank account

### Key Takeaways

- The main reason for MDW respondents not opening bank accounts is a lack of financial knowledge and awareness as they do not see the need or benefit of having bank accounts.
- Close to one third of MDWs surveyed reported a lack of funds as a reason for not opening a bank account.
- About a quarter of MDWs interviewed cited lack of digital literacy, i.e., not knowing how to open or use a bank account as the reason for not having a bank account.

Reasons for MDW Respondents' Not Opening a Bank Account in APAC, 2018



n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

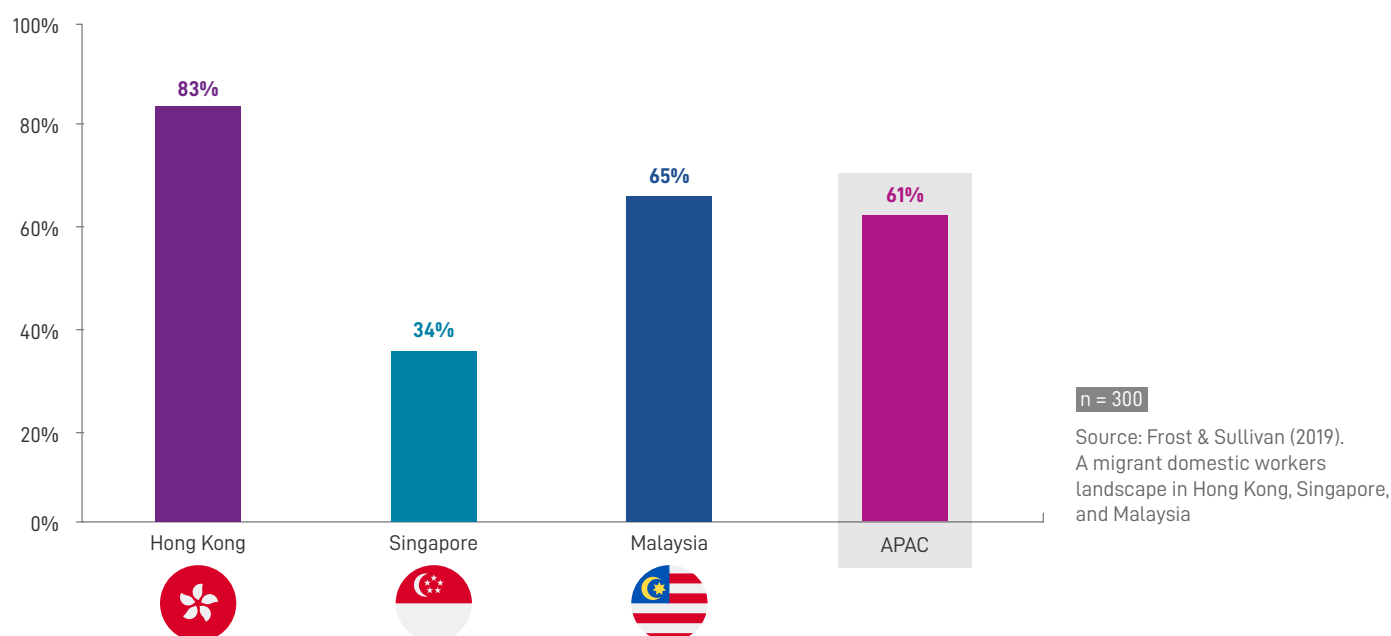
## High level of indebtedness among MDWs

It takes at least one and a half years for an MDW to repay her debt

### Key Takeaways

- 61% of MDWs surveyed in APAC are in debt to some extent.
- 83% of Hong Kong MDW respondents are in debt, the highest in APAC, while about two thirds in Malaysia and one third in Singapore are in debt.
- The average size of debt among MDWs interviewed in APAC is 4.5 times their monthly salaries. At the current repayment rates (16% in HK, 25% in SG, 24% in MY), MDWs are likely to take an average of 19 months, 28 months, and 18 months to clear their debts in Hong Kong, Singapore, and Malaysia respectively.
- 39% of MDWs surveyed have debt excess of 6 times their monthly salaries.
- High indebtedness among MDWs surveyed in all countries/regions is mainly due to their existing debts (73% of respondents in debt) before coming to the country and loans raised against family emergencies (77%).
- They are further burdened with additional agency charges both in their home country (17%) and the recipient country (18%).
- Overall, MDW respondents' savings and remittance were lower in 2018 compared to 2013 due to increased loans, agency fees, and personal expenses.

