International migration and over-indebtedness: the case of Filipino workers in Italy

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Abstract
Remittances from international migrants are a crucial component of the economy of the Philippines and a vital resource for many households, increasingly so as the prices of basic commodities skyrocket as a result of the current global financial crisis. The latter also affects Italy, a main destination for Filipino migrants, with declining demand for workers in domestic and care services where migrants concentrate. The upshot is growing levels of indebtedness among Filipino migrants. Building on the long-standing work of the Filipino Women's Council, a grassroots migrants' association, this paper explores the various dimensions of such indebtedness and its root causes. It analyses how limited access to formal financial institutions, responsibilities towards relatives and the combined impacts of economic pressures in both the Philippines and Italy affect migrants' incomes and the need to borrow. While indebtedness has long been overlooked in debates on migration and development, there is growing evidence that it is a rapidly emerging problem that requires further investigation and appropriate, supportive policies.

1. Introduction

1.1. Aim of the research

The ground is shaking. With the world in the grip of a huge financial crisis, neoliberal concepts and rules on the economy, trade and accumulation are losing their credibility and dominance. The Italian economy has been hard hit by the crisis. This is manifested by the impossibility to sustain the balance of payments: individuals, families, States and banks are everyday confronted with a possible collapse due to increasing debts they have contracted in the past and which they are unable to pay back on time. From an anomaly, over-indebtedness has thus become an intrinsic part of our reality, causing enormous distress to those directly affected[1].

This condition has a tremendous impact also on our view on migratory phenomena. The ideas that economic growth can be achieved through individual strategies of accumulation and that migration is the best strategy to improve the economic situation of a family or a country are seriously at risk. This is what emerges from the everyday experiences of migrant women and men who find it difficult to balance the needs and expectations of their families back home with their actual earnings and resources in the country of emigration.

This is particularly clear among migrant activists and leaders, including the women who participated in and contributed to this research, on the basis of their long experience as domestic workers in the global care chain and hard-working breadwinners of transnational families. Migration can be 'dangerous,' this we know, to the health and well-being of transnational families. But this is not the point. The point is, more often than not, *migration does not work*. It does not work as a strategy to bring sustainable prosperity to migrant families, their communities and their countries.

This research draws attention to the issue of over-indebtedness among migrants and to the growing number and worsening conditions of migrants who walk the debt tightrope. On one hand it is possible that these tightrope walkers can improve their life by using loans wisely, and be able to 'fly high.' On the other hand, there is also the great risk of falling into a vicious

[1] The difficulties of over-indebted people are getting increasing attention from grassroots organisations and local institutions. In Italy, after an increase in the number of workers and entrepreneurs who committed suicide, a number of campaigns have started. More information can be found at: www.proseguo.com.

cycle of over-indebtedness.

There are many stories of migrants who are heavily indebted, that is, migrants who have ‘difficulties meeting or are falling behind with their payments obligations or household commitments,’ often connected with an ‘over-borrowing’ behaviour (Anderloni and Vandone 2008, p. 2). Although this problem is not really the subject of enquiry by governments, academia and civil society, extreme indebtedness dramatically affects the lives of migrants, as we will show. It can reduce the migrant's capacity to regularly send remittances to their families and pay for their own expenses in the receiving country[2].

This research project aims to provide an initial, ground-breaking study on migrant over-indebtedness through the case of Filipinos and Filipinas in Italy. We hope that it will be the start of awareness-raising on this issue in other migrant communities as well, and encourage more studies and analysis of the phenomenon. By so doing, this research also aims at enriching the knowledge of Filipino organisations on the financial behaviour of their community members who participate in training activities on financial literacy.

1.2. Background

The concept of this research project is a fruit of the activities of the Filipino Women's Council (FWC). In recent years, women community leaders who took part in FWC activities had several opportunities to gain direct insights into the financial experience of their co-nationals. The outcomes of these personal, research and educational experiences are the main reference points for the analysis in the next pages and the cornerstone upon which this research project has been designed and implemented.

The starting point of journey of this research project can be traced back to 2002 when the Philippines based NGO *Atikha*, a long-standing partner of the FWC published the report ‘Coming home: Migration and reintegration’ (Dizon-Añonuevo and Añonuevo, 2002). Based on interviews with Filipinas in Italy and Hong Kong, it provided original material on the everyday life of Overseas Filipino Workers (OFWs), the social costs of migration, and the difficulties of reintegration. It also discussed the impact of debts on the life and projects of Filipinas abroad and the way such debts drain the resources of migrant households that rely partly or wholly on remittances[3].

‘Coming home’ was a very useful tool for trainers to develop financial literacy teaching modules, together with counselling and planning activities among overseas Filipino workers and their families in the Philippines. The activities aimed at supporting migrants and their family members in managing their funds and income. More recently the FWC has carried out similar activities with Filipino migrants in Italy, with a series of trainings held by *Atikha* and FWC in partnership with *CISP- Comitato Internazionale per lo Sviluppo dei Popoli*, an Italian NGO within the project *Maximising the gains – minimising the costs of overseas Filipino migration* financed by the UN and the EU for the years 2010-2011[4]. During the same period, the FWC also held a series of seminars to address the lack of productive investments by overseas Filipino workers, within the project funded by the International Fund for Agriculture

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[2] There is no single definition of over-indebtedness. Pro.Seguo, an Italian NGO, believes that over-indebtedness can be partly attributed to the effect of the economic situation on the borrower's income and assets, and partly due to unexpected external factors such as layoffs, reduced incomes, and health problems.

[3] See chapter “The debt-ridden life of migrant women” in Dizon-Añonuevo and Añonuevo 2002, pp. 38–49.

[4] All the teaching tools used during the project and a complete report of the activities can be found on the website: http://www.gainsandcostsofmigration.org/

and Development (IFAD) *Mobilizing migrants' resources towards agri-based cooperatives in the Philippines*[5].

The studies and observations carried out throughout the years by the FWC in Italy and in the Philippines have given rise to a series of publications, such as 'Me, us and them: Realities and illusions of Filipina domestic workers' (Basa & de la Rosa 2004), 'Gender, remittances and local rural development: The case of Filipino migration to Italy' (Ribas-Mateos *et al*. 2008), 'Migration, local development and governance in small towns: two examples from the Philippines' (Basa and Villamil, 2009) and finally 'Remittances and transnational families in Italy and the Philippines: Breaking the global care chain' (Basa, Harcourt & Zarro, 2011).

1.3. Methodology and sample

Our first objective was to identify the broad features of indebtedness among Filipino migrant workers in Italy, with specific attention to the frequency of and reason for these debts and their impact on the indebted.

Together with a review of the existing literature and newspaper articles, these issues have been discussed in fifteen in-depth interviews with Italian and Filipino key informants. These interviews were completed during the first part of our research project that started in the summer of 2010. Respondents were selected based on the importance of multiple, and eventually conflicting, perspectives on our research topic. They were:

- Frediano Manzi from *SOS-Antiracket* and Anna Petrini from AIRP-*Prevenzione usura protesti e fallimenti*, representatives of two major non-profit organisations working in the field of usury and over-indebtedness in Italy which have handled cases of migrants, including Filipinos;
- Daniele Brambilla and Dinah Cordero (pseudonyms), Italian and Filipino employees of two Italian banks that provide opportunities to access loans especially designed for migrant customers;
- Fulvio Lovera from *PerMicro*, one of the biggest companies providing micro-credit loans for migrants, with extensive experience with Filipino customers. The company is based in Turin but operates at the national level;
- Don Andrea La Regina from *Associazione Nashak,* a non-profit organisation of religious background which operates to combat usury in the area of Salerno and offers micro-credit loans to migrants and Italians;
- Michele Ferrari and Romulo Flores (pseudonyms), Italian and Filipino employees of two big financial companies that number migrants, Filipinos especially, among their customers who apply for loans;
- Giorgio Albareto from the *Bank of Italy* and Chiara Provasoli from the *ABI-Italian banks association* that have carried out specific surveys and estimates on migrants' access to general bank services in Italy;
- Vladimir Castro (pseudonym), director of the Rome based branch of a Filipino remittance centre which offers loans to its customers and has a specific expertise on entrepreneurship;
- Dana Abad (pseudonym), director of a Filipino remittances centre based in Rome;
- and finally Lora Borromeo and Marizen Tamayo (pseudonyms) leaders of home-town associations in Turin and Rome respectively.

[5] This project offers them a package of investment opportunities with the country's biggest agri-based coop, the *Soro-soro Ibaba Development Cooperative, Inc.* (SIDC) in Batangas and some expansion projects in the Calabarzon Region and province of Tarlac. By October 2011, 250 OFWs in Italy and 750 migrant households in the Philippines have made investments, surpassing the objectives defined in the project. Its implementation will end by March 2012.

Our second objective was to depict the subjective experience of over-indebtedness among Filipino migrants. Without aiming at a representative sample, we still wanted to understand the conditions which push people to contract loans and the factors that determine whether the outcome of the loan is positive or negative, how one or two loans could escalate into extreme indebtedness, why borrowers turn to usurers, and the impact of excessive debt on migrants' everyday life. It was important to us to corroborate data and observations gathered in informal ways by the Philippine Embassy in Italy and community based actors (local churches, grass root organisations, etc.) on the borrowing behaviour of Filipino migrants in Italy, and gather the knowledge that community leaders lamented was lacking in their training and awareness-raising activities.

Thirty-two in-depth interviews were held with Filipino migrants addressing the following topics[6]:

- the *types of expenditure* that pushed them to contract loans;
- the *description* of these loans (source, amounts, duration, interest, etc.)
- the *impacts* of over-indebtedness on their capacity to save and/or invest;
- and finally the *wider implications* of over-indebtedness for their migratory project and personal well-being.

The sampling of the interviewees and the related fieldwork strategies had to adapt to the 'hidden' character of this topic, whose protagonists often experience feelings of guilt and are stigmatised by the rest of the group, supported by evidence on the general reluctance to talk about money (Hargittai 2009, p. 94; Sung & Bennett 2007).

As part of our fieldwork strategies, we organised a team of 'community researchers' composed of five women community leaders and active members of the FWC*,* with strong ties to the Filipino diaspora in Italy and experience as trainers in financial literacy courses. During the fieldwork phase, they worked under the coordination of Charito Basa who has extensive experience in community based research projects. The women also took part in brainstorming sessions that took place during data analysis, in the summer and fall of 2011. We can say now that the direct involvement of 'community researchers' had a positive outcome at two levels: first, it made it possible to gain direct access to personal histories on a hidden and sensitive issue such as indebtedness, which otherwise would have been very difficult to access. Secondly, it transformed what might have been a purely research project into a truly empowering experience for the women who carried it out, an important opportunity for capacity-building by deepening their awareness on what is considered to be one of the most painful, and yet poorly understood and rarely discussed side of life of their fellow Filipino/a migrant workers.

We opted for purposive sampling in order to maximise the knowledge of the research team about people they were already in touch with and knew to be, at that time, indebted or over-indebted and most importantly, willing to talk about the problem. A total of thirty-two interviews[7] were completed in the cities of Rome, Turin, Florence and Bologna during spring 2011. The initial contacts between the research team and the interviewees were facilitated through two main channels: first, out of the total 32 interviewees, 15 met one or more of the researchers during financial literacy seminars where the researchers were trainers and the

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[6] See questionnaire in Appendix I.

[7] The interviews with these people were conducted in Tagalog language then transcribed and translated into English by the same interviewer.

interviewees were participants. This was the ideal context for the more outspoken people to declare their condition of indebtedness to their trainers, who later contacted them for the purposes of this project. The second channel was the circle of personal contacts of the researchers who contacted their own friends and relatives, looking for indebted people willing to be interviewed. All interviewees used pseudonyms for this project.

Figures 1a and 1b show the composition, by gender, of our final sample composed of 23 women and 9 men. About two-thirds of the men in the sample live with their wives in Italy, while less than half of the women have their husbands with them. The sample seems to be predominantly composed of married people. A gendered difference comes in with regards to the age of the interviewees and the time of their arrival, with more women aged 50 plus and more women who are recent arrivals in Italy.

Figure 1a: Time of arrival and presence of the partner in Italy, by gender

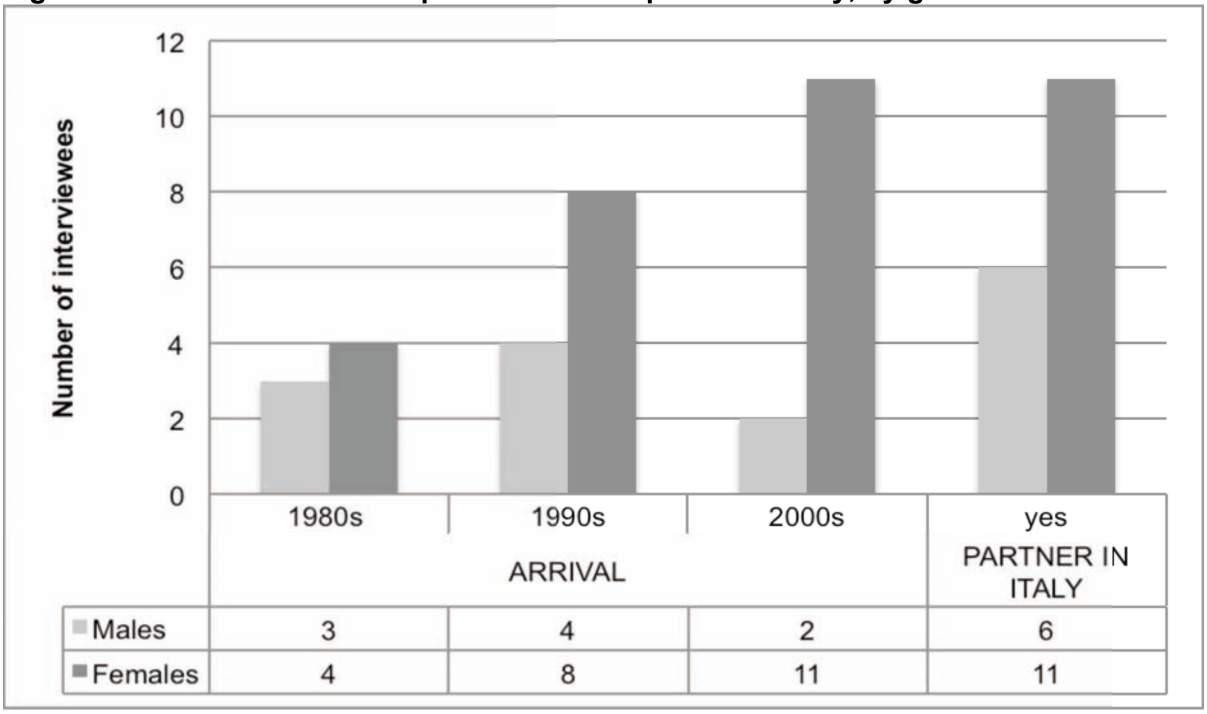
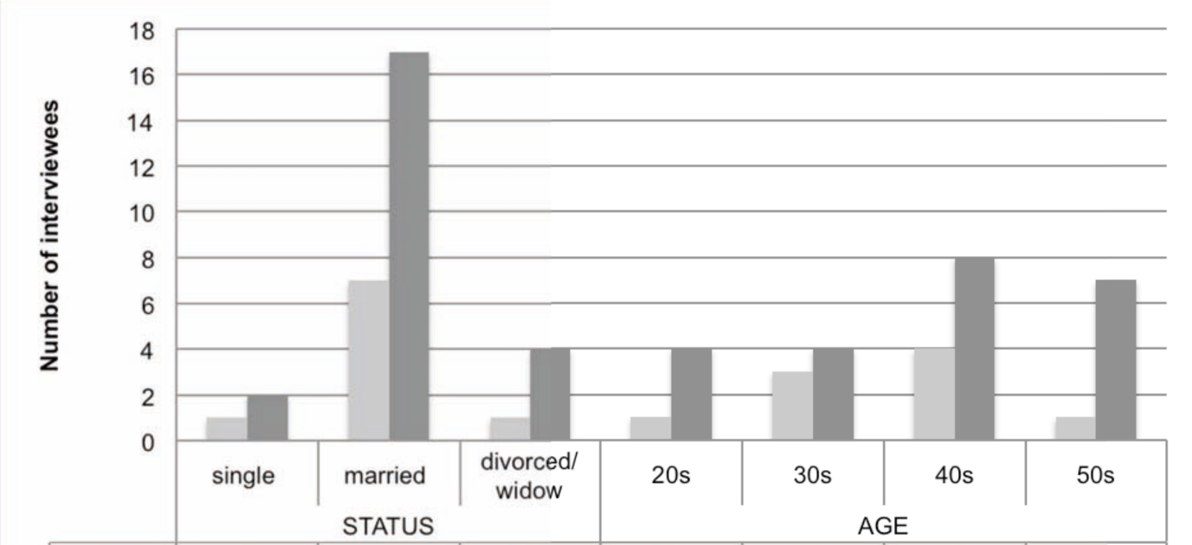


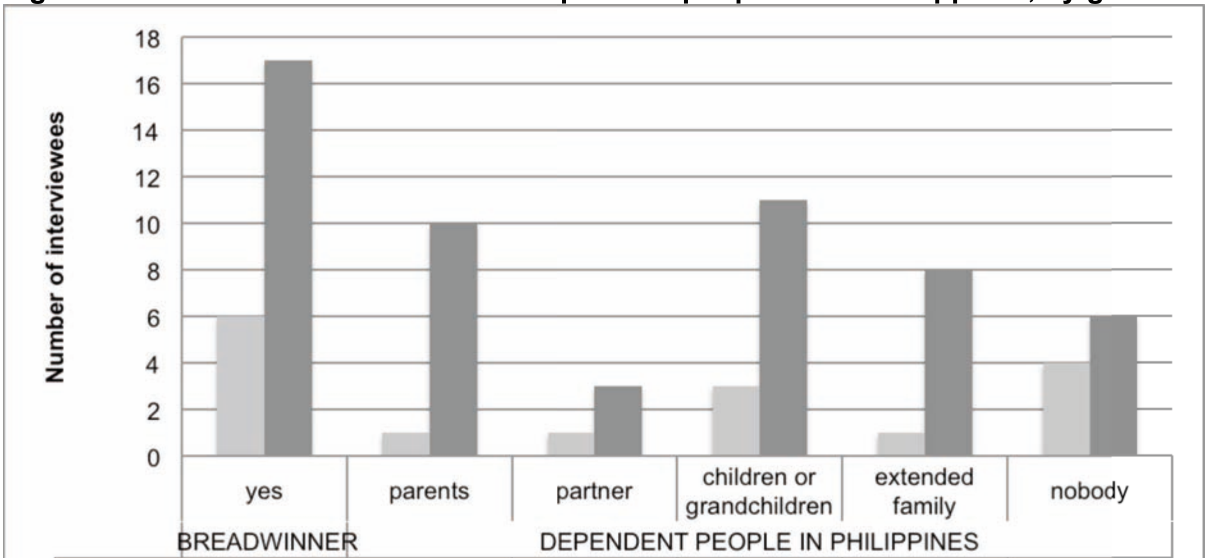
Figure 1b: Status and age at the time of the interview, by gender



	single	married	divorced/ widow	20s	30s	40s	50s
Males	1	7	1	1	3	4	1
Females	2	17	4	4	4	8	7

Figure 1c shows the number and type of people in the Philippines who are financially dependent on the interviewees. Although the difference between the proportion of men and women who define themselves as 'breadwinners' is not really big (66% of the men and 73% of the women), many of the women support their parents (10 cases) and extended family (8 cases) in addition to their children, while one third of the men focus on supporting their children/grandchildren, and many actually said that they help 'nobody' (4 out of 9 men).

