

Despite new remittance choices, Myanmar workers still prefer the hundi network

Many, perhaps most, Myanmar people working in Thailand won't be able to use True Money - at least not directly. Probably fewer than a million migrants have the official identification required to register at a True Money agent's shop in Thailand. There may be 1 million, 2 million or even more such "undocumented" Myanmar people living in Thailand. But such an "illegal migrant" can now accompany an acquaintance with legal status to a True Money shop, observe the remittance code sent in real-time and soon get a reply by SMS message from their relative in Myanmar that the code has been received. The age-old underground hundi system is about to assume new forms.

Along with other studies of Myanmar migrants in Thailand, a 2010 report by the International Labour Organization (ILO) found that the workers overwhelmingly favour "informal agents" or "informal channels" - the hundi system - to send money home. Those surveyed by the ILO relied on informal agents for 85 percent of their remittance transactions. As of 2010, the total expense to sender and receiver for remitting in this way typically was 300 baht (10,640 kyat).

This current Thailand-to-Myanmar hundi route may involve a bank along the way. For example, an agent in Bangkok may collect money from several local Myanmar workers and deposit it in a Thai bank account. The money is then withdrawn by another agent in Mae Sot who carries cash across the border. From there, individual remittances might be deposited in Myanmar bank accounts or be hand-carried to the ultimate recipients. The recipient may have to pay a small fee to the final agent.

Migrants shun banks, Western Union

The choice of safer, formal remittance options has improved markedly for Myanmar workers in Thailand



since 2012, when several private and government-owned Myanmar banks won permission to engage in international settlements. Until that time, only two Myanmar state banks could handle remittances from overseas; together, they had only three offices in the entire country. These banks also offered very poor exchange rates. In late 2012, international money transfer firms (MTFs) Western Union and MoneyGram partnered with some of the newly licensed private banks and began operations in Myanmar.

Nonetheless, a 2015 report on Myanmar migrants' remittances from Thailand by the Japan External Trade Organization (JETRO) concluded, "Despite developments in formal remittance channels, the use of banks and MTFs appears still to be uncommon among Myanmar migrant workers."

Thai banks in the past three years have become more welcoming to migrants opening bank accounts, as long as they have suitable identification. Private Thai and Myanmar banks have also formed partnerships to promote remittances. Thai banks' fees for senders are higher than True Money's, starting at 200 baht (7,000 kyat) for remittances of up to 100,000 baht (3,549,000 kyat) per day. However, Myanmar banks

also charge the receiver about 7,000 kyat for collecting an amount up to 100,000 baht per day, the JETRO report found. Meanwhile, Western Union fees for remittances from Thailand start at slightly less than 160 baht, and receivers in Myanmar pay and additional fee of about 6,000 kyat (or equivalent to US \$5).

The JETRO report, "Evolving Informal Remittance Methods of Myanmar Migrant Workers in Thailand," found that many Myanmar people, even when qualified, remain reluctant to attempt opening a Thai bank account because they have difficulty communicating in Thai or English and in filling out the required forms.

Others have no interest in sending funds home via banks because of deficiencies at the receiving end: Myanmar banks simply do not have enough branches in migrants' hometowns. Western Union and other MTFs share the same drawback since all their Myanmar outlets are located at the branches of their partner banks, about 250 in all. A hundi courier, on the other hand, often delivers directly to the intended recipient's home or to a house or shop nearby that operates as an informal remittance pick-up point. - Susan Cunningham