### The share of MDW Respondents in Debt by Countries/Regions and in APAC, 2018









## Where do MDWs Turn to in Raising a Loan?

Inadequate knowledge of available financial services or ineligibility for these services result in most MDWs borrowing from friends and family

### Key Takeaways

- Most MDWs surveyed relied mainly on family and friends to raise a loan, as they could not access formal financial services, primarily due to lack of documentation, ineligibility, inadequate knowledge about available financial services or low confidence in dealing with financial institutions.
- 1 in 5 MDWs surveyed was rejected by financial services because of existing debts.
- In other instances, in borrowing for family emergencies or for debt repayment, they turned to employers or agencies, who charge high interest rates (up to 120%), keeping MDWs trapped in the cycle of debt.
- MDWs who borrowed from formal financial institutions have bank accounts, while those with no bank accounts relied on other sources, indicating the effect of bank account ownership on increased reliance on formal financial institutions. However, having a bank account did not decrease the level of debt among MDWs.

### The share of MDWs in APAC who Borrowed from Different Sources, 2018

	Family / Friends	82%
	Employer	39%
	Financial Institutions (commercial banks)	38%
	Unstructured sector (brokers, agencies and loan sharks)	34%

n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

### MDWs' Reasons for Not Borrowing from Financial Institutions in APAC, 2018



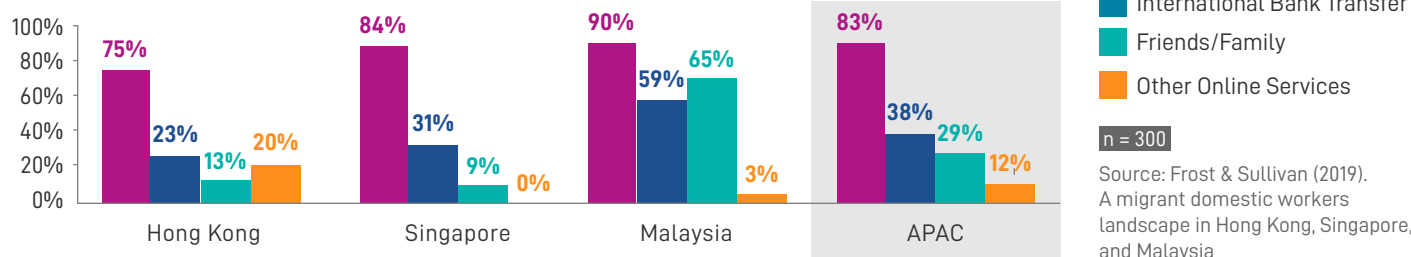
n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

## Remittance Methods of MDWs

Due to lack of bank accounts and higher bank fees, MDWs mostly rely on money transfer services

### Remittance Methods MDW Use by Countries/Regions and in APAC, 2018



- Money Transfer Services
- International Bank Transfer
- Friends/Family
- Other Online Services