Figure 1c: Role in the household and dependent people in the Philippines, by gender



	yes	parents	partner	children or grandchildren	extended family	nobody
Males	6	1	1	3	1	4
Females	17	10	3	11	8	6

This reflects the role of women as 'dutiful daughters' who shoulder responsibility for their extended family members, and not only for their children. A large proportion of men instead seem to migrate for reunification with their wives. In this sense, our sample has reproduced the highly gendered patterns which characterise Filipino migration to Italy and which will be crucial in the interpretation of the results of our research.

All the interviewees are domestic and care workers. Yet, the sample shows great differences in terms of monthly incomes, which vary from 500 Euros to 1,700 Euros. The majority earned from 700 Euros to 1,400 Euros. This difference in the interviewees' salaries is generally explained by the fact that live-in workers get lower salaries but can save on expenses for accommodation[8] and food. This makes it difficult to be precise in comparing the income of interviewees.

The information from the interviews has enabled us to conduct two separate kinds of analysis. One was the analysis of the experiences of the 32 respondents; the other was an analysis of the loans they had contracted. All interviewees were asked to describe every loan they contracted during their time in Italy, allowing us to put together a sample of 114 formal and informal loans that include their sources, amounts, purposes, and so forth

To sum up, the analysis in this report will be based on three sets of data:

- opinions and information offered by key informants;
- the attitudes and behaviour of 32 indebted Filipino migrants in Italy;
- and finally, the features of 114 loans that the respondents have contracted during their stay in Italy

On the basis of this material, and supported by scholarly literature, analysis of grey material and personal observations of members of the research team, we will attempt to disentangle an issue which seems to have been substantially unacknowledged by scholars and policy makers. It is a problem that needs to be urgently tackled to develop new strategies that will prevent and contain the phenomenon of excessive debt. We need to understand the modalities of indebtedness among migrants. At the same time, we need to understand how this new phenomenon reflects on the general understanding of global migration (and specifically remittances) as a *unique* source of funds that can be used for the development of their countries of origin.

The rest of this report is structured as follows: chapter 3 analyses the context which influences borrower behaviour and discusses the most salient features of the remittance inflow to the Philippines in the last years and its interconnection with the global economic crisis. In Chapter 4 we will look at the general behaviour of the interviewees as determined by the functioning of the credit sector in Italy, its limitations in dealing with migrant customers, and, within this context, the type of credit source and amount that the interviewees have access to. The point of view of the key informants will come to the fore in this section. Finally, Chapter 5 will sketch a typology of Filipino borrowers on the basis of the interview material.

The rationale behind this typology refers to the idea of livelihood defined as ‘the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base’ (Chambers & Conway, 1992, p.7). Within this perspective, one can see borrowing as something with a double impact on these migrants' migratory strategies. In fact, when the migratory experience corresponds to a successful *livelihood strategy*[9], borrowing improves the migrant's household financial resources. When, because of personal or structural reasons such as the recent global economic crisis, migration itself is failing as a livelihood strategy and becomes a reason for vulnerability, borrowing produces liabilities

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[8] In the research cities, currently, the cost of renting a bed in a shared room is about 250 euros/month. Renting a small apartment would cost about 1000 Euros and this is usually shared with family and friends.

[9] For an overview of different approaches to *sustainable livelihood* see Diana Carney, 2002.

rather than assets.

Before these chapters, Chapter 2 will present a description of the characteristics of the Filipino diaspora in Italy and its connection with the self-sacrificing model of *bayani*, the ‘hero/heroine’.

2. Context: Migration and money culture

‘Tony Ranque worked for years in Saudi Arabia where he faced a dilemma that other overseas Filipinos have probably encountered: the longer he worked abroad, the bigger his debt grew’. This is the lead sentence of one of many news articles on the seemingly widespread problem of Filipino migrants working abroad. The media in Hong Kong and the Emirates to name only few has exposed cases of heavily indebted Filipino migrant workers. Some migrants have even been arrested and jailed for failing to meet their obligations.[10] In fact, news articles depict working Filipino mothers in the Emirates jailed because they are unable to pay back the debts they contracted to send more money to their children back home, in addition to regular remittances. While the newspapers portray Filipinos victims of loan sharks in Israel, preliminary research findings show the existence of the same phenomenon in Hong Kong, where the Filipino diaspora is large and well established (Arenas 2011).

The Social Enterprise Development Partnerships Inc. (SEDPI) recently declared that one out of every 10 Filipinos end up broke after years of service in foreign countries. About 8 out of 10 have overspent on building and improving their homes and the same numbers have no savings for their retirement and return to the Philippines. ‘Pressures from family members for regular remittances and investing in idle assets such as houses have contributed to the bankruptcy and financial insecurity of most OFWs’. Ironically, *familism* in this case works against the success of the family's migratory project and goals (Ingles 2011).

In Italy, a 2009 article of *Sole 24 Ore* reported on the widespread phenomenon of what it calls ‘ethnic usury’ perpetrated by a Filipino man in Milan who works as a concierge and on the side, lends money to his co-nationals (Fatiguso, 2009). More recently, in November 2011, a Filipino couple was arrested in Palermo for lending money illegally. One of their last victims was a desperate mother who borrowed money for her ailing daughter in the Philippines. She wanted to go home without completing payment of her loan (60 per cent interest per year), but could not leave because her passport was in the hands of the usurers[11].

These facts closely resemble the information collected for some years now by the FWC. Indebtedness increased during the global economic crisis and consequently impoverishment increased among migrant Filipinos in Italy and their families back home. Worrying life-stories reveal the rapidly growing tendency to contract high interest-rate debts with Italian financial institutions or Filipino loan sharks in the community and the danger that it brings[12]. These debts condemn migrant workers and their families to a cycle of indebtedness (contracting loans, paying debts, contracting new loans, paying debts), which puts them at high risk of social and economic vulnerability.

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[10] See DeParle 2011.

[11] Retrieved from http://www.akoaypilipino.eu/italya/dalawang-filipinong-nagpapautang-natuklasan-ng-guardia-di-finanza, last time on 22 December 2011.

[12] See as an example of the information collected by the Filipino Women’s Council the statement of a Filipino woman called Anna interviewed by Charito Basa in the context of the documentary by Marije Meerman (2000) *The chain of love*. The Netherlands: VPRO/DNW.

A number of features related to the profile of the borrowers and the conditions pushing them to contract loans affect this phenomenon. From the initial observations by the FWC, it appears that women are more likely to contract debts given their greater responsibility for the support of family members back home and those who eventually join them in Italy. This appears to be more relevant for women who have children and younger siblings whose basic needs, education and migratory projects depend on their economic support. Despite these women's efforts to control and manage their remittances efficiently, their families often take advantage of their absence to independently decide on investments that eventually fail. The failures to manage their remittances properly leaves these women impoverished, forced to borrow money in order to keep sending remittances and at the same time pay for their expenses in Italy. It is further aggravated by the transnational dimension of these family relationships that prepares the ground for emotional and economic exploitation of migrant women[13].

The strength of personal ties and the willingness of its members to support each other are keys to the survival of the Filipino family. The family pools its earnings to be able to pay for its basic needs. Although the father is usually the primary breadwinner, his wife and children often take on jobs to supplement what he earns. The classic example is the young unmarried daughter who works as a maid in Manila and sends home half or more of her monthly salary so that the father can buy farm inputs or her siblings can study. These days, jobs for women are more available and it is often the wife who leaves her husband to take care of the farm and their children while she works as a maid or factory worker and sends home her cash earnings. Siblings stop schooling to work and put a bright and ambitious sister or brother through college after which the new graduate goes to work and supports other siblings so they too can finish their studies. 'Poor relatives' live with their more affluent relatives who pay for their tuition usually in exchange for shouldering domestic duties such as taking care of children, cooking or washing clothes[14].

This 'mutual help' system helps family members to survive but it can be counter-productive when it shifts so many responsibilities on just one or two breadwinners while freeing the rest from the burden and encouraging dependence and idleness. This is a pattern we have observed in migrant families, which can bury the migrant worker in a mountain of debt. Again, based on observations by the FWC, it appears that when migrant workers take on the role of breadwinners for their immediate and extended family, they are 'on the way to indebtedness'. First, they are often already indebted when they arrive in Italy because of the cost of migration; they resort to borrowing so they can pay their debt immediately and start sending remittances to their families. Second, they are committed to sending a monthly allowance, which may increase over time due to inflation, changes in exchange rates, and other factors. In addition they often have to send additional money for emergencies and other unplanned or occasional expenses. Third, they are the target of appeals for financial help from relatives and friends, which they have difficulty turning down because of a mixture of guilt and sense of duty. Fourth, they gain access to credit cards and other credit sources, which can lead to spending and borrowing more than they can afford. Fifth, they may also develop a desire for expensive consumer goods; something easy to do when you suddenly earn what seems an enormous amount of money.

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[13] For an example of the debate which questions the power of parents and the households in the migratory experience of women, also of those who migrate alone, see Eleanore Kofman *et al* 2002.
[14] The responsibilities of Filipino eldest daughters as either those who have to migrate or as those who have to administer the remittances sent by their mothers have been discussed, for instance, in Oded Stark (1991) and Rhacel Parreñas (2008).

The sense of duty of the migrant worker is much stronger among women[15]. Filipino women have usually been raised to be the dutiful and self-sacrificing wife, mother, daughter and sister. Her taking on such heavy financial responsibilities often produces dependency on the part of the relatives she supports. As we will show in detail, in many cases the migrant worker is forced to borrow to support the needs of her dependent family members, which can range from tuition fees to money for business ventures to funeral and wedding expenses. It becomes a painful cycle that can end in depression, bankruptcy and even imprisonment for the migrant worker.

2.1. Filipino migration to Italy

The migration of Filipinos/as to work as domestic workers is part of an on-going national process, in which about one million people every year leave a country where the economy is kept afloat largely by the export of labour force and inflow of remittances. In this process, Filipinos and Filipinas take every opportunity to settle in countries like the US, their preferred destination, followed by the EU, Middle East and 'Asian tigers.'

The current outflow of workers follows the path inaugurated back in the 70s when Ferdinand Marcos pushed for the export of Filipino labour with the rising demand for construction and other workers in the Gulf countries during that period. It was a strategy to relieve the impact of prevalent unemployment and underemployment and other economic problems in the Philippines. What started out as a trickle soon turned into a flood (Asis, 2006).

The Philippines Overseas Employment Administration (POEA) was set up to take care of pre-departure training and job placement and related paper work in exchange for a fee. The Commission on Filipinos Overseas (CFO) was created in 1980 by the Batasang Pambansa or National Assembly. It is the government agency charged with promoting the interest of Filipino emigrants and permanent residents overseas. The Overseas Workers Welfare Administration (OWWA) is the government agency charged with delivering welfare services and benefits to overseas Filipino workers and ensuring capital build-up and fund viability. In fact, OWWA has a twofold mandate: first, deliver welfare services and benefits to OFWs and their families, and second, ensure the growth and viability of the *trust fund* that enables it to deliver such services and benefits. The sources of the OWWA *trust fund* include the US$25 membership contributions of foreign employers and of the land and sea-based OFWs themselves, investment and interest income, and other sources[16].

By 2010 the number of overseas Filipinos reached 9.45 million in 217 countries and territories[17]. This was nearly ten per cent of the country's population, which was then already more than 93 million people[18]. The top destination countries for these workers are, in order of importance, the United States, Saudi Arabia, Canada, Malaysia, Japan, Australia, Italy, Qatar, the United Arab Emirates and the United Kingdom. The remittances from overseas Filipinos sent through banks in 2011 were equivalent to nine per cent of the gross domestic product or GDP[19].

On the basis of the 2011 Caritas Report on migration 20,134,154 Filipinos/as are regularly registered in Italy, which makes them the sixth largest migrant group behind Romanians,

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[15] See Parreñas 2001 and 2008
[16] Cfr. OWWA website: http://www.owwa.gov.ph/wcmqs/about/ (accessed 13 June 2012).
[17] Commission on Filipinos Overseas (2012).
[18] World Bank Data. Accessed 15 June 2012 at: http://www.worldbank.org/en/country/philippines
[19] BSP Media Release (2012).
[20] In the cities where our research took place, their presence is so distributed: 28,896 in Rome, 4,678 in Bologna, 4,469 in Florence and 3,159 in Turin (See Caritas/Migrantes 2011, pp. 451-472).

Albanians, Moroccans, Chinese and Ukrainians. An overwhelming 78.6% are adults. A total of 61% are in Italy with a residence permit for work reasons, similar to Ukrainians, Chinese and Moldavians who are also in Italy for work purposes. For Moroccans and Albanians family reunification is the major reason for residence permit applications.

In line with what is happening with the other largest migrant groups in Italy, with the exception of Moroccans, the Filipino community is highly feminised due to the predominant role of domestic and care work as an employment opportunity for foreign workers in Italy. In fact, although progressively reducing in comparison with the past, Filipino women outnumber men at 58.5% of the total number of Filipinos/as in Italy[21].

In fact, as the Philippines is undergoing a process of change from a rural-agricultural to a modern society, the Filipino family, especially the Filipino transnational family, is changing with the feminisation of migration. Male migrants outnumbered female migrants in the 70s and 80s, but women caught up in numbers by 1992. In the early years of the new millennium, because of the demand for domestic workers and entertainers, new hire women workers outnumbered men by a ratio of 3 or even 4 to 1[22]. By 2009, the number of women migrant workers was equivalent to almost half (47 per cent) of the total number of OFWs. They contributed 31 per cent (42.7 billion pesos) of all remittances (138 billion pesos) sent by OFWs from April to September 2009[23].

The feminisation of migration does not refer only to number but the nature of jobs that women migrant workers assume, and their changing roles within their families and in their communities. More and more, women are assuming the role and duties of primary and even sole breadwinner, which have become doubly difficult to do with the global crisis and its impact on both Italy and the Philippines. In addition, she continues to exercise her traditional duties as mother, wife, daughter and sister. In this situation the migrant Filipina often resorts to many and large loans from all sources open to her.

The UN-INSTRAW report by Ribas-Mateos, Basa and de la Rosa (2008) distinguishes three types of female migration from the Philippines to Italy. The first and most widespread type involves married women (with children) who work in Italy to support their households in the Philippines. In increasing numbers, these women are able to reunite, over the years, with their husbands and children. A second type involves unmarried (usually eldest) daughters who migrate to sustain their parents and their younger siblings. Many parents use their savings, borrow money, or sell some property to provide the money necessary for the realisation of the migratory project. Finally the third type is the migration of single mothers responsible for the financial support of their children. These are single parent households, with children usually left in the care of the migrant's parents.

In all these circumstances, the women workers have a strong commitment to send money regularly back home as mothers, wives, sisters or daughters. This is due to a strong gendered ideology which influences the nature of family relations and the economic planning for the household's sustainability. This will be illustrated in the next section, which discusses the construction of the *bayani* or the modern-day Filipino hero.

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[21] Please refer to the chapter "L'immigrazione filippina in Italia" in the Caritas/Migrantes 2010 Report for a complete overview of the history and the present statistics of Filipino migration to Italy, pp. 48-53.
[22] The outcry against the situation of many Filipina entertainers and domestic workers, and resulting policy changes, resulted in a drop in the number of women migrants (Battistella and Asis 2011, p. 4).
[23] NSO (2011a).

2.2. Filipino overseas labour migration and the *bayani* mindset

The migration of Filipinos/as is influenced by the economic and political situation in their home country, which, together with the ideology of the 'modern-day hero', pushes women to seek employment abroad as domestic workers. First of all, the cultural and political dynamic of the last few decades has provided a surplus of highly educated Filipino men and women willing to go abroad and work as nurses or private carers. Since official procedures are very costly and demanding in terms of time and paper-work, many resort to irregular ways to enter other countries and find work as cleaners and carers, despite their educational background. The 'contradictory class mobility' in the migratory project, as Parreñas highlights, contributes to the fact that Filipina migrant domestic workers 'perceive themselves as a part of a global community of workers dislocated into low-wage labour by the economic turmoil caused by global restructuring in the Philippines' (Parreñas 2001, pp. 3-4). This ultimately places the Filipino government in an awkward position, as it has often been criticized for 'exploiting human resources', instead of making economic and political efforts to improve the conditions of Filipinos/as in their own country. Moreover, as Basa and de la Rosa argue:

> "the period of United States colonization inculcated a sense of western superiority. To migrate to the United States became a dream for many Filipinos. However, due to its strict policies, any other foreign country became second choice." (Basa and de la Rosa 2004, p. 16).

The pattern of this migration is regarded by many as condemnation to servitude, from the time of US domination to current employment in the domestic sector. Indeed, Filipino migrant domestic workers experience, at the personal level, stereotypes which describe them as suited for care and domestic tasks. In this view, one might wonder whether Filipina migrant domestic workers are 'servants of globalization' as victims of the global care industry. This is an interpretation that stresses the need of industrialized countries for care workers and sees Filipinas as 'the quintessential service workers of globalization' (Parreñas 2001, p. 1).

