

Smart remittance guide for workers migrating to the Republic of Korea

Manage your money and achieve your migration goals



Remit wisely!

You should remit with a reliable formal remittance service provider – like banks, money transfer operators or a post office.

Why use formal channels?

They are safer and more reliable. It's easier to track money. You will have statements (receipts) for all your transactions

Advantages of using a bank:

Your money can grow. You can send money directly to a family member's savings account. If they don't use the remittance money, it can earn interest.

Before you remit and choose your remittance service provider – ask questions!

You can remit in four ways: account-to-account, account-to-cash, cash-to-account, cash-to-cash. Get clear information on the key aspects to make your selection: convenience, cost, time and security.

Questions to ask include:

- ▶ How much does it cost to transfer?
- ▶ How long will it take for my family to receive the money?
- ▶ Will my family receive the full amount or will they be charged a fee?
- ▶ What ID should I bring to send money? What ID is needed to receive money?
- ▶ What forms do I have to fill in to send money?
- ▶ Does the transfer need to be processed through a bank account?
- ▶ Do you offer other services, such as a savings account, preferred rates on other financial services or non-financial services such as counselling?



Remittance service providers in the Republic of Korea

In the Republic of Korea, you can send remittances through banks, money transfer operators (MTOs) and Korea Post.

Remember: In Korea remittance service providers are legally required to disclose the fees applied to their services, including foreign exchange rates and any taxes. They must inform you of the speed of the transfer and complaint mechanisms available. They must issue you a receipt for the transaction. However, they are not required to give you information about the exchange rate and fees charged by the receiving partner institution.

Korea Post

Remittances through Korea Post can be sent worldwide, though the fee will depend on which country you are sending the remittance to. Through the Eurogiro and Swift networks Korea Post connects with other post offices and banks. Ask how your relatives can collect the remittance. It can take seven to ten days to deliver the money order. You do not need to open a bank account with Korea Post to send money but you will need to provide: Your name, address, and phone number; and the recipient's name, address, phone number, bank name, bank address, bank code, and account number.

Cost: US\$7.45-9.30 at the post office counter; US\$4.60-6.50 if purchased via the Korea Post website. This is the cheapest means of transferring remittance overseas because there are no intermediary fees or fees on the receiving end (ILO, 2014).

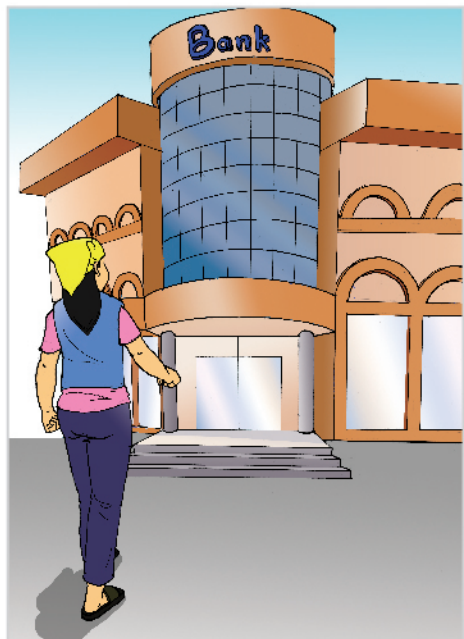


★ Banks

Comparison of remittance charges imposed by various banks is possible through the Korea Federation of Banks website (<http://www.kfb.or.kr>). Banks offer counter, internet, mobile, telephone, and ATM remittance services. You can remit account-to-account, cash-to-account, or account-to-cash.

You should ask the bank about the location of their partner institutions in your home country, to avoid the risk of your family spending too much time or money travelling to the partner institution's office. To send a remittance you will need to provide: Your name, address, and phone number; and the recipient's name, address, phone number, bank name, bank address, bank code, and account number.

Cost: The total cost will depend on the amount of money you send and can vary between US\$33-90 (ILO, 2014). Sending money through banks is a cost-effective option when sending large sums of money. The fees you need to pay include: remitting bank fee, transfer fee, intermediary bank fee, receiving bank fee, and the cost of the foreign exchange rate spread. Remitting through online or mobile phone banking will be cheaper.