n = 300

Source: Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

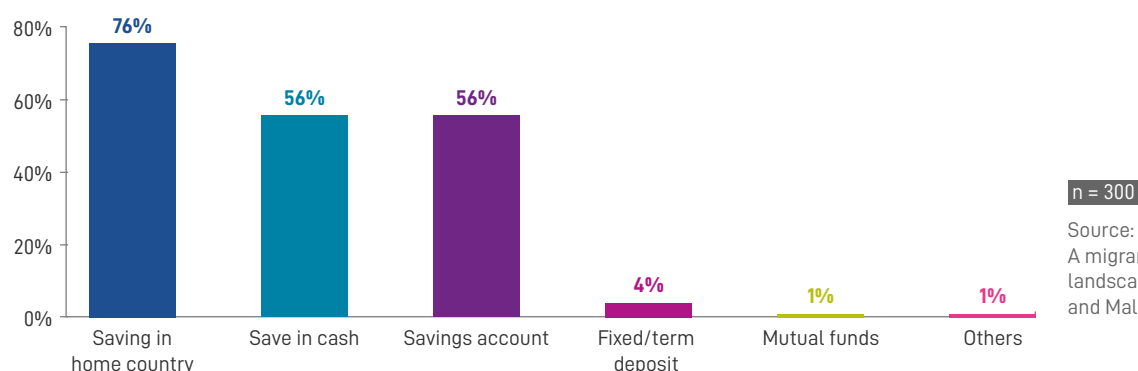
### Key Takeaways

- MDWs in APAC use money transfer services widely, with 83% of those surveyed reporting using these services at least once.
- Malaysia MDWs mostly use international bank transfer services (59% of respondents), coinciding with the high bank account ownership among them.
- 65% of Malaysia MDWs surveyed also opt to send money through friends or family members; since many Indonesians travel to Malaysia, MDWs in Malaysia (majority of whom are Indonesian MDWs) use connections to send their money through these travellers.
- MDWs still rely heavily on traditional methods of remitting money, with only a small number (1 in 300 respondents) using disruptive platforms such as WeChat.

## MDWs' Main Saving Methods

MDWs mainly send most of their earnings to their families or save in cash as they lack financial knowledge to invest

### Saving Methods of MDW Respondents in APAC, 2018



Source: Frost & Sullivan (2019).  
A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

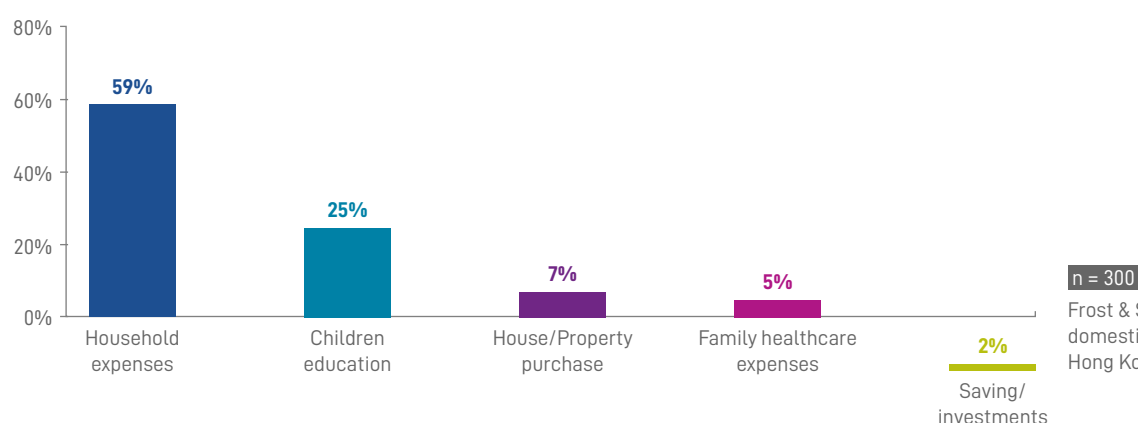
## Key Takeaways

- Over three quarters of respondents send earnings back to their home countries, where their households utilise most of this money (84%) on household and education expenses.
- They keep the remaining income in cash as well as in savings accounts in both the recipient and home countries, most of which is utilised for household and children's education expenses.
- MDWs interviewed invest a small portion of their income into fixed/term deposits and mutual funds. This is due to the need to send a significant portion of their earnings to cover family household expenses in their home countries and inadequate financial knowledge and confidence to save in other options.