Secondly it is important to focus on the importance of patriarchal ideology as a push factor for Filipino migration. Many Filipinas live in a predominantly patriarchal setting where women are overwhelmingly responsible for domestic duties. Some Filipino authors explain the present day status of women in the country as one of the consequences of Spanish and US colonization. As Basa and de la Rosa argue:

> "the colonial past brought about a distortion of the traditional status of Filipino women. Before the coming of Spaniards, the status of women was equal to that of men. Women played very important roles in the life of the communities- they were healers, priestesses, judges and leaders. With the introduction of Christianity, a whole new set of standards was introduced, reshaping the traditional values of women and obliging them to assume submissive and obedient positions. The family, church and school institutions successfully influenced the image of Filipinas." (Basa and de la Rosa, 2004, p. 16).

This post-colonial cultural setting is the background for the emergence of the *bayani*—the model for all Filipino migrants, a concept that is reinforced by government propaganda, which encourages migration and views the resulting inflow of remittances as a positive contribution to the country's economic development. The *bayani* has been defined as the 'modern-day hero' and represents a self-sacrificing model for women. In Philippine culture those women become *bayani*, heroes of families, who make:

> "enormous sacrifices and dramatic choices in order to take responsibility for maintaining their families, ensuring them a much better lifestyle as well as contributing significantly to the economy of their country." (Basa and de la Rosa, 2004, p. 39).

Filipinas are expected to 'take care' of their families, and this shapes the decisions of Filipina migrants about their choice of jobs and integration in the host country[24]. At the same time her absence makes it necessary for her family to search for some other women who will take over her duties. Usually her 'substitute' is her own mother or sister or eldest daughter, but it can also be women hired as maids or nannies, part of the network of women who belong to the 'chain of care' (Parreñas, 2001). This also affects the psychological well-being of Filipinas in Europe, who very often express guilty feelings towards elderly parents or very young children left back home, revealing a very common feature of transnational families. For some migrant women and their relatives, those difficulties are the price of the financial aid that they are able to send as remittances.

2.3. Filipino borrowing behaviour and attitudes

In the Philippines, borrowing-related behaviour and attitudes have been strongly influenced by the prevailing kinship system and values of *personalism* and *familism*.

> "Familism and personalism are all pervasive in Philippine society. Filipinos typically try to make their friendships into family-like relationships that are mutually supportive. They prefer to have smooth interpersonal relationships with one another and go out of their way to create an atmosphere in which the people around them feel comfortable and accepted. […] Filipino parents consider it their duty to provide for the material and educational needs of their children. Children, in turn, are expected to obey and respect their parents and to take care of their parents when they grow old. Also, older children, until they marry and have families of their own, are expected to help younger siblings with school, and to assist them in getting a job after graduation." [25]

Borrowing practices have changed over the years, in keeping with broader changes in the political and economic conditions in the country. In the 50s and 60s, tenant farmers turned primarily to the landlord to secure loans that would sustain their families between harvests (Bautista, 1991, p. 60). The loans were paid promptly when the tenant brought the landlord his share of the harvest, plus the payment for the loan. Loans for production were limited. Traditional farming methods, which were still dominant, did not require expensive inputs such as chemical fertilizers and pesticides. Farmers could take part in the *bayanihan* or mutual help system. For instance five farmers working *bayanihan* style, can spend one day ploughing the field of one, then move on to another field the next day, and so on. The five do not have to hire/pay farm hands. The wife and children also provided free labour.

In the 70s, production loans became necessary for many rice and corn farmers because the Green Revolution required expensive inputs (imported seeds, chemical fertilizers and pesticides). Aside from landlords and moneylenders, the farmers could tap suppliers of those inputs and services and merchants who bought their products, as sources of credit. By

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[24] Louise Ackers underlines the importance of an analysis of the caring commitments that shape the migratory experience of migrant women in a broader view. In particular, she argues that only a lifelong perspective shows the importance of the evolution of personal relationship and family commitments during the years of migration (Ackers, 1998).

[25] Retrieved 8 February 2012 from http://family.jrank.org/pages/1277/Philippines.html

the 80s, a few farmers were able to accumulate capital from both farming and non-farming activities and became moneylenders themselves (Bautista 1991, p. 87). During this period only a third of adult Filipinos were borrowers (Agabin 1988, p. 1).

In 2000, a survey by the Agricultural Credit Policy Council involving more than 900 small farmers and fisher folk in 14 provinces showed that 60 per cent were acknowledged borrowers, a substantial increase from 47 per cent in the preceding 1997 survey. The majority of borrowers still preferred informal sources of credit[26].

Easy access has been and still is the determining factor in the borrower's choice of credit sources, that is, minimal requirements and conditions and rapid processing. In particular, borrowers are attracted to creditors who do not require any collateral even if the interest is higher. It is important to note that the interest rate of the loan plays only a secondary role.

Based on the same survey, most loans only amounted to 100 US$ (about 5,000 pesos). Yet, interest rates ranged from zero to 300%, with an average of 48% per annum. Almost 70 % of loans were used for production. However the number of loans used for basic needs and emergencies increased from 30 per cent in 1997 (Asian crisis) to 39% in 2000, a period of only three years. Worse, about one out of five borrowers could not keep up with their payments due to poor harvests and other problems (ACPC 2001, pp. 2-4). After 2008 things got worse, mainly because of steep increases in the global price of fuel (66.5%) and food (53%). Many Filipinos were already borrowing to keep up with daily expenses, and some even used their ATM cards, where their employers deposited their wages, as collateral.

People resorted to cutting back on spending for food and medicine. The poor bought the lowest grade but subsidised rice from the National Food Authority or NFA, formerly the National Grains Authority or NGA. But even the price of NFA rice rose from P 18.25 to P20-25 per kilo in 2008[27]. Commercial rice on the other hand was being sold at prices ranging from P34 to P40 per kilo. Poor farmers ended up selling their rice harvest to traders to get much needed cash, and buying cheaper NFA rice for their own consumption.

3. Remittances and the global crisis: a Filipino perspective

Migrants have been acknowledged for making a fundamental contribution to the economies of their home countries, by improving the conditions of members of their households and sustaining development projects in the fields of education, construction and agriculture development.[28]

The Philippines is now the world's third largest recipient of remittances in absolute terms, behind India and Mexico. At over 9 per cent of GDP the level of remittances is high for such a relatively large economy and sets the Philippines apart from its Asian neighbours and indeed other lower middle-income countries.[29] This was in 2005. Let us now look at the figures from 2008-2010.

> "Worker remittances as a per centage of GDP averaged 1.9% among developing countries and 1.5% among developing countries in East Asia and the Pacific for 2004-2009. However, for the Philippines, our OFWs contributed much bigger shares of 13.9%, 17.6%, and 17.1% to GDP at current prices in 2008, 2009, and 2010,

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[26] ACPC Monitor, 2001, p. 4.
[27] See Go 2008.
[28] De la Garza and Lindsay, 2002; Fajnzylber and Lopez, 2008; Giuliano and Ruiz-Arranz, 2009.
[29] Burgess and Hacksar, 2005.

respectively. In constant prices, the contributions are 14.8%, 18.6%, and 18.1%, respectively" (Virola 2011).

It is not surprising that the current Philippine government continues to encourage overseas employment and to promote a steady increase in the amount of remittances received by the country. At the same time, the present administration also proclaims its commitment to protect overseas Filipino workers and train them to save and invest their money wisely.

In most cases, indeed, it is the down side of overseas employment that is most visible. This government, as previous governments, has not succeeded in preventing the exposure of overseas workers to abuse and violence and in obtaining justice and compensation for victims, which are built-in social costs of migration. And unfortunately no Filipino government has been able to identify and implement policies in order to create jobs and opportunities in the country. That would actually be the means to decrease Filipino dependence on overseas employment and remittances, and make migration a matter of preference or choice. On the contrary, the Philippine government seems to extol overseas Filipino workers as *heroes* but unfortunately they also have to pay the price as the country's sacrificial *lambs*.

In fact, ten billion US dollars (about 10% of the GDP) has been the annual average of remittances received by the Philippines in the past decade. However it does not seem to have brought a general improvement in people's living conditions. Between 2000 and 2006, the proportion of the population considered as poor[30] rose from 31% to 33%, despite the increase in GDP per capita of about 2.7% a year during the same period (Balisacan *et al*., 2010). Remittances, instead of becoming a development tool, often create a mixture of dependence, less participation in productive activities, and conspicuous consumption among migrant households in the Philippines. The symbolic figure of the *bayani*, the Filipino modern-day hero, populates the collective imagination, and increases the pressure on individual migrants to make each migratory project a success. This success is often defined as satisfying the demands of their families back home, not only for living costs, health and education, but for the acquisition of property and status symbols such as fine homes and luxury cars.

3.1. Remittances from Italy to the Philippines

In the last decades, Filipinos/as in Italy have also been very active as senders of remittances[31] that at the family or community level have been essential tools of survival (Ribas-Mateos *et al*., 2008.; Songco, 2009).

Most recent data from the *Dossier Statistico Immigrazione* (Caritas/Migrantes 2011) confirm that the Philippines, together with other Asian countries, is one of the top destinations for the outflow of currency from Italy. In 2010, foreigners in Italy sent 6.6 billion Euros (0.41% of the Italian GDP), of which 47% went to Asia and 27% to other European countries. In fact, in 2010, the list of top remitters from Italy include China, at first place with 1.7 billion Euros, Romania at second place with 800 million Euros and at third place, the Philippines with 712 million Euros. From Figure 2 we see the progress, on a monthly basis, of the flow from Italy to the three countries which perform best in terms of remittances (China, Romania and

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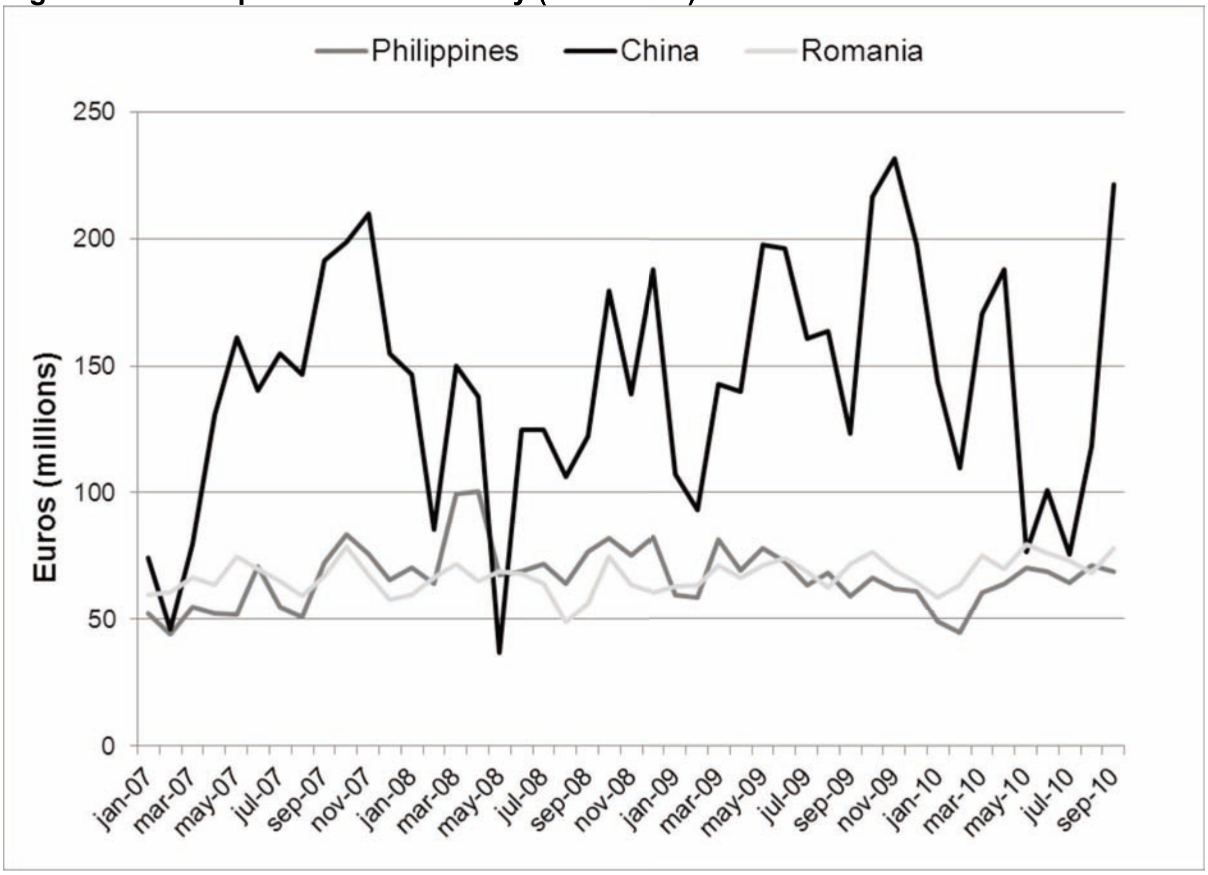
[30] The authors of the studies cited here make use of the World Bank definition of "poor" as the people living with less than 1.08 US dollar/day, in Purchasing Power Parity.

[31] Dana Abad from a remittance centre in Rome, one of the leading actors in remittances channel to the Philippines, offers precious insights on this issue. Her centre in Rome has about 5,000 active customers who make a total of 10,000 transactions every month. The 80% of these remit on a monthly basis, while the rest does it weekly. The average amount these people send every month is between €300 and €500.

Philippines). Aside from China, whose very high level of remittances is linked to the high rate of investment, the competition between Romania and the Philippines is astonishing since there are only 134,154 Filipinos in Italy compared to 968,576 Romanians in 2010.

Figure 2: Flow top remitters from Italy (2007-2010)



On average, each Filipino sent home 5,300 Euros in 2010. This represents, however, a decrease in the absolute amount of remittances sent from Italy to the Philippines in 2010 (712 million Euros) when compared to 2009 (800 million Euros) and 2008 (728 million Euros) (Caritas/Migrantes 2009, 2010 and 2011).

To make sense of the data, it is important to consider that since July 2009, with the approval of the new regulation on migration called ‘Pacchetto Sicurezza’ (DDL 733-b) only people with regular residence permits are allowed to use official money transfer services. This often means that irregular migrants ask fellow nationals in possession of a permit to send money on their behalf.

In recent years, a network of public and private organisations coordinated by the research institute CeSPI has investigated the operation of the remittance sending service in order to identify its constraints and, if possible, make it more accessible and convenient for migrants. It resulted in a complex picture in which informal ways are increasing in order to get around the limitations and constraints set by the Italian law. This not only forbids migrants without residence permits to have access to these services, but it also demands those who do to provide explanations when sending amounts above one thousand Euros. The results of the survey conducted by CeSPI have given rise to some information tools for migrants to support them in finding the most convenient sending service[32].

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[32] An overview of the results and the tool-kit for remitters can be found at

Figure 3 shows the amount of foreign currency arriving in the Philippines between 2000 and 2010. Most of the amount is composed of remittances from overseas Filipino workers (OFWs). According to the World Bank, in 2009, workers' remittances represented 11.7% of GDP (World Bank, 2009). Italy, as one of the top destination countries for Filipino workers, is the source of an important share of total remittances. In 2009, the total inflow to the Philippines was 19,766 million US dollars, of which 10% came from Italy (2,073 million US dollars).

Figure 3: Remittances to the Philippines (2000 - 2010)

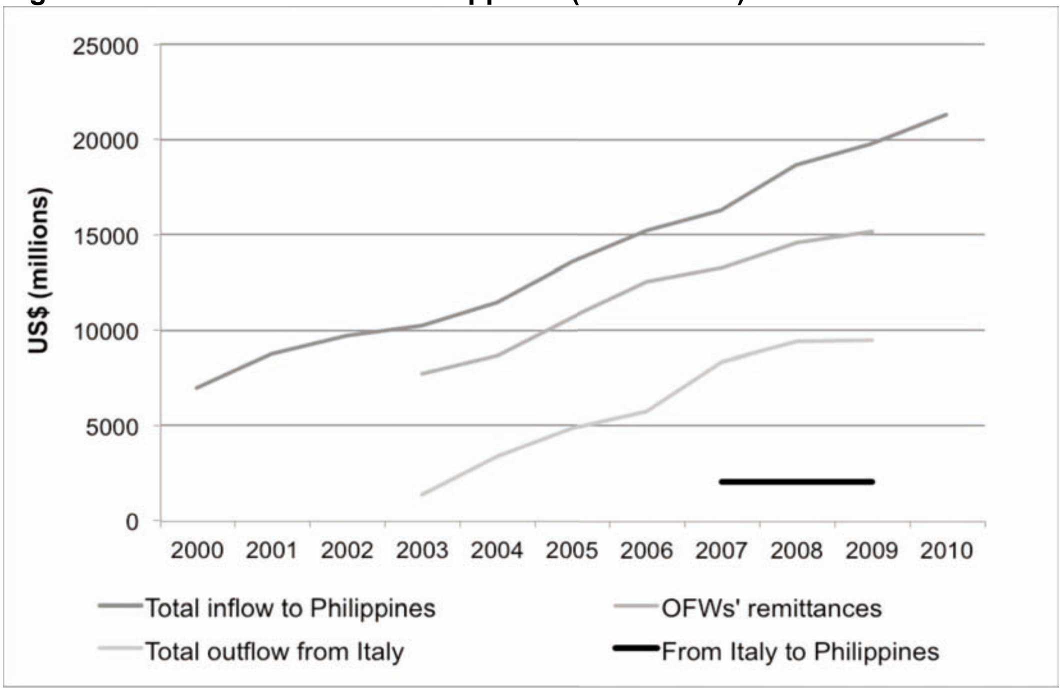

Figure 3 also shows that the amount of remittances sent to the Philippines has increased in the last decade. This can be explained by the constant increase in Filipino migration, which is more than ever a crucial instrument for sustaining the national economy. This increase however does not mean an equal increase in the wealth of receiving households. One has to take into account the inflation rate in the Philippines and the significant appreciation of the Philippine peso. Migrant workers have to send more Euros to compensate for the effects of both inflation and peso appreciation from P47.65 to $1 in 2009 to P45.12 to $1 in 2010[33].