★ Other payment facilities

PayPal facilitates money transfer through the internet. PayPal is available at agencies of Hanna Bank. Customers who sign up to internet banking or smart-phone banking with Hanna Bank can use PayPal

Cost: PayPal charges only 1 per cent of the amount of being transferred, plus the exchange rate spread. For transfers from the Republic of Korea, PayPal limits customers US\$1,000 per transfer and a total of US\$10,000 per year (ILO, 2014).



★ Money transfer operators

In the Republic of Korea, there are only two international MTOs: Western Union and MoneyGram. You can only send US dollars via MTOs. Western Union has 4,000 agent locations, including the offices of IBK, Kiup Bank, Kookmin Bank, NH Bank, Busan Bank, and Daegu Bank. Their customer service centres can provide information in Korean, English, Chinese, Tagalog and Vietnamese. Remitters can use MoneyGram services at the branches of the following banks in the Republic of Korea: Woori Bank, Shinhan Bank, Kyeongnam Bank. To send a remittance through MTOs you will need to provide: Your name, address, phone number and your passport; and the recipient's name, address, phone number, bank name, bank address, bank code, and account number. The money will be available almost instantly.

Cost: Transfer fees may vary depending on the amount being remitted and the country to which the money is being transferred. The costs will vary from 2.6 per cent to 3.4 per cent of the amount being transferred plus the foreign exchange margin. If you are sending over US\$1,000 Western Union and MoneyGram are more expensive than banks and Korea Post (ILO, 2014).

How to send and receive remittances

How to transfer money:

- 1 Contact or visit a bank or financial institution.
- 2 Fill in a short and simple money transfer form.
- 3 Approach staff and provide them with the following information:
 - ▶ the name and account of the receiver (if the receiver holds an account with the financial institution);
 - ▶ the name, identification card number or other document proving the identity of the receiver (if the receiver does not have a bank account with the financial institution).
- 4 Inform the receiver about the amount of money you have transferred, the tracking number and when the money can be picked up at the bank or financial institution office.



How to receive money:

- 1 Go to the bank or financial institution office and provide its staff with the information concerning the amount of money, name of the person who is sending money to you and the tracking number.
- 2 Show your identification card or other document proving your identity to the bank staff.
- 3 The bank or financial institution staff will arrange and provide the money to you.

Manage your money and achieve your financial goals

- 1 Think, discuss and set goals.** Migration will not only affect yourself, but your future and your family's well-being. Realizing a big goal takes the whole family working together as a team. All goals require hard work, saving money, and agreement with the ones you love. Some goals can be achieved in a few months, others take a few years. Your goals might be different from your relatives' goals. It's important to acknowledge and respect that each family member will have different goals. These could include building a house, paying for children's education, saving to start a business, etc.
- 2 Budget and keep track of your money.** A budget is an estimate of your income and how you will spend it in the future. Keep track of your income and expenses to help you see how much money you are earning per month, how much you spend and save, and where you can reduce or cut your spending.
- 3 Remember your goals.** If you spend your money wisely, you will have a better chance of reaching your goals, and also be protected in case you are sick or another emergency happens. Spend on needs and not on wants. Needs are things that are important to our life. Wants are things that may be nice but sometimes prevent us from reaching our goals. If you spend too much money on your wants, you will run out of money and you will never reach your goal!
- 4 Go to the bank and open an account before you leave.** Banks have products and services that can help everyone. A savings account can help you keep your money safe, help you money grow, and help you reach your goals.
- 5 Remit smartly.** You should remit with a formal remittance service provider – like banks, microfinance institutions or MTOs, because it's safer, and also easier to track money. Your money can grow if you send it directly to your own or to a family member's savings account.
- 6 Your family should spend the remittance wisely.** Agree as a family how much remittance is needed each month and what the remittance will be spent on. Never send all of your extra income back to your relatives – keep some for yourself in an emergency fund.

Support is available!

If you need help with translation to send a remittance, you can contact the Republic of Korea's Foreign Workers' Support Center by calling 1644 0644. The Center operates every day from 9:00 a.m. to 6:00 p.m. and provides translation services for 13 languages: Bahasa, Bengali, Burmese, Chinese, Khmer, Mongolian, Nepali, Tagalog, Tamil, Thai, Sinhala, Urdu, and Vietnamese.



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