## Primary Use of Remitted Money

MDWs' remitted money is primarily for household expenses

### Primary Use of MDW Respondents' Remitted Money in APAC, 2018



Frost & Sullivan (2019). A migrant domestic workers landscape in Hong Kong, Singapore, and Malaysia

## Key Takeaways

- More than half (59%) of the money MDW respondents remitted in APAC are primarily for household expenses.
- A quarter of the remittance goes to children's education, thus increasing chances of children attaining education and indirectly eradicating poverty in recipient countries/regions.
- They invest only 2% in savings and investment accounts due to fulfilling primary needs such as household and education expenses.

# CONCLUSION + RECOMMENDATIONS

This report shows comprehensively - for the first time - the economic contribution that migrant domestic workers have in Hong Kong, Singapore and Malaysia. Across Asia, the demand for care workers is increasing, and countries such as Japan, which previously put limitations on migrant domestic workers entering, have begun easing their restrictions. Countries must therefore act to ensure that their destination cities are attractive work environments, where domestic workers feel valued – and if they do not do so, this could create strains on the availability of care, having knock-on effects to the wider economy and individual family well-being.

This report reveals that migrant domestic workers contribute significantly to economies both in their home countries and destination cities, but yet are financially excluded and return home financially worse off. This report notes, as cities across the region begin to rely more upon domestic workers to fill their care gap, that there are many other accompanying improvements needed, such as labour conditions. Nevertheless, the focus from the findings here suggest that greater financial inclusion can be an immediate step in ensuring that there is a mutually beneficial relationship between migrant domestic workers and their destination cities. As such, key recommendations from this report are:

- **Improved educational opportunities and financial literacy training** to ensure domestic workers are equipped with the knowledge to ensure their long-term financial security.
- **Increased financial inclusion and access to financial services**, by implementing policies that enable greater access to financial services, including easing regulations for domestic workers to open bank accounts, and providing alternative ways to save money.
- **Better regulation** over existing financial organisations. Given the finding that many domestic workers turn to the 'unstructured' sector to borrow money instead of formal institutions, placing themselves and their employers at higher risk, there needs to be better regulation over these providers and a reduction in the cap of interest that can be legally charged.
- **Acknowledging domestic work as skilled work and providing skills development and recognition.** Solutions to elderly care in the region have thus far focused on technological solutions, but there must also be acknowledgement that domestic workers play a vital role in this provision. Similarly, the lack of day care availability for children means that domestic workers fill this care gap. As such, cities will need to find ways to recognise domestic work as valued, skilled work, and find ways to retain and attract domestic workers. Countries that plan earlier for this, will ensure a more stable future of care for all. Upskilling schemes and other professional qualifications are one such way to do this.
- **Recognise that this is a multi-faceted issue** which requires strong collaboration between migrant domestic workers, employers, governments, corporates and civil society.

# ACKNOWLEDGEMENTS

Experian would like to thank and acknowledge Enrich as a key partner, who have shared their expertise and insightful recommendations that helped shaped the report and findings.

- **Dr Daisy Tam, Board of Director**
- **Lucinda Pike, Executive Director**
- **Violeta Camarasa, Communications & Events Project Coordinator**
- **Zamira Monteiro, Communications Officer**
- **Tynna Mendoza, Senior Programme Manager**

Experian would like to acknowledge and thank Frost & Sullivan for diving into this research study and organising interviews and surveys.

- **Jatin Batra, Principal Consultant**
- **Surojit Das, Director of Strategic Sales**
- **Hoji Mirzakulov, Consultant**

We would also like to thank **Robert Godden** from **Rights Exposure** for letting us use photographs from his book *Strangers at Home* to illustrate this report. The original photos were slightly modified for design purpose. ([www.rightsexposure.org](http://www.rightsexposure.org))

Experian also wishes to thank members of Experian Asia Pacific staff and leadership, whose assistance has been instrumental in producing this report including: **Ben Elliott** (Chief Executive Officer), **Sisca Margareta** (Chief Marketing Officer), **Carolyn Chan** (Director of Communications), **Grace Chua** (Communications Lead), **Holly O' Keeffe** (CSR Lead).

Layout and design:  
**Blanc Group Pte Ltd**



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