3.1.1. Gender and remittances from Italy

The sending of remittances is crucially impacted by gender differences in household commitments, an issue which has been thoroughly investigated in the cited INSTRAW report on gender and remittances in the Philippines. Given the strong sex segregation of the labour market in receiving countries, female migration has been prioritised, and Filipino women have become the primary senders of remittances and in most cases the managers of family expenses and investments (Ribas-Mateos *et al* 2008, p. 5).

In fact, in the context of the research carried out by the FWC with INSTRAW, it emerged that Filipino women in Italy send remittances back home more regularly than their male

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http://wwww.mandasoldiacasa.it/beta/index.html

[33] Bangko Sentral ng Pilipinas 2010b, p. 12

counterparts, in fixed amounts averaging between 300 Euros and 400 Euros per month. For many women who are live-in domestic workers this represents roughly half of their minimum salary of 600 Euros per month. Men tend to send remittances irregularly, and in amounts based on the recipients' specific requests for financial assistance. One also has to add ‘random’ remittances, such as cash and gifts (toys, clothing, cellular phones and computers) for special anniversaries or if there's an opportunity to send them informally through someone returning to the Philippines. Donations to the community and religious organisations are also examples of random remittances.

The same research shows that, in Rome, 44% of those interviewed claimed to remit only to their nuclear families (children, parents and/or siblings) while 28% of Filipinos in Italy send money exclusively to members of their extended family, and 15% remit to both nuclear and extended family members. Only a few migrants mentioned having sent remittances to an organisation in the Philippines. From the point of view of families in the Philippines, 68% said they receive regular remittances each month, accounting for between a quarter and as much as half of the total household income.

In most cases, women send remittances to cover their households’ everyday basic expenses. The INSTRAW project highlighted the fact that remittances are primarily used to cover food, clothing, electricity, education and health care needs. Regular remittances can also be used to pay nannies, domestic workers and/or relatives who take over the care of children and elderly. Once the basic needs are met, the purchase or renovation of a home is a common expenditure, as is the purchase of household appliances (washing machines and stoves) and luxury items that identify migrants and their households as ‘well-off’ in their community of origin. This status will often lead other community and extended family members to ask for financial support in their own migratory project or local activities, which is usually granted in accordance with *pakikisama,* a cultural norm of reciprocal solidarity.

3.2. Dependency and remittances

Remittances are thought to have a positive effect on the Philippine economy, both at the national and the household levels. At the country level, indeed, they contribute to the improvement of the national income and foreign currency reserves, to the stabilization of the balance of payments, and to support entrepreneurial activities and demand for local goods and services. At the household level, remittances help reduce poverty levels and increase human capital by providing the resources necessary for nutritional, educational and health care needs. At the same time, remittances also have negative effects, such as the increase in demand for imported goods, inflation, a greater inequality at the community level and, most of all, financial dependence of recipients on remittances sent by migrants abroad (Ribas-Mateos *et al*, 2008).

In fact, Filipino migrant families are extremely dependent on their overseas breadwinners. About 60% of the interviewees said their household income comes from the remittances sent by migrant family members. Their other income comes from interest or profit from investments and bank deposits which are also derived from the migrant's savings (ibid).

The mechanisms by which remittances to poor countries may generate a dependency behaviour, and even idleness on the part of the remittance recipients, have been variously investigated by Meins (2007), Bridi (2005) and Chami *et al* (2005) who argue that migration may create a ‘moral hazard’ problem by introducing disincentives to work among migrant household members. As Pernia says: ‘One curious issue is the extent to which family members in remittance-recipient households reduce their work effort—a moral hazard effect on labour supply’ (Pernia 2008, p. 9). This is one result of the development of consumerism and habits of excessive spending among members of the migrant family as well as the problem of unemployment/underemployment in countries like the Philippines, where the dismal condition of both its agriculture and industry offer few working opportunities to members of migrant families.

The INSTRAW study also discussed the attitude of *dependency* from the side of the family members of Filipino migrant workers. For the authors, buying houses or starting a new business financed with remittances threatens the household food security because the younger generation abandons agricultural-related activities. For this reason, remittance recipients become more and more dependent on store-bought food and cash flows.

Remittances are able to provide migrant families with a better standard of living, so much so that families can end up making little if any effort to control, rationalize and prioritize their expenses. Some spend huge chunks of money on unproductive social occasions such as fiestas, weddings and birthdays or expensive cars and appliances that leave nothing for savings and investments. Moreover, many migrant families in the Philippines make ill-advised and risky investments, especially in the absence and lack of direct control by the actual breadwinner.

For the same study, in Mabini, Batangas, in worst-case scenarios, family members would stop working or trying to get jobs and even abandon their studies. They would rather pin their hopes on getting a job abroad and continuing their comfortable lifestyle. Such examples have created a sad stereotype of the Batangueños as lazy braggarts who would rather lose money than lose face.

This is the context in which, as we will see, increasing numbers of migrant women are trapped, unable to satisfy the demands of their families, unable to cope with rising expenses in Italy, and unable to save or invest for their future security. Thus, migrant workers in Italy resort to borrowing from Italian financial institutions in the same way in which families in the Philippines resort to borrowing money when remittances are late or not enough or stop coming.

Filipinos have a strong bond with their country and a remarkable propensity to return to the Philippines. It drives them to borrow money for investments that will sustain them when they go home and retire. At the same time, they have strong feelings of commitment towards relatives who are in the Philippines and depend on their remittances for their monthly expenses. This explains at least partly why they borrow large amounts of money—for remittances and for investments.

Although money borrowed through banks and micro-credit organisations is not supposed to be sent outside Italy, still the very special character of Filipinos/as as 'top senders'[34] has important repercussions on their financial condition in Italy.

Also, in the experience of Dana Abad, Filipino migrants are forced to send most of their salary back to the Philippines in order to support their family members—food, household bills, education and health care—they shoulder everything. As we will see in the next part of this chapter, the global economic crisis and inflation have made the cost of life more expensive in the Philippines especially where health and education are concerned. The heavy responsibility on the shoulders of migrants, often women, who are heads of economically vulnerable transnational households, is one of the reasons for the spread of

[34] Filipino migrants seem to be among the «top sender» overseas nationals even in periods of economic crisis, when their remittance-sending behaviour has not substantially changed. One explanation can be found in the phenomenon that Ferruccio Pastore identifies as a «stronger moral propensity» in times in which the global recession has affected not only countries of destination, but also households in countries of origin (Pastore, 2010, p. 127).

legal and illegal money lending behaviour among Filipinos/as.

3.3. The financial crisis impacts Filipino migrant households

In the context of the global economic crisis, providing consistent financial support to their families back home has become extremely difficult for migrant workers (World Bank, 2009; Awad, 2009). Recent studies show the impact of the crisis, at the global level, in the form of rising unemployment, salary reductions and deterioration of the living and working conditions of migrants in most host countries (Ribas *et al*, 2008; Songco, 2009). Where migrants were once seen as the 'hope' in the fight against poverty in their home countries, they are today perceived as under threat and highly vulnerable to job loss, difficulty in accessing adequate housing, education, health care and protection of their rights (plus the fear of deportation) which have become outstanding features of migrants' experiences in receiving countries.

However, on the basis of a 2010 study by the Asian Development Bank (ADB) and International Organization for Migration (IOM), the fear that the global crisis would gravely affect migrant workers and their remittances was revealed to be, in some aspects, unfounded in the Philippines. By the end of 2009, remittance inflows actually showed a positive growth of around 5%. The country's deployment and inflow of remittances reached record levels in 2009. The ADB-IOM study compared the Philippines, Bangladesh and Indonesia and reported that the Philippines suffered the least from the crisis. It explained that the crisis had a larger impact on migrants working in construction and in factories, whereas Filipinos are employed extensively in the service sector and were therefore less affected than migrants from Bangladesh and Indonesia (Asian Development Bank and IOM 2010, p. 20).

Though not as severely as previously forecast, migrants and their families were still negatively affected by the global crisis. A survey of 415 households with an OFW member revealed the following: In 26 of those households (6.3 per cent), the OFW member was retrenched or laid off. In nine per cent, the OFW experienced a cut in salaries or wages while 8.7 per cent received less remittance from OFW household members (from November 2008 to April 2009).[35]

According to Arsenio Balisacan *et al* (2010) the Philippine economy has avoided the recession, but long-term impacts, especially on the poor, have still to be assessed. With references to data from the Filipino National Statistical Coordination Board, Balisacan *et al* show that the GDP growth fell from 7.1% in 2007 to 3.8% in 2008 and 0.9% in 2009 (see Figure 4). Considering the rapid growth of the population (2% a year), this means the per capita GDP in the Philippines for 2009 had a negative growth of minus 1.1%. Also the growth of personal consumption expenditure dropped sharply from 5.8% in 2007 to 4.7% in 2008 and 3.7% in 2009, in spite of the inflow of remittances (see Figure 4). Remittances continued to grow in 2008 and 2009, although at a much slower rate. They grew indeed by 13.7% in 2008 and 5% in 2009 (see Figure 3). Ultimately, the average monthly inflow of about 1.3 billion US dollars played a crucial role in maintaining a positive growth of personal consumption throughout the 2007-2009 periods.

Balisacan *et al* continue by arguing that the collapse of global demand and industrial production growth has resulted in a sharp drop in the country's exports of goods and services, especially electronics and semiconductors. Their data show how in the agriculture sector the growth substantially decelerated from 4.8% in 2007 to 3.2% in 2008 and then

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[35] Yap *et al* 2009.

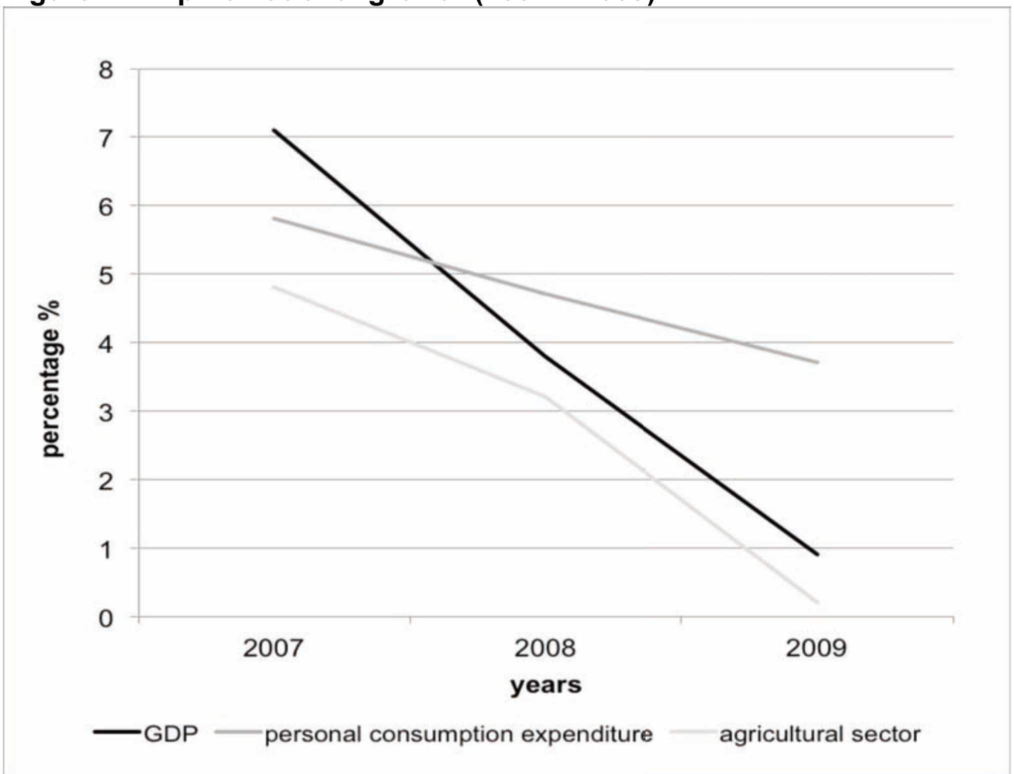
sharply to 0.2% in 2009[36]. In particular, domestic rice prices rose by about 40% during the period. Because rice accounts for about 25% of food expenditures of the poorest 30% of the population, the price shock created a significant negative impact on the well being of poor Filipinos.

Another indication of the effects of the global crisis is the recent, rapidly growing number of indebted OFW families in the Philippines. Some 21.7 per cent used remittances for 'debt payment' in 2007, 38.8 per cent in 2008 and almost half or 49.7 per cent in 2009, a total increase of 11 per cent in only three years (Franco 2010). Only the number of households which used remittances for food and education were bigger. Unfortunately this category—debt payment—was only added in 2007.

3.4. The rise of living costs in the Philippines

According to the Asian Development Bank, Filipinos were more knowledgeable about the crisis compared with Bengalis and Indonesians, and were concerned about the reduction of their income and how this would affect their living standards (ADB and IOM, 201, pp. 13-19). However, thanks to the increase of remittances, only 11% of the families in the sample experienced a real decrease of their income, since 99% of the families in the sample kept receiving money from abroad. The majority of these households (53%) *felt* unaffected by the crisis.

Figure 4: Filipino national growth (2007 – 2009)



It is true, however, that living conditions have worsened in the same period, due to an increase in living costs in the Philippines, which also explains the need for migrants to keep sending money to their household of origin. The *real* level of income thus decreased, as also expressed by 64% of the households in the IOM-ADB survey (ibid p. 24).

[36] The sharp drop in 2009 was due largely to the devastation in Luzon unleashed by three major typhoons in the second half of the year.

Over the past few years, the purchasing power of the peso had been decreasing because of inflation. In 2011, the National Statistical Coordination Board estimated the national inflation rate at 4.8%.[37] In 2010, the inflation rate was 3.8%, 0.6% higher than the 2009 figure of 3.2%, but lower than the 2008 figure of 9.3%. Thus, the relatively high 2008 inflation rate can be attributed to a large extent to the global economic crisis and global food crisis.

The value of real wages has been decreasing in the Philippines since 2003 up to the present. The economy may be growing but not people's real income. The global crisis, together with sharp increases in fuel and food prices, has exacerbated the situation. A bigger part of household income goes to food expenses, to the neglect of other necessities such as health and education. Among the poor, lower real wages also result in hunger (PQU 2012, p. 14). In 2008 alone, the value of real wages in the Philippines (and Malaysia) went down by four per cent, the worst cases known in Asia (Abella, 2010).

The increase in the price of rice is one of the worst effects of inflation, rice being a staple of the Filipino diet, especially among poor families and in rural areas.[38] In December 2010, the National Food Authority increased the retail price of rice by 8 per cent, from 25 to 27 pesos per kilo. Caritas noted that its feeding programs, serving some 10,000 children in Metro Manila alone, would be significantly affected by the price increase.[39]

It should also be considered that the Philippines is the largest importer of rice in the world. In 2000 the country was producing 92% of its rice requirements but this figure has fallen to only 79% in 2010. From being a net food exporter in the 80s, the Philippines had thus become a net food importer[40]. The sad state of Philippine agriculture has often been named as one of the reasons for the country's poor track record in creating jobs and opportunities and alleviating poverty, compared to other developing countries.

Other basic food items have undergone increases in just seven months (June 2010 - February 2011) ranging from 12% for the popular and relatively affordable fish, tilapia, to an astounding 350% for red onions (see figure 5). Mackerel used to be 'the poor man's dish' but not now, when it costs 140 pesos per kilo, which is equivalent roughly to 35% of the daily minimum wage of 404 pesos in the National Capital Region.

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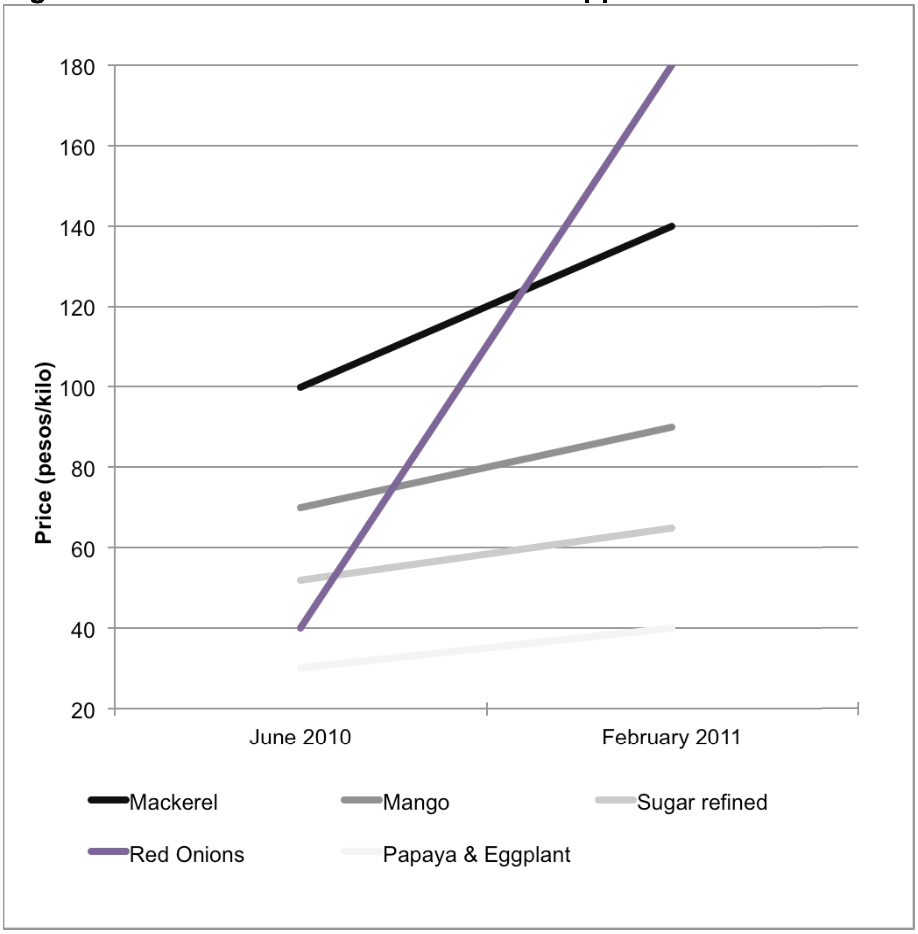
[37] Retrieved Feb. 8, 2012 at http://www.nscb.gov.ph/secstat/d_price.asp
[38] Filipinos consume an average of 267 grams of rice per day per person. A family of five, therefore, consumes more than 37.5 kilos of rice each month and would have to pay an additional 75 pesos each month for rice alone, because of the December 2010 price increase (Source: http://worldfood.apionet.or.jp/alias.pdf).
[39] UCA News (2010).
40 Commodity Online (2011).

Figure 5: Prices for food items in the Philippines



Another important issue is the rise in fuel prices. As of January 18, 2012, in just one week, oil firms raised the prices of premium gasoline by P2.30/litre, regular gasoline by P2/litre and diesel by P2.40/litre. In 2011, the minimum *jeepney* and bus fares rose by P1 while private water utilities Manila Water and Maynilad raised water rates on 12 Feb. 2012 from P1.92/cubic meter to P2.30/cubic meter.

'I can leave you nothing but a good education' is a popular saying of middle class Filipino parents. In fact one of the main reasons why Filipinos want to work abroad is to be able to provide the best education that they can afford to their children or siblings or grandchildren and even nieces and nephews. A 'good' education however requires a substantial investment. Although basic primary and secondary schooling in public schools is supposed to be free, auxiliary expenses such as school supplies and daily allowances for food and transportation amount to as much as 15,000 pesos to 20,000 pesos per child each year[41]. The Education Act of 1982, a legacy of Ferdinand E. Marcos, allowed private schools to implement increases in their tuition fees, after 'consultations' with stakeholders. Unfortunately this requirement was often ignored or circumvented.

At the University of the Philippines, tuition fees are substantially lower since it is a government university. Still, the annual tuition fee for incoming freshmen is P47,000 to P49,000. In the exclusive, top ranking private universities the annual fees are: P 144,000 in Ateneo de Manila, P188,000 in De la Salle University, P60,000 to 90,000 in University of

[41] Palatino (2009).

Santo Tomas and Far Eastern University[42]. With other expenses (food, transportation, school supplies, books, etc.) parents can easily spend at least half a million to more than a million pesos putting their children through four years of college in 'good schools.' A million pesos is equivalent to almost 20,000 euros at the exchange rate of about 55 pesos to one euro.

'Six of 10 Filipinos who succumb to sickness die without ever seeing a doctor'[43] for the simple reason that they cannot afford or access medical care. This was a statement made by Dr. Ramon Paterno of the National Health Institute, University of the Philippines. Half of total national health spending still consist of out of pocket expenses despite PhilHealth, the national health insurance system. Health services and facilities are concentrated in Metro Manila and at times available only in the city. Patients from as far away as Mindanao have to travel to Manila and spend additional sums for accommodation, food and transport. The private sector, which employs 70 per cent of health professionals, caters to the 30 per cent of patients who can afford them.

To give the reader an idea of costs in 'good' private hospitals in Manila: dialysis costs P3,500 per session, or at least P14,000 a month, which is out of reach even for many of the middle class. A half hour consultation with a specialist, may cost from P500 to P1,000. A kidney transplant would cost P1.2 million. A hysterectomy performed at Manila Doctors Hospital cost almost P150,000 of which PhilHealth paid only P26,000. A normal delivery in Makati Medical Center costs P57,000, while a caesarean operation costs P82,000 (as of 2010). This explains why migrant workers have to borrow money to support medical costs whenever somebody in their family becomes seriously ill and they want him/her to get good treatment.

4. Filipino migratory projects and access to credit in Italy

Although the long-term effects of remittances on the socio-economic development of countries like the Philippines is still debated among academics and policy makers[44], labour migration appears to be a crucial strategy for accumulating resources at the individual and household level and a general reason for improvements in transnational households' living conditions. In this view migration is an important *livelihood strategy* which increasing numbers of women and men from the global south are willing to undertake[45]. In the most successful cases, the migrant family's human capital (through education) and social status, through years of work overseas, are rewarded by significant upward mobility. Yet for many migrant workers in industrialised countries, these socio-economic improvements are predominantly achieved through a downgrading of their own social status, when professionals are employed in the care and domestic sector overseas (Parreñas, 2001). Still, their decision to migrate seems to be generally beneficial for their entire household. It is within this framework that the borrowing behaviour of Filipinos/as in Italy will be viewed.

One of the fundamental aspects of migration as a livelihood strategy consists of the regular sending of money and gifts to the members of the household who remain in the country of origin, as described in the previous chapter. Sending remittances is often seen as a form of emotional compensation towards children, partners and other relatives left behind, but also as a form of necessary support, without which their families would not be able to pay their

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[42] Life Insurance Philippines (2011).
[43] Bernabe (2010).
[44] With regard to the debate on the impact of remittances on development see amongst others De Haas 2005, Brown 2006, Chami *et al*. 2005, Giuliano and Ruiz-Arranz 2009, Mashayekhi 2009, and Ratha and Xu 2008.
[45] See for instance Siddiqui 2003 and, with a gendered perspective, Sundari 2005.

monthly bills. Some migrant workers are also interested in sending money for investments which may increase their asset base such as the acquisition of housing and land or investment in a business. At the same time, remittances are widely spent on college education for children who might, as professionals, contribute to the family's social mobility. Other migrants use their remittances to buy luxury goods, sponsor celebrations in their hometowns and other forms of expenditure connected with improving their status in their own communities. Finally, a number of migrants send home money to repay debts that they or their relatives contracted because of their money-wasting behaviour. All these expenses are difficult to assess and are often paid through loans contracted in the country of emigration. This is one phenomenon that has emerged in relation to the Filipino diaspora in Italy.

What is interesting are the reasons why the money that migrants earn is not enough, and why and how they resort to borrowing. As we will see, borrowing behaviour is influenced by various motivations and borrowing can have equally varied outcomes. As the economists Luisa Anderloni and Daniela Vandone point out, the behaviour of over-indebted people involves a great dimension of irrationality, connected with the personality or even some psychological traits, which makes it difficult to say why some people and not others are heavily indebted. (Anderloni & Vandone, 2010a). What we see, from our research experience is that borrowing 'is not a sin' as Lora Borromeo, one of our Filipino key informants, said. It can actually be the key to success for some migrants, but the reason of chronic distress for others. The reasons for these different outcomes will be explored in the next chapter which presents a typology of indebted people based on our sample.

First of all, however, it is important to understand the different channels to access credit that are available to migrants in Italy and, in this context, the specific features of Filipino borrowers in comparison with migrants from other nationalities. This is done mainly through an analysis of the interviews held with indebted migrants and especially with the key informants.

4.1. Migrants and (difficult) access to credit in Italy

Don Andrea La Regina (*Associazione Neschat*) believes that the obstacle that migrants encounter in their access to Italian banking system is first of all a 'psychological' one. He says that banks appear to them as hostile institutions, which might try to control them and ultimately reject them even if they are legally qualified to live and work in Italy. La Regina thinks that this is the reason behind the general reluctance of migrants to open an account with Italian banks. Most migrants, indeed, turn to Italian banks only when they are forced to do so, as in very serious cases of need.

However, it is true that when they need credit for unexpected expenses or for investments, they have difficulty accessing credit and loans from traditional Italian banks. In general, migrants are considered by traditional banks as 'unbankable' i.e. people who do not have enough credit or work history to be considered creditworthy. This kind of worthiness is fundamental in the 'trust relationship' which banks entertain with their customers. While Italians may often comply with these requirements simply by asking relatives to act as underwriters, migrants usually cannot do this.

Giorgio Albareto from the research centre of the Bank of Italy confirms this view in a recent research project on migrants' financial exclusion. He has particularly focused on the difficulties encountered by foreign citizens who want to start or improve their business in Italy[46].

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[46] On the same topic see Unioncamere, Nomisma and Crif 2009.

His study shows that the lack of a long credit history together with cultural differences between the host and the home country may fuel the scepticism of banks and their mistrust of migrants. This mistrust seems to be an explanation of the fact that Italian banks offer migrants very disadvantageous conditions in comparison with what they offer to Italians (see Albareto and Mistrulli, 2010).

Vladimir Castro, manager of a Filipino remittance centre in Rome, emphasises how access to credit is a fundamental requirement for Filipino migrants' socio-economic integration in Italy. In his view, Filipinos need more opportunities to be 'something else' than 'just' domestic workers. In the last years especially, with the economic crisis and fierce competition with other migrants entering the domestic work sector, Filipinos are urged to find alternative business opportunities. As an example, Castro mentions real estate agencies, money transfers and remittance centres, which some Filipinos are opening in different parts of Italy.

This general difficulty of migrants in accessing credit services through banks will be in the background of the analysis and interpretation of data that we will discuss in the following sections. It is indeed, especially in the view of key informants, probably the most crucial reason for Filipinos/as to choose more costly forms of loans, such as loans with financial institutions or informal money lenders.

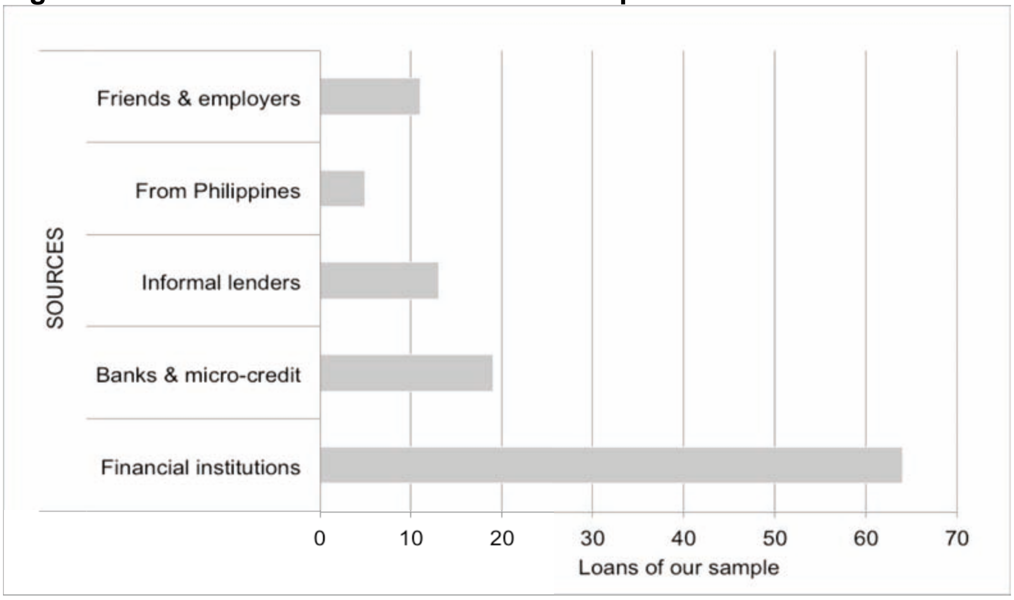
4.2. Possible sources of credit

On the basis of interviews with key informants and indebted migrants for this project, the possible sources of legal credit for regular migrants in Italy can be classified in six main categories:

- Italian banks, some of them offering specific services and products for foreign customers;
- Italian organisations promoting micro-credit for migrants and other 'unbankable' subjects;
- Financial companies;
- Filipino banks with branches in Italy;
- informal lenders and usurers;
- and, finally, friends, relatives and employers who provide credit without charging any interest (including the *paluwagan* system – see paragraph 3.2.6).

In the following pages, the main features of these six different forms of access to credit will be discussed with specific attention to the involvement of Filipino borrowers. But let us first consider the incidence of these different types of credit sources within our sample of indebted migrants. As explained in the introduction, during the interviews the indebted Filipinos and Filipinas were asked to describe the features of the loans they have contracted. With regards to the sources of these loans, figure 6 shows their distribution across different opportunities.

Figure 6: Sources of the loans from our sample



A significant majority, 64 of the 114 loans described by our interviewees were contracted with Italian financial companies, which provide credit at a legal but very high interest rate. Next are 19 loans contracted with Italian banks and micro credit organisations that offer more advantageous conditions but lend smaller amounts and only if the borrower complies with the requirements illustrated in paragraph 3.2.2. None of the interviewees had a loan with a Filipino bank branch in Italy.

Almost equally distributed are the 11 loans contracted with friends and employers and 13 loans with informal lenders. Under the heading ‘friends and employers’ we have grouped all loans contracted at no interest, not only with employers but also with friends or relatives and those contracted within *paluwagan* groups. Paluwagan is a traditional Filipino system of revolving savings, which is also practiced by migrants in Italy. The heading ‘informal lenders’ refers to loans contracted at different rates ranging from very low to usurious rates. With the exception of loans contracted with employers, all other forms of informal borrowing take place within the Filipino community. Finally, in our sample we found 5 cases of loans that were contracted in the Philippines before departure in order to pay for travel costs and other household expenses[47].

In sections 3.2.1 to 3.2.6 we provide an illustration of these different sources of borrowing by looking at the way they function and by elaborating on the advantages and disadvantages they offer to migrant borrowers, based on data from key informants.

4.2.1. Italian financial companies

On the basis of interviews with indebted Filipinos/as and with key informants, financing companies are the real protagonists in this field. *Indebted interviewees frequently mentioned Compass and Neos*, some amongst the largest such institutions in Italy, but smaller companies also play a role. It is worth mentioning that one of the interviewees reported the following story in order to give the sense of centrality of financial companies such as *Compass* in the life of Filipino transnational households:

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[47] Some interviewees mentioned the fact of having to repay debts in the Philippines as their reason for leaving and working overseas.

> "There is a joke in Mabini, Batangas: folks say 'Hey boy, tell your mother to buy the Compass Lottery ticket! You see, our neighbours 'won' from Compass, and they were able to remodel their big house!'" (Maricel, 52 years old, in Italy since 1988)

The interviews held with Italian and Filipino key informants have confirmed that migrants, Filipinos especially, borrow from financial institutions more than banks. By doing so, they incur higher costs and are subject to more aggressive policies regarding insolvency and delays in payments. Several key informants (such as La Regina) have spoken about Italian financial companies whose aggressive promotion campaigns about 'easy money' are, they believe, one reason for the over-indebtedness of migrants in Italy.

Migrants generally see these companies as easier to approach than 'traditional' banks that might reject them. Moreover, as Daniele Brambilla, manager of a specific service for migrants at one of the biggest Italian banks, explains these companies provide quick 'counter-like service': they give customers (almost) immediate answers to their enquiries, the money is quickly paid out, and few warranties or documents are required.

The problem is that these financial companies compensate for the lack of 'formal warranties' by asking the borrowers to pay expensive insurance, which, together with other extra costs, are added to the annual nominal interest rate. Borrowers often end up paying up to 24% of interest rate on their loan. Moreover, in the case of delayed payments, these companies adopt collecting strategies which are again very costly for borrowers. In the experience of Brambilla, some of their customers are people who have borrowed from financial companies and who turn to borrow from traditional banks in order to pay off their previous debts. Vladimir Castro also reports that most of his customers have borrowed money from Italian financial institutions for housing or business investments in the Philippines.

For our project, we interviewed a representative of a well-known financial company. Michele Ferrari, manager of this company's branch in Rome, confirms that it covers 8 to 10% of the credit sector in Italy. In fact this company stands out as the most frequently mentioned in the interviews. During the interview with Ferrari, a 10,000 Euro loan was discussed in detail. The repayment scheme for this loan, which included insurance and other costs, estimates that for a four-year loan, the borrower will have to pay a total or 14,093 Euros. If the repayment period is the maximum allowed (7 years), the borrower will have to pay a total of 17,892 Euros. The (compulsory) insurance covers the payment of the loan in case of death, serious illness, and disability or job loss. The borrowers must have a valid residence permit and a working contract that will last for the duration of the repayment period.

4.2.2. Italian banks

In the last years, some major Italian banks have started to respond to the difficulties of migrants in approaching the bank system. This has given rise to an expanding sector usually referred to as 'migrant-banking'. The characteristics of this sector and, in general, the relationship of migrants with Italian banks have been discussed at length with Chiara Provasoli, from the ABI (*Italian Banks' Association*). ABI is responsible for recent research projects on migrants' financial inclusion (see ABI & CeSPI, 2009). She explains that in the last 4-5 years, major Italian banks have made great efforts to reach out to this emerging market. Examples of services that banks now offer to foreign customers are leaflets and information in multiple languages; discount prices for international money transfers; and infrequently, the support of staff who can speak the migrants' language/s. Some banks provide specialised training for their front-office staff on inter-cultural issues. In the case of Filipinos/as, the remarkable data for Provasoli is their outstanding interest in saving products and remittance services. They are particularly keen in finding services which allow them to remit money in the fastest possible way.

The issue of migrant banking has been also discussed with Daniele Brambilla and Dinah Cordero who are employed in banks that, more than others, have invested in services for migrant customers. These banks also offer various forms of personal loans to migrant customers in contrast with other banks that consider migrants as ‘unbankable’.

The Genoa bank where Daniele Brambilla works offers loans to migrants ranging from 2,000 to 12,000 Euros. The banks usually adopt the ‘30% criteria’ to decide upon the amount that an individual can borrow. This requires borrowers to be able to pay a maximum monthly instalment equal to 30% of their monthly net income. In Brambilla's experience, migrant customers usually apply for a loan of maximum 6,000 Euros for extra expenses—their children's education, redecorating their apartment, travel expenses and the cost of reunification procedures. Brambilla, however, admits that about 10-15% of the borrowed money may be actually used for other purposes than declared. In some cases, the borrowers sent part of it to their home country, although this is against bank policy.

Dinah Cordero, who works at another bank in Rome, says the bank has had about 100 Filipino customers in the last year alone. About half of them applied for a loan. This bank offers two different options to customers who want to open a loan, including a mortgage. The first are direct bank loans with an annual nominal interest rate[48] of 7% and which have to satisfy the above mentioned ‘30% criteria’. The second option is designed for new customers or for customers who have difficulties in fulfilling the ‘30% criteria’. The bank works with the financial company Compass (see below) to minimise its risks. It has a deal in which Compass applies an annual nominal rate of between 8.99% and 10.99%, which is lower than what they usually apply.

Italian banks are also an important source of credit for Filipino migrants we interviewed, since they provided 15% of the total migrant loans. Banks were preferred for example by two interviewees, Maria and Gilbert, who decided to open a mortgage to buy an apartment in Italy for 165,000 Euros (payable in 20 years) and 100,000 Euros (payable in 25 years), respectively. Borrowers who turn to banks for loans are generally more conscious of interest rates and prefer long-term investments.

We need to realise, however, that resorting to banks rather than other credit sources is not, in itself, proof or evidence of wise borrowing behaviour or a successful borrowing strategy. For instance, one of our interviewees with a highly indebted profile, Yeye, borrowed twice from Italian banks, but had many other loans that she was not able to pay back.

Our Filipino key informants from home town associations, Marizen Tamayo and Lora Borromeo, actually find in the banks’ behaviour one of the reasons of over-indebtedness among their co-nationals, referring to the ease with which Italian banks give loans without really investigating the borrower's actual capacity to pay back and without really knowing how and ‘where’ (in Italy or in the Philippines) the money will be used. The difficulty in assessing how the money is actually used is also seen as a limitation by Daniele Brambilla and Romolo Flores, who work at these lending institutions. It is in this light that Lora Borromeo suggests that ‘now, with the economic crisis, I hope banks and lending institutions won’t give ‘easy-to-get’ loans any more’, as a possible way out of this problem.

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[48] The *annual nominal interest rate* index refers to the interest rate attached to the loan. The *annual percentage rate* index instead refers to the] global cost of the loan. It includes the cost of inquiry (*spese d'istruttoria*) and the cost of opening the loan. It does not include the insurance.

4.2.3. Filipino banks in Italy

Some Filipino banks have opened several offices in Italy that function only as remittance centres. Although the situation is rapidly changing, at the time of our fieldwork there was only one exception which also provided 'emergency loans'. These loans are only for customers who have an account with this bank in the Philippines. Its manager Vladimir Castro explains that these 'emergency loans' are usually for 5,000 Euros, with an interest rate of 0.8% per month and a maximum duration of one year. Since the service started in 2007, about one hundred loans have been approved, an average of 33 customers every year. Talking about the profile of the borrowers, Castro describes the majority as middle-aged married couples who have been working in Italy for many years. As he says: 'They know their time is running out and they think about something to do back home'. The most common reasons for the loans are occasional or irregular expenses such as a funeral in the Philippines or to start a business such as a travel agency in Italy or in the Philippines. Finally, many of them need money to pay back a debt they have contracted with an Italian bank or financial company.

4.2.4. Italian micro-credit organisations

Micro-credit institutions are different kinds of organisations which support migrants and Italians who would be generally defined as 'unbankable' and cannot, therefore, borrow from traditional banks. Usually these organisations work in close contact with migrant communities and employ various mediators (community leaders, Church-based apostolates or programs, non-profit organisations, etc.) in order to assess the trustworthiness of the prospective borrowers. This strategy is functional to build up what are called 'collateral or moral warranties' which make 'unbankable' people eligible for micro-credit loans. If these loans are needed to open up a new business, micro-credit organisations usually provide added support in the accounting and planning of the business project. The *Associazione Nashak* active in the area of Salerno, and *PerMicro,* which has its main office in Turin, are two examples of such organisations.

Don Andrea La Regina, president of the *Associazione Nashak*, explains how in the last five years their organisation has provided access to loans for about one hundred migrants who are *not* Filipinos/as. Thirty of these loans are still on going. The amount of the loan can be as high as 10,000 Euros with a five-year repayment period and an interest rate of 5% to 6%. The majority of the 100 borrowers are women. Many of them were already over-indebted because of unexpected expenses or gambling debts. The *Associazione Nashak* unfortunately does not have specific experiences with Filipino migrants.

According to Fulvio Lovera, from the micro-credit organisation PerMicro has specific and extensive experience with Filipino migrants, considering their high presence in the province of Turin[49]. Of the 120 Filipinos/as given loans by *PerMicro* in Italy in the last two years, 85 resided in the city of Turin. Among these, 56 were women. In his experience, Filipino customers apply for a loan mainly to remit money to the Philippines in order to support their family, and especially to pay for health expenses and the costs of reunification or to buy a house. They generally ask for a loan of 10,000 Euros, but *PerMicro* usually provides them with a maximum of 4,000 Euros, 'in order to avoid over-indebtedness' as Lovera says. His concern comes from his observation that they usually tend to ask more money than what they actually need in order to give some extra to their family back home. Many Filipinos/as in

[49] 2920 Filipino citizens are regular residents in the province of Turin (ISTAT 2010).

Turin ask for loans to cover debts they contracted because of gambling. Lovera thinks Filipino borrowers tend to demand short-term loans, preferring to pay higher monthly instalments than pay too much global interest rate, which is 10 % every year.

4.2.5. Informal lenders and usurers

A minority of the people interviewed turned to informal lenders who were other Filipino migrants in Italy. Most of these loans have to be paid back with a 20% interest rate within a few months on the basis of what Filipinos call 'the 5-6 system'. Usury is definitively the only option for migrants who do not have a regular residence permit and who cannot show a work contract, or do not have relatives who can pass these requirements. Moreover, illegal money lending is a possible option for all regular migrants who find themselves in a prolonged condition of over-indebtedness or who suddenly need big amounts of money. Don Andrea La Regina believes that in all those cases the most dangerous form of usury is the so-called 'usury from the neighbour' which is particularly widespread in some migrant networks. In his view, this is usually related to the group's 'money mindset'. There are groups who view money as something that *has* to produce more money, and groups who view money as an instrument of mutual support in cases of need.

In the opinion of one of our key informants, Frediano Manzi from SOS-Antiracket in Milan, usury among co-nationals has become quite a widespread phenomenon in the last years. It seems to be more common among Chinese, Bengali, Peruvian and Filipino migrants. From his perspective, about 5% of all migrants in Italy do resort to this form of usury. However migrants seldom borrow from Italian usurers which, in a sense, saves them from more violent and dangerous forms of extortion and blackmail. In some cases, one can find some Italians who borrow money from foreigners, as in the case of Albanian usurers active in South Lazio. The situation has become worse since 2008, as a consequence of the economic crisis.

In an article on the *Sole 24 Ore* economic newspaper (Fatiguso 2009), there is a report on the arrest of some Filipino concierges in Milano who were also moneylenders to their co-nationals. In the same article, the term 'ethnic usury' is used, which we borrow here in order to refer to illegal money lending among co-national migrants.

Again, Frediano Manzi explains that his organisation has been busy with at least 15 cases of usury involving Filipino migrants every year, in the last period before the interview[50]. Among them, only three had a successful outcome, i.e. the arrest of the usurer. Out of these 15 cases, 14 concerned Filipino women borrowers between 20 and 35 years of age. In the attempt to describe the average profile of Filipino usurers, Manzi describes them as people acting individually and not as part of criminal organisations (as is the case among Italian, Albanian or Chinese usurers). The usurer is likely to be a prominent person in the Filipino community, someone who is known to have saved lots of money through his/her ordinary job and who finds it convenient to lend to others, rather than invest money in more traditional ways. The interest rate Filipino usurers usually demand is 5% or 6% monthly, which is very low in comparison with other usurers who demand an interest rate from 10 to 30%. In so doing, Filipino usurers are less likely to be reported to the Police by angry and vengeful borrowers.

Our key informants from the Filipino home town associations, Lora Borromeo and Marizen Tamayo, confirm that usually everyone knows who the usurers are in the community, usually middle-aged men or women that make some extra money lending to their fellow Filipinos.

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[50] The interview with Frediano Manzi was held on the 9th of June 2010.

Some of them may explain their behaviour as a way of ‘helping’ needy people.

In the experience of people like Frediano Manzi, Don Andrea La Regina or Annarita Petrini, it is usually very difficult to assess the reasons why the borrowers needed money. They agree however that the point of departure of migrant over-indebtedness is their economic vulnerability, especially undocumented migrants, which results in frequent, sudden and great need of financial resources. These migrants are in a very precarious financial condition, because of the lack of a social network supporting their basic needs, such as food and housing in periods of unemployment or illness. At the same time, migrant workers are made vulnerable by their responsibility towards others such as relatives in Italy and in the Philippines who financially depend on them.

The situation is worse when migrants have debts contracted before their arrival in Italy with the intermediaries who helped them to irregularly enter the country. Frediano Manzi from SOS-Antiracket estimates that undocumented Filipinos need to pay at least ten thousands Euros to their smugglers. This debt is usually paid during the first period of stay in Italy, putting the migrant in a very precarious financial situation given the initial difficulty in finding a stable job and accommodation.

This vulnerability seems to have increased in the light of the current economic crisis, which badly impacted the economic condition of Filipino migrants in Italy. Dana Abad from the *Bank of Philippine Islands* in Rome said that 10% of Filipinos/as in Rome have lost their jobs during the year 2010, while 20-30 % of them have reduced working hours. The increase in the number of people working less hours is confirmed by key informants Lora Borromeo and Marizen Tamayo. The income reduction puts in a very bad position those who are responsible for the housing, health and education costs of their relatives in Philippines, which have become extremely expensive due to domestic inflation as described in previous sections of this paper. Some people might also have some extraordinary expenses such as the construction of a house or capital for a new business.

In Abad's view, people in this situation have no choice but to borrow money, either from their employers, other friends or financial companies. Eventually they may end up in the hands of illegal moneylenders. The main reason for the difficulty lies in the tendency to feel ashamed and to hide their real situation.

As we have said, ‘5-6’ is a common practice in the Philippines. For every five pesos you borrow you pay back six pesos, usually by next payday, one week for factory workers or two weeks for employees. In extreme cases you have to pay by the end of the day while in some places five-six has escalated to five-seven.

Filipino loan sharks in Rome charge up to a maximum of 10% interest rate every month. The loan has to be fully paid in three months or the borrower will have to continue paying the interest. There are people who have been unable to pay the principal but continue to pay the interest, sometimes for years, until their interest payments are equal to or even bigger than the original debt. One informant who borrowed 1,000 Euros was supposed to pay 1,200 Euros at the end of the third month, which is equivalent to 20% interest in three months or 80% interest in a year. Moreover, besides charging excessive interest rates, usurers hold on to personal documents like passports and residence permits which they release only after the full settlement of the loan. This has been a practice of several loan sharks while others do not ask for ‘collateral documents’ but require that someone else act as a guarantor for the borrower.

Loan sharking among Filipinos in Turin, Florence, Bologna and Rome (the cities covered by the study) is rampant. Many Filipinos go to loan sharks if they cannot borrow from legitimate lending agencies, either because they have no legal documents, or because they already have loans from other lending institutions. In Bologna, a very popular couple is known for being 'helpful' to Filipinos in dire need of money. With just one call, the money can be delivered to the borrower or picked up from the lenders' house. For a loan of 1,000 Euros, the borrower will pay a monthly interest of 100 Euros, until the whole amount is repaid.

In the course of the inter-cultural mediation and translation services offered by the *FWC* in tribunals or jails in Rome, there had been several cases related to usury among Filipinos: arrests of usurers, stabbings committed by a borrower unable to pay his or her debt and the stabbing of a borrower who could not pay for his debt by the lenders who were also relatives of the victim.

4.2.6. Friends, relatives and employers

Aside from informal lenders who charge interest, our study shows that a certain number of loans, although still a minority, are from relatives, good friends and employers. In the case of employers, the money received is usually in advance of the severance pay that employees are entitled to, or a cash advance, which is then regularly subtracted from their monthly salary. The majority of interviewees said informal lenders, usurers included, come into the picture when they are not able to make monthly payments to banks or financial companies. In the case of informal loans, borrowers describe a strong commitment to pay for what they borrowed. This is firstly because they have personal relationships with the lender and secondly because not paying their loan may damage their reputation among other Filipinos.

A traditional Filipino saving system called *paluwagan* is often mentioned and included in figure 6 under the 'friends and employers' category. This is a traditional Filipino informal mechanism for saving money. The *paluwagan* is a mutual help group where members save the same amount of money and put it in a common fund. The members then take turns using the collective savings. This could be done every week, month or whatever the group decides. In the Philippines, the practice is very popular among the urban poor and workers who are employed in the same factory or reside in the same boarding house or street. Members of a *paluwagan* group usually know and trust each other. With the *paluwagan* system, low-income people can gain access to amounts bigger than they can as individuals. A member's share or pay-off can be quite large and is often used as capital for micro-business or for relatively large expenses such as tuition fees or appliances. S/he does not have to pay any interest or provide any collateral, which is what happens when they turn to a moneylender or a bank. (ERCOF-IOM 2010, p. 52).

Another advantage is that each member is both encouraged and pressured by other members to save, and save money regularly to keep the common fund growing and the group economically viable. It is a very simple process. The amounts are usually small and therefore affordable, for instance, 20 pesos per week, so saving money becomes relatively painless. Banks on the other hand usually require a certain amount before you can open an account.

This system however is vulnerable to people who run away with the common fund (*pondo*) or to members who miss or delay their deposits. This is the reason why it is so important that members know each other and have a system to check on each other, especially the member who keeps the money, who is usually the group organizer.

4.3. Filipino migrants and borrowing in Italy

In this chapter, we have summarized some observations and conclusions made by the 15 Italian and Filipino key informants. A number of informants find that Filipino/a migrants in Italy borrow larger amounts and borrow more frequently than other migrant groups, and connect it to ‘the lack of a 'saving culture' ‘ as the reason why some Filipino/a migrants find themselves in constant financial distress and financial vulnerability.

Daniele Brambilla, for example, points out that Filipino migrants tend to ask for bigger loans than other groups do. They end up paying as much as 300 euros in monthly instalments for three to five years, which is a considerable amount considering the wages/earnings of domestic workers. Other migrant borrowers usually pay a maximum of 150 Euros for a couple of years.

Dinah Cordero believes that Filipinos show a lack of awareness on how to manage their monthly budget, allotting such large amounts for debt payment. This puts them in a condition of over-indebtedness that, in Cordero's experience, might affect about 10% of the Filipino customers of their bank. They are made more vulnerable, Cordero says, by their general lack of financial literacy. Because of their class and rural background, many had no previous experience with opening bank accounts, until they decided to borrow money from the bank.

Along a similar vein, Fulvio Lovera (*PerMicro*) reports a high propensity to extreme indebtedness among Filipino migrants in Turin and their general difficulty in saving money for their life in Italy. He thinks that they ask for loans very often, from different financial companies or banks, as borrowers or underwriters. It is typical for them to borrow a sizeable amount using one person's name, and then share the money with other people.

Annarita Petrini (AIRP) is of the opinion that Filipino migrants (and Romanians) want to be able to show off during parties among co-nationals, to be considered wealthy and successful, to the point of risking their financial stability. Petrini connects this need to appear successful through fashionable dresses and luxury gatherings, as a way to assert their individuality and identity within a migratory context that portrays them as submissive domestic workers.

On the other hand, Filipino borrowers in general seem to know very well that if you delay paying loans or become bankrupt, you will not be able to request other loans in the Italian credit system (banks and financial companies). Although their debts may be large at least one key informant says they pay their debts promptly.

This side of the story is emphasised by Michele Ferrari who considers Filipino customers among the best among migrant customers when it comes to reliability and trustworthiness, in comparison with their Italian counterparts. They seem to be more aware of the risks and willing to make sacrifices in order to fulfil their goals. In his view, Filipinos have also benefited from their long experience of settlement in Italy, in comparison with other nationality groups.

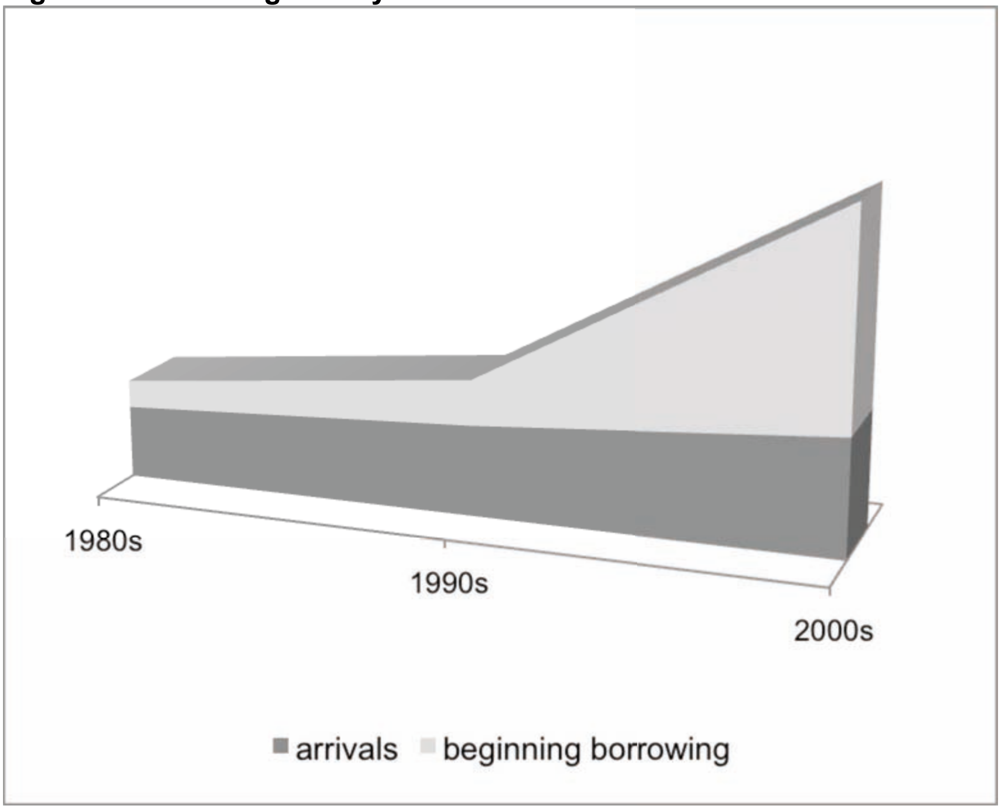
The importance of remittances for future investments is emphasised in particular by Vladimir Castro who describes his customers as keen to buy houses and land plots, or to start a business in Manila. For these expenses, he says, they prefer to borrow money in Italy, rather than in the Philippines, because Italian financial companies can release money within the same day. However, the success of a business depends not only on having enough capital, or on willingness to undergo sacrifices to get the capital needed, but also on other factors such as government policies and management skills. Castro and Cordero both believe that some migrant investors tend to grab immediate opportunities which can, and sometimes do, end up in failure.

5. A typology of indebted Filipinos in Italy

During the interviews, 32 Filipino men and women were asked to illustrate in detail all the loans they have contracted during their stay in Italy and, when relevant, loans they had contracted in the Philippines before their arrival in Italy. The interviewees were able to describe a total of 114 loans, which represent a very interesting sample and great source of information. The analysis in these pages is derived from merging observations based on the stories of the 32 interviewees and the characteristics of their 114 loans.

First of all, people were asked to clarify when their 'borrowing history' started, and an overwhelming majority of interviewees (75%) cited the year 2000. As Figure 7 shows, the increase in the number of people in our sample who arrived in the last decade corresponds to an increase in the date of borrowing history. This means that not only recent arrivals have resorted to borrowing, but also those who have been in Italy before 2000 and 'waited' until this time to start borrowing.

Figure 7: Borrowing history



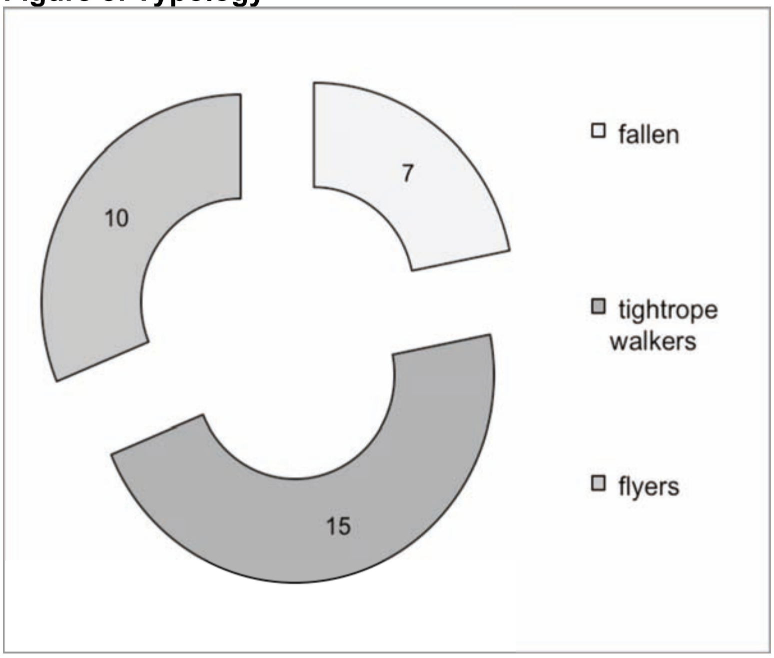
This data can be partially explained by the increase in opportunities of consumer credit and the opening of branches of financial companies that seem now to be at every corner in cities like Rome. We know moreover that the great majority of loans (63%) amount to a maximum of 10,000 Euros. Loans between 10,000 and 20,000 Euros represented 23% of the total number of loans contracted by the interviewees, while 7% consisted of loans between 20 and 50 thousand Euros. Only in two cases did interviewees report loans of more than 100,000 Euros. In the third section, the motivations or reasons for these loans will be discussed with reference to the borrowing behaviour of three groups—the *tightrope walkers*, the *flyers* and the *fallen.*

Borrowing money in the country of destination can be a positive strategy for people who want to acquire goods faster than they would otherwise be able to do. In this sense, loans are a way to maximise the positive outcomes of their labour overseas, through the accumulation of resources, specifically financial resources, which are used to increase the asset base of their transnational households and their individual well-being. In this sense, borrowing is integral to contemporary forms of overseas migration and it is part of a complex livelihood strategy that people elaborate, aware of their potentialities and limitations, and in accordance with their partners and family. However, this study will also discuss cases of migrants who do not succeed in using this strategy.

Indebtedness thus becomes detrimental to their condition as migrants. In general migration as such seems to have turned from a condition where they accumulate resources into one of exposure to different factors of vulnerability. In between are the majority of interviewees for whom borrowing seems to be neither a key to success nor a reason of major failure, but a consistent part of their migratory experience in Italy, where their precarious position could at any moment shift into success or failure.

We have constructed a typology by using the metaphor of the tightrope walkers, in order to convey the unsteadiness of the position in which migrants find themselves. Most migrants belong to the category of tightrope walkers. 'Flyers' are those who pursue success through borrowing and to a limited degree are successful, while those who cannot make it and find themselves mired in debt are those who failed to keep their balance and have 'fallen' from the rope. Figure 8 shows the distribution of our sample within these three categories.

Figure 8: Typology



As we will see a crucial element of differentiation among these categories are the *types of expenditures* for which they borrowed money. With reference to figure 9, we have grouped these expenditures in the following categories:

- **Land and business***:* purchase of agricultural land in the Philippines; capital for the start-up of a business activity in Italy or in the Philippines. These types of expenditures are generally a mark of wise and productive long-term planning, although liable to external factors such as weather conditions or global recession.
- **Consumer goods**: purchase of computers, mobile phones, cars or scooters; insurance payments for vehicles; airfare for vacations in the Philippines and purchase of presents for relatives. In some cases these types of loans are offered at the same shopping malls where people buy the appliances for themselves or their relatives.
- **Housing**: payment for a house or an apartment in the Philippines or Italy; deposit for a rent contract in Italy; renovation of a house in Italy or the Philippines; purchase of a piece of land in the Philippines for construction purposes. These seem to be a

generally good investment because it can significantly improve the everyday life of the migrants (through better housing in Italy) or their families in the Philippines. However, it may also result in a long period of payments when building a house becomes too costly and too slow.

- **Education, major health and emigration costs**: paying for tuition fees for young members of the household in the Philippines (children, grandchildren, siblings, nephews and nieces); paying for expensive operations and treatments; paying for the visa application and travel expenses of a household member for labour migration to Italy or other countries. Expenditures for migration of a young household member seems to be most fruitful since he or she will subsequently help to repay the loan and support the family.
- **Celebrations and social relations**: loans to finance public events such as weddings, graduations or *fiestas*[51] or to be able to lend money or act as a guarantor for needy friends. This type of expenditure is connected with the expectation that overseas migrants should finance important events and help others.
- **Subsistence**: money to pay for the ordinary expenses of the family back in the Philippines (bills, food, etc.), or for ordinary expenses in Italy for those who have lost their jobs. As we have seen in the previous chapters, subsistence expenses have gone up due to inflation in the Philippines.
- **Repayments**: money borrowed to repay loans contracted in the Philippines before the departure (often to pay for travel expenses) or loans made in Italy for one of the purposes above mentioned. This type of expenditure is generally a good indicator of the existence of a cycle of indebtedness.

Figure 9: Types of expenditure

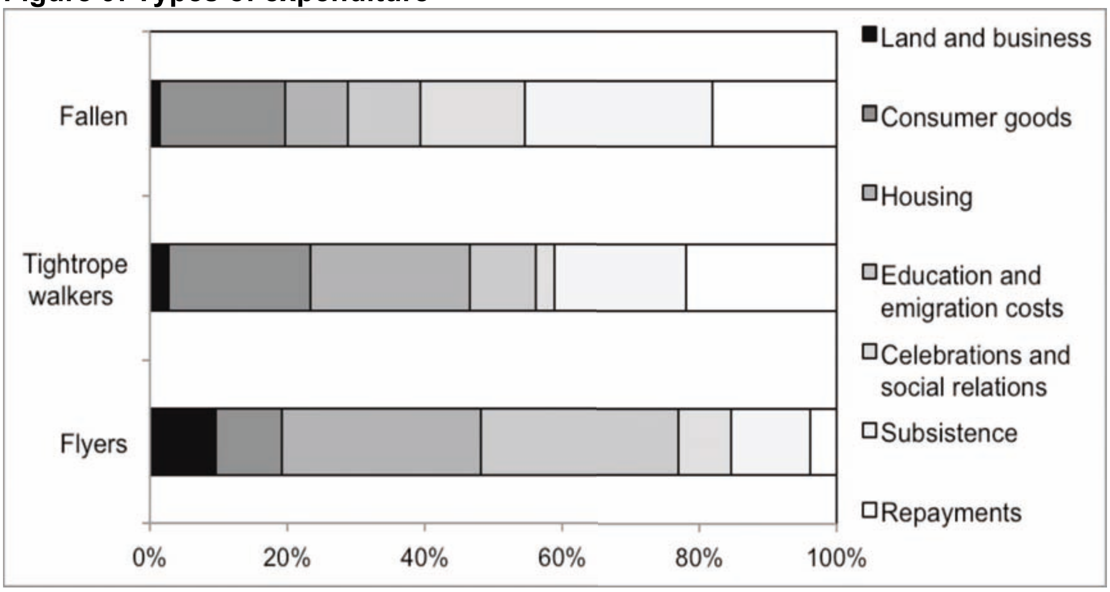


Figure 9 shows that these types of expenditures are unevenly distributed amongst the three categories of interviewees that compose our sample. The *Fallen* and *Tightrope walkers*, in comparison to the *Flyers*, seem to borrow more frequently in order to pay for consumer goods, for their own or their family's basic needs and to repay previous loans. *Flyers* tend to borrow to invest in housing and to sponsor the education and migration of young members of their households. All the interviewees spend a considerable amount of their loans to pay for celebrations or to lend money to others, but this is considerably more evident in the case of the *Fallen*. Particularly evident among *Tightrope walkers* is the number of loans that they

[51] *Fiestas* are annual town celebrations usually in honour of a patron saint.

use to buy consumer goods and repay previous loans, possibly indicating a habit of borrowing to pay for small expenses and borrowing again to pay the loan.

In the interpretation of in-depth interviews that we will present in the next pages, we emphasise these differences to identify some general features of the behaviour of indebted people. From our analysis, the fact that an interviewee is positioned in one of the three categories does not seem to be related to his/her personal characteristics such as age, marital status or time of arrival, nor to the number and type of people who depend on him/her in Italy and in the Philippines (see Figures 1a, 1b and 1c in the Introduction). Moreover, the three categories have indeed a quite scattered composition in terms of gender, duration of the migratory project, level of income and amount borrowed. Some people have the capacity to quickly repay very big amounts, while others have to strive to repay loans of few hundreds Euros. The same can be said for the sources of credit.

What seems to make a difference are the *motivations or reasons* behind the loans, which become important, for instance, in differentiating a decision made after careful planning by a stable couple, and an impulsive decision to borrow. The focus on the motivations also sheds light on the fact that the 'success' of one's borrowing history seems to depend on its outcome, that is, the reward that one acquires from the goods purchased thanks to a loan. Hence, a complete assessment of the experience of borrowing can only be formulated at the end, when the outcomes are clear and they can be seen as the proper reward or, on the contrary, the failure of sacrifices made by the borrower. In extreme cases, this involves chronic financial instability, and a constant need to borrow, even small amounts, until borrowing becomes an intrinsic part of the migratory experience itself.

5.1. Flyers

Ten amongst the 32 people interviewed perceived themselves to be successful borrowers (see Figure 8). They believe that they were able to use loans as assets to maximise their migration project, for their individual and family well-being. Eight among the ten are women in their 50s and 60 while six of them arrived in Italy in the 80s or 90s. The two men who belong to this group are young workers who live in Italy with their spouses and seem to have benefited from a clear borrowing strategy elaborated by the couple.
The first and most important feature that characterises Flyers is their attitude towards borrowing which is generally very instrumental. They seem to have a long-term perspective and are willing to make daily sacrifices to be able to repay their loans. This is how a Filipino woman in Italy for more than twenty years discussed the meaning of borrowing in the interview:

> "For me borrowing is the quickest way to produce the things I'd like to get. If I have to wait until I can save for something, I would not be able to get it for the same price any more."
> *So, if you would go back in time, would you borrow money again?*
> "Why not?! I have nowhere else to get big amounts of money. Besides, I wouldn't have been able to fulfil my obligations and my dreams, if I didn't make loans." (Maya, 62 years old, in Italy since 1990)

A similar perspective finds expression in the words of Sue, a Filipino woman who explains the importance of clear-headedness among migrant workers who borrow money to maximise the fruit of her labour:

> "It is very important to consider that one can pay back. And also one's physical condition, because, you know, our body, our health, is our *capital*, our key to achieving our goals, in paying back the loan." (Sue, 52 years, arrived 1990. Emphasis added.)

Maria and Juan, living in Italy since the 1980s, describe their couple-based decision to borrow money as part of their migratory strategy:

> "It's almost a *technique* now. With our small earnings we are able to manage our bills and prioritise what's the most immediate thing to pay. […] It is very important that you have a good *strategy* in managing the money." (Maria and Juan, in Italy together since 1985. Emphasis added.)

A migrant worker, in Sue's words, has to be fit and healthy in order to work hard and pay back those loans that allow their migratory experience to 'produce' at its best. The idea of productivity is connected in an interesting way with (younger) age as expressed by another woman, Sierra:

> "I also consider my age and my capacity to work […]. I'm in my productive years, and I count on my productivity so much." (Sierra, 45 years, arrived 2004)

5.1.2 What the Flyers spend and do not spend on

The vast majority of the Flyers have used their loans to buy property in Italy or in the Philippines. Having a house back home in the Philippines is seen as an important investment from which they will profit once they go back home for retirement, and in the meantime, their relatives can use it. In addition to that, buying a beautiful house in their place of origin has the value of what have been called 'demonstrative goods' i.e. commodities which testify to one's upward social mobility. This comes out nicely in the words of Luz, who arrived in Italy in the 1980s. She said:

> "My house is standing there, symbol of my hardship abroad." (Luz, 59 years old, in Italy since 1987)

Besides, buying a house or investing on accommodation (e.g. the renovation of their old house in the Philippines or a deposit for a better apartment in Italy) is seen as a way to improve their living conditions or their family's. It is interesting that a few decided to invest their earnings into buying an apartment in Italy. This represents a choice which is still not so common, but definitely likely to become so, as more migrants in Italy settle down and are integrated in the Italian socio-economic context. Gilbert represents those who decided on this long-term investment to the advantage of their family life in Italy, rather than in the Philippines. He said:

> "Yes, I think it was a good thing. When we were renting we were paying almost the same amount on a monthly basis. Now we have our house. If we didn't take that chance, we would not be able to have a house of our own. [...] I think it is very wise that we did that. […] I can sleep peacefully every night thinking that someday this house will be totally ours. When the time comes that we won't be able to work because of our old age, we won't be thinking any more where to get the money to pay the rent. Besides, we have something to leave behind for our daughter. […] I believe this is also a form of savings, an investment – something which not many migrants can do. And I'm very proud of this." (Gilbert, 46 years old, in Italy since 1991)

Housing and land in general seem to be investments that bring a feeling of security and comfort that is particularly dear to the interviewees. Maria and Juan powerfully express their need for comfort which, without undermining their commitments to their family back home, is important in settling down in Italy. Maria said:

> “We borrowed money to have a more comfortable life in general. At the beginning [we borrowed] because we wanted to help our families, but later we borrowed because we wanted a more comfortable life *here*.” (Maria and Juan, in Italy together since 1985)

This seems to have improved their well-being. The security brought by the sense of ‘having property’ is reinforced by the belief in the righteousness of the investment. In Amy's words:

> “I was finally able to have this small investment that we can call *our own.* This land property that is truly ours and, at the same time, it's a good business investment.”(Amy, 58 years old, in Italy since 1991. Emphasis added.)

For those who invested in *land*, this is often associated with food security, since agricultural land provides the food that their family back home needs. This was well explained in the interview with Luz:

> “[Thanks to] the land I bought they are already harvesting rice, so I don't need to send money to them to buy their food any more since the harvest from the coconut plantation is for their daily living expenses.” (Luz, 59 years old, in Italy since 1987)

The second type of expenditure in order of importance for the Flyers after a house and land is the processing of documents for members of their family who want to migrate overseas (to Italy or other countries). The impact is positive, not only for the family which remains in the Philippines and will receive more remittances, but also for those who are already abroad whose responsibilities will be reduced. These newcomers can also help their relatives by sharing the expenses of their life in Italy, as in the case illustrated by Maria and Juan:

> “A great help is the fact that now we have three brothers, my two sisters and my nephew. They are renting here in the house and sharing the bills.” (Maria and Juan, in Italy together since 1985)

Migration is considered a fundamental livelihood strategy for households in the global south and contributing to the emigration of additional members is an important investment for the successful primary migrants.

At this point, if one is wondering what is the ‘secret to success’ of *Flyers*, we believe the answer is not to be found on the amount and number of their loans, but rather in what they have *not* spent money on.

From the interviews it appears that *none* of the *Flyers* had to borrow money in order to support his/her family in Philippines for their daily expenses. Although they often borrowed money to pay health and education expenses and for the emigration of a relative they did not have to borrow to pay their everyday living expenses. This does not exclude the fact that some *Flyers* might have sent money home for the general support of their family through remittances or gifts, but they were able to sustain this cost out of their regular income, without having to borrow extra money. In addition, *Flyers* never contracted loans in Italy to buy consumer goods (eg. mobile phones, computers or cars) or, more importantly, to repay a previous loan.

Flyers seem to be people who:

- Belong to transnational families with incomes sufficient to cover their daily expenses and for special/emergency expenses such as contributions to community celebrations and surgical procedures;
- Have a clear saving strategy

- Can afford to make short and long-term investments to improve the well-being of their families.

The profile of the Flyer is well exemplified by Maya, again:

> "I was able to get my husband treated, despite the fact that he died because there was nothing the doctors could do any more. Yet, his wish to renovate our house was granted before he died. And I was able to give him a very nice burial. […] It's also very positive for me that my wish of bringing my family here was fulfilled. I'm now very happy because my whole family is here in Italy, living very close to me." (Maya, 62 years old, in Italy since 1990)

The figure of the well-respected overseas worker, usually a woman, emerges—one who tries to make the best out of her migratory decision, via a mix of investments (land, housing and education) and support to the family and community back home (health costs, celebrations). For various reasons, his or her migratory project has been a success.

However, this success is achieved by being very traditional in life and labour choices. The *Flyers,* who are overwhelmingly women in their 50s or 60s, have never invested in new businesses in Italy or in the Philippines, or tried to change the nature of their jobs or occupation. It is interesting that in most cases, although their arrival in Italy dates back to the 90s and 80s, they waited ten or twenty years to borrow money, having achieved some stability in terms of income and a job.

5.2. Fallen

The *Fallen* are people who, for reasons we will discuss, have borrowing experiences quite opposite to the experience of *Flyers*. In our study, this category is represented only by seven people (six women and one man), a very small number which does not allow us to make generalisations. The seven *Fallen* represent 21 per cent of the total number of interviewees - 32 people with past and current debts.

It is important to note that migrants in this category were the most reluctant to be interviewed, partly because of fear that they will be reported and stigmatised in some way. Only very exceptional conditions have allowed interviewers to contact the five *Fallen* (see the Methodology section in the Introduction). In this study, we take their cases as breakthroughs in gathering data about an emerging but little known and understood phenomenon. We do not aim to represent the phenomenon here, but rather to use this small window to look into the mechanisms and problems that the Fallen experience.

As the interviews with key informants have also shown, having excessive debts is a serious problem. It makes them highly vulnerable and their frustrations have profound repercussions on all levels of their personal and social life. This the way Yeye describes the condition of a highly indebted person:

> "My entire salary goes to pay my existing debts. […] And – take note – still it's not enough […] Almost every year or even twice a year, I make a loan. So, that's a long story of indebtedness." (Yeye, 47 years old, in Italy since 1987)

Monica, who powerfully describes the way borrowing has worsened her condition, exemplifies this experience:

> "All the negative effects [of loans] are heaped on me. Psychologically speaking, it's affecting me, really, because I couldn't help but always think about it. There was also

this accident that I got almost hit by a car because of all the loans I have...[...] I'm so tired." (Monica, 46 years old, in Italy since 1997).

Yeye has been living in similarly bad conditions for many years. Her first loan dates back to the 1980s, when she had just arrived in Italy. The fact of being indebted has pervaded, in her view, all the fields of her life, damaging it at multiple levels. She stated:

> "There are so many negative effects. One is that it has affected my family relationship to the point of almost breaking up the family. Another thing is the psychological side. I think and worry so much, so much to the point that this situation is affecting my health condition. I can't sleep at night and I need to take pills in order to rest. I'm always irritated and I couldn't help but cry most of the time, especially during payment periods! It has affected my social relations as well. […] I seldom go out and rather stay at home. I'm also afraid to answer phone calls because those could be my creditors." (Yeye, 47 years old, in Italy since 1987)

When unable to pay on time, borrowers tend to withdraw from their circle of friends, remaining isolated and depressed. Some may move to another community or city. They do not lead normal lives. When the truth comes out, the heavily indebted tend to lose their credibility among Filipinos. They tend to become the 'talk of the town', the topic of gossips and branded as people who do not repay their debts and therefore not to be trusted with money.

Our Filipino key informants from Filipino migrant associations Lora Borromeo and Marizen Tamayo talk about people who suffer from enormous emotional distress, because of the shame connected with having debts. The heavily indebted have to constantly change their phone numbers and place of residency, in order to escape from their creditors. 'No way out of debt but escape!' is becoming a common mindset among desperate over-indebted Filipino migrant workers.

5.2.1. The multiplication of debts

The reason behind the difference between Flyers and Fallen can be traced to some features of their borrowing behaviour. The examples of two women can be studied regarding the type of expenses that were paid by their loans. Firstly, some of them were already indebted to people in the Philippines who lent them money to pay their travel expenses. Secondly, unlike Flyers, the Fallen resort to new loans in order to repay previous ones. One can actually say that it is exactly this chain of debts that leads to the dangerous indebtedness. Accumulating high interest loans in order to pay previous ones is well described by Yeye:

> "Let's say it, now: the general reason why I've loans is because I wanted really to pay all my dues on time, but since I didn't have enough money and the income of our family is not enough, and since we have other bills to pay, I resorted to making other loans. Thus, my loans became bigger and I became highly indebted, especially because of the big interest that these institutions charge you!" (Yeye, 47 years old, in Italy since 1987)

In order to sustain multiple borrowing, the *Fallen* have to resort to a variety of credit sources, from formal to informal. Yeye again describes this accumulation of debts:

> "I have a vast experience in borrowing money, both with informal lenders and financing institutions, and with banks as well. Oh, also with employers and family and friends. You see, all the possible ways to borrow money. I've experienced them all." (Yeye, 47 years old, in Italy since 1987)

Another woman, Lynn, who is younger than Yeye and arrived later in Italy, graphically describes the mechanism which put her in a condition of over-indebtedness, and which started with the simple purchase of some consumer goods:

> "I'm buried by debts. […] It's a big headache. It's very hard to have continuously to pay debts! At the beginning I was fascinated by borrowing and I was attracted to do it again and again." (Lynn, 38 years old, in Italy since 2007)

Interestingly Lynn also admits an initial 'fascination' with borrowing, probably seen as a way to make easy money. However, since Lynn has to support her entire family in the Philippines, she had to add borrowing for remittances to borrowing for personal expenses. The increase in the financial obligations to lenders and to her family, have trapped Lynn in a condition which is difficult to sustain.

Another important common feature is the fact that both women sent part of their loans to their families in the Philippines not only for occasional expenses (for instance, medical costs) or for the education of their children, but to pay for their everyday expenditure. This means that their income level in Italy is not enough to allow them to simply remit money to support their family, but that they needed to borrow in order to do that, which is the basic and first requirement that migrants have to face from people back home.

> "It's true that [in Italy] we earn more money, but if you think carefully: if our income gets bigger our expenses get bigger too and prices are rising! The reason why I borrow money is that my salary is not enough for the rent, for my needs and my family's allowance. After I get my salary, money seem just to slide from my hand because of all the payments I have to do here and there." (Lynn, 38 years old, in Italy since 2007)

What Lynn is describing is, in very general terms, the failure of one's migratory project: when a migrant with his/her earnings overseas is not able to support herself in the way she and her households expected. The extreme indebtedness of people like Lynn is the symptom of such a failure.

The conditions that contribute to the negative outcome of Lynn's migratory experience can be found in the context of her arrival and departure (for instance, the level of poverty of her family and the working opportunities she found in Italy). In this specific case, Lynn arrived in Italy in 2007, so one might explore the hypothesis that the global crisis worked against her migration project, for which she was already indebted. This finds a correlation, in our study, in the fact that most of Flyers are people who arrived in Europe in times when the migrant could really profit from the differences of income between global South and North, and when the market for private cleaning services was literally booming in Italian big cities.

It should also be noted that almost half of the people who find themselves in the category of Fallen are there for reasons beyond their control, for instance, people who have borrowed money to give to others and have been cheated, or people whose lives are affected by serious illness, drug addiction, gambling or chronic unemployment of their partners. To this, we have to add what Anderloni and Vandone (2010a) call the 'irrationality' of over-indebtedness, which makes it difficult to produce any conclusive statements about this case.

5.3. Tightrope walkers

In contrast with this picture, other informants depict Filipinos/as as *Tightrope walkers* who, unlike the Fallen, are generally able to pay back their loans. They are indeed the people that banks and financing institutions usually describe as 'good payers' meaning very disciplined borrowers, who can be trusted to repay their loan, and who will, sooner or later, come back asking for another loan. These are the customers that financial companies want to attract.

The majority of people interviewed, aware of the outcome of their loans, would not see themselves as successful in that. These interviewees express mixed feelings towards borrowing, some regret having done it, still others complain about their mistakes. In general they see borrowing as an unavoidable part of migrant life, but they have difficulty, often at a very emotional level, in coming to terms with it.

People like Ancor, for example, seem frustrated with having debts:

> “I really got sad and irritated that I'm paying so much interest and I'm also paying extra for each time I'm late with the payment. It's really heavy. It's like double killing an animal or a person who's already dead. Too much burden for the people like us who borrow money.” (Ancor, 53 years old, in Italy since 1998).

The same goes for Romy:

> “I work to death for these loans. My salary is no longer mine because the money is already kept aside for the monthly dues I've to pay.” (Romy, 39 years old, in Italy since 1993)

Or Beauty:

> “That's where my head really hurts! Even before the end of the month, I already have this list of things to pay.” (Beauty, 29 years old, in Italy since 2000)

It is important to note that having large debts exacerbates the already precarious conditions in which most migrants find themselves in the country of destination. The example of Beauty, a young Filipino woman who arrived in Italy in 2000, illustrates how migrant borrowers might easily connect the policing and control to which they are subjected as migrants, to those rules applied by financial companies in case of insolvency:

> “If ever I wasn't able to pay on time, with *Compass* there is risk that they charge you a fee. That's scary especially for us as foreigners, here. If we cannot pay back... who knows what they can do to us, right? […] It's scary. That is. If you ask me, actually, I don't want to have a loan whatsoever.” (Beauty, 29 years old, in Italy since 2000)

Such an experience with loans and indebtedness hampers the chances of migrants not only to increase their financial capital, but also to make their migratory experience a truly advantageous decision, from a livelihood perspective. These people usually regret having debts and reject an instrumental approach to borrowing. They are not concerned with being quick and effective in investing their earnings from overseas work. Josie explains her regret :

> “[In the future] instead of borrowing money, I will save money and after I saved enough, then I will buy a house. I really regret having loans.” (Josie, 45 years old, in Italy since 1996).

As one can see in Josie's words, a negative experience with borrowing results in a general disbelief in the value of loans as an accumulation strategy, something which is contradicted by the experience of many others. The point, in this study, is not to find ‘who is wrong and who is right’ but rather to discuss what are the conditions which make borrowing change from an accumulation strategy into something detrimental in their lives.

When one looks however at the *type of expenditures* for which *Tightrope walkers* borrow money (Figure 9) one will see that the repayment of previous loans is strikingly more frequent than in the other two categories. This data can be analysed in combination with the equally high incidence of debts connected to housing investments and buying of consumer goods. These interviewees typically find themselves in a situation in which they have started to build or renovate their house in the Philippines, which became more costly and time consuming than they expected. They seek ‘compensation’ for their sacrifices by buying consumer goods such as mobile phones or personal computers.

Unlike Flyers, Tightrope Walkers do not or are unable to sponsor the migration of other members of their household, which could actually be a good strategy to lessen the commitment to remit and enable them to repay their debts. They also borrow large amounts for their families' everyday expenses or health costs, which, as we have pointed out in the case of the Fallen, are an important reason of distress in Filipino households, especially with the impact of the 2008 global crisis.

6. Conclusions

The number of respondents involved in this research project (15 key informants and 32 interviewees with 114 loans) represents only a thin slice of the almost 135,000 Filipina and Filipino migrants presently living and working in Italy. It would be hard to make sweeping generalizations based on the data and opinions gathered. However, the findings can still be considered a breakthrough on the following points:

- It is a focused and concentrated effort to examine a relatively new phenomenon that, based on many accounts, is related to the global economic crisis and its impact on migration in both sending and receiving countries, and transnational families.
- It goes beyond gathering and systematizing data, opinions, and observations of respondents in the project by locating them in the wider context and in the light of previous studies on the Filipino diaspora.
- It presents an initial framework for further research on indebtedness that can be enriched in the future.

We do not yet know how many Filipina/o migrants in Italy have debts, and to what extent they are indebted. That is beyond the scope of this study. There is enough basis, however, based on information from this project and past research on the Filipino diaspora to make the following observations on the factors and conditions that determine or influence borrowing behaviour.

First, the structural weaknesses in the Philippine economy affect transnational families and often make it necessary for migrant workers to borrow substantial sums. Due to the lack of affordable health care and education, migrant workers have to resort to borrowing to pay astronomical tuition fees and hospital bills. Due to difficulties farmers have in accessing credit, their migrant relatives have to borrow money not only to buy land, but also to purchase farm inputs and pay for irrigation costs. What is tragic is such support to individual farmers may all come to naught due to competition with imported subsidized food products, extensive land conversion, lack of farm roads and other infrastructure.

The Philippines lags behind its neighbours badly, not only in economic growth per se, but more importantly in inclusive and sustainable growth. Members of transnational families, like other Filipinos, find it difficult to find jobs and reduce their reliance on the migrant wage earner[52]. The country's GNP has been growing in recent years, and its growth rate reached 7.3 per cent in 2010, its highest point in 30 years. And yet the country suffers from 'jobless growth' that is, net employment and real incomes have not increased despite increase of GNP. The unemployment rate reached 27.2 per cent in 2011 compared to 18.9 per cent in 2010. More than eleven million adults are unemployed[53]. At the same time, the peso's purchasing power has slid down to from 60.24 centavos to 58.28 centavos in just one year (2010 to 2011).

Migration can encourage idleness and other members of the transnational family may stop from working altogether. Debt is often related to such dependence on migrant workers who need steadily increasing amounts to support their immediate and extended families in these times of economic crisis. Some interviewees expressed their dismay at the fact that their incomes can no longer support both themselves and their families.

In essence the migrant worker does more than keep the economy afloat through

[52] World Bank (2010).
[53] World Bank (2010).

remittances. S/he also shoulders the expensive duty of providing adequate health care and education for her/his transnational family since the government has failed to provide systems for affordable and universal health care and education. S/he sends a monthly allowance that supports even adult members of the family who are not gainfully employed. The situation is untenable and unsustainable. As conditions get worse in the Philippines, migrant workers may find themselves borrowing more and more money.

Second, the great majority of Filipino migrants look on their stay in Italy as temporary and intend to return to the Philippines. This means that within a finite number of years (when they are still physically fit and able to work), they hope to support their families through remittances, improve their economic and social standing and build up enough resources for their retirement in the Philippines. Obviously not many transnational families can achieve all these objectives on their salaries and other earnings alone. Some choose to borrow capital to achieve their dreams. Others however have to borrow to achieve the most basic economic rationale for migration—that is to be able to provide food, clothing and shelter to the migrant and to the family members left behind. Still others borrow only for occasional and emergency expenses.

Third, Filipino migrant workers frequently support not only members of their immediate family, but other relatives, close friends, and even community activities. It is the effect of a culture that prioritises the family and encourages its members to make sacrifices for its welfare. Interviewees often expressed the satisfaction they feel when their children finish school, when an elderly parent receives good medical care, or when a nephew manages to work abroad due to their intervention. These are not only reasons for their debts, but also what are considered as accomplishments and the reward for all their sacrifices.

Fourth, while it is true that access to credit is easier than in the past, the credit that is most accessible to migrants is credit from financial institutions, *expensive credit.* Although interest rates are high, the majority of interviewees opted to borrow from these places because they can get large amounts easily and rapidly, sometimes within a day. Although banks have been more open to lending to migrants in general, they still widely consider migrants are ‘unbankable,’ and while interest rates may be lower, there are stricter conditions and processing is slower. Migrants without the required papers resort to borrowing from usurers since they cannot access other credit sources. Again this is expensive credit.

In conclusion, the success of a migratory project depends to a considerable extent on the migrant's personal qualities and to the qualities of the transnational family. Success is easier to achieve if the migrant is well educated, experienced and skilled in her job, and is hard working and thrifty; and if the transnational family does not rely solely or even mainly on the migrant, but has other sources of income, such as gainfully employed members, or profits from a stable business or a productive farm. In such cases a migrant might resort to loans to build up a business or farm, diversify the family's sources of income and strengthen an already financially viable household. In this context a debt is not only ‘not a sin’ but a tool to maximise the gains from migration.

However, there are many factors that determine the success or failure of migration, which cannot be controlled or even influenced by the qualities of the individual migrant or migrant family. For instance, before the global financial crisis, there was a period when there was stronger demand for carers and domestic workers in Italy. The exchange rate was also extremely favourable to migrants sending remittances. Prices in the home country were significantly lower. All things being equal, there would be less reason for a migrant to end up in a debt trap within such a context.

The 2008 global crisis has exacerbated the problems of an already weak Philippine economy, resulting for instance in skyrocketing prices of food and fuel. Migrant workers have to send more euros to the family ‘left behind’ just to compensate for inflation and decrease in the real value of the peso, while trying to balance this with higher cost of living in Italy. Migratory projects are more vulnerable under these conditions and can easily flounder and sink.

Borrowing can easily turn into a necessity and become part and parcel of migrant life, rather than a strategy to improve the transnational family's economic standing and help it achieve its long-term goals and dreams. The gains from migration might shrink while the losses may multiply. Not even the Filipino's bayani mindset and capacity to make sacrifices can prevent that.

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APPENDIX I

QUESTIONNAIRE FOR INDEBTED FILIPINO MIGRANTS IN ITALY

A. Introduction: household financial conditions
What is your actual occupation?
How much do you earn from that?
How many people (relatives/others) rely economically, fully or partly, on this money?
Who else (partner, parent, child, sibling) is contributing to your household's income?
What is this person occupation (in Italy/Philippines/other)?
Who would you say to be the main wage earner (breadwinner) in your household?

B. Borrowing money and migratory history
How many times have you borrowed money in relations to your migration to Italy?
On what occasions? (*Make a list. e.g. 'Before' the travel, after the arrival, to pay the journey for another member of the household, for some anniversary, for the birth of a child, in case of sickness, etc.*)
Were you able to pay for these loans or do you still have a loan(s) pending at this time? (*tip: come back to this sensitive issue towards the end, if the case*)

C. Details (to repeat for each loan they opened from the first till the last)
When did you open this loan?
What kind of expenses did you pay for with the money? (*e.g.: living costs, health, education, housing investments*)
"Where" did you spend this money? (*I.e. in Italy/the Philippines/other countries*)
How much did you borrow?
How much did you need in total?
If the answers at C4 and C5 mention different amounts, ask: Where did you find the rest?

Who/what was the lender? (*Imp: Where are/is they based? What was/is their nationality?*)
How did you get in contact with them?
How were/are they organised?
Before opening the loan with them, did you try to borrow money from others? (*Imp: If yes, specify who or what— friends, family, banks, financial institution, etc.*)
What was the outcome of these attempts?
Why did you decide to contact this institution(s)?

What was/is the period specified for the repayment of this loan?
How much interest did/do you have to pay?
Where you able to pay back this loan?
If yes: How long did it take? *If not:* Why?

Were you able to fulfil your goals in borrowing the money? If not, why?
In case you gave the money to someone else, were you able to control how the money was used? *If yes*: How? *If not:* Why not?

D. General considerations (self-reflective part)
What do you consider to be the ever returning (or general) reason for you to borrow money?
Did you consider your capacity to pay back every time you decided to borrow money? What else did you consider?
Did you plan on how you were going to pay for the loan?
Do you see any positive consequence (*economic, psychological, etc.*) of these loans on you and your family? If yes, which ones? (*Ask to make examples*)
Do you see any negative consequence (*economic, psychological, etc.*) of these loans on you and your family? If yes, which one? (*Ask to make examples*)

If you could go back in time would you have made a different decision or acted differently? *If it is so:* What would you have done differently and why?
In case s/he says s/he would have made the same decision: Why is that so?

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