

THE “MONEY” TALK

10 TIPS

to protect
your helper & yourself
from potential
financial issues



香港理財月
MONEY
MONTH
Hong Kong 2018

With limited child/elderly care services, employing a domestic helper can ease the pressures of daily life. However, the employer-employee relationship can be tricky to navigate – especially when discussing finances. Almost all (90-97%) of helpers have some level of debt¹, but after financial education there was a 40% decrease in helpers saying they would take out loans without repayment plans². Helpers burdened with debt can be stressful for both helpers and their employers, but there are things you can proactively do to ensure the wellbeing of your family and your helper. This quick guide provides some tips that you may find helpful.



Quick profile

THERE ARE **370,000**

migrant domestic helpers in Hong Kong (as at January 2018), **mostly from the Philippines and Indonesia**. Most helpers are sole breadwinners.

¹ Internal Enrich Survey
² 'Financial Literacy: What is the Impact?', a 2017 study of Enrich's work conducted by Chinese University of Hong Kong and funded by the Investor Education Centre.

Why are helpers often in debt?

Domestic helpers can face financial difficulties for many reasons, but the debt cycle starts with recruitment.

- 1 Helpers may arrive in Hong Kong already owing debt due to very high fees charged during the recruitment process (training, placement fees etc.).
- 2 They may be forced to take loans with high interest rates to repay recruitment costs. With no access to formal credit (bank loans), helpers may resort to (licensed or unlicensed) money lenders. Sometimes they are not even given certified documentation.
- 3 Repayment can take months (while also sending money home) and can involve bullying and threats from loan sharks. Often, employers may also be victims of illegal harassment.
- 4 Helpers are also targeted due to lack of financial knowledge. For example, loan companies make it extremely easy to secure loans (e.g. only asking to see HKID and employment contract for immediate cash). This is dangerous without the knowledge of what to watch out for.

What you can do...

When hiring a new helper

1 Avoid contributing to recruitment debt:



Use a licensed, ethical employment agency that does not charge the helper more than the legally allowed 10% of her first month's wages.

At the start of her contract

2 Help her set up a bank account:



Some banks are not very welcoming to helpers; many employers find it helpful to accompany their helpers to open an account. Always pay her salary by bank transfer if possible.

3 Encourage her to save:



Your helper can open a second bank account and auto-transfer savings from her main account (where her salary is transferred) to this second one.

4 Talk about future loans:



Speak to your helper about borrowing money in a non-judgemental way. If she does need a loan in future, she can speak to you first - we do not advise signing a loan as a guarantor, but you can help ensure that the company is licensed and the terms are fair (see point 7). Caution her against signing a friend's loan as a guarantor as that can leave her liable.

TIP: An appropriate time to talk about financial concerns is to bring it up naturally when paying your helper each month.

During her contract

Encourage her to:

5 Pay herself first:



She can set aside money for different goals (such as an emergency fund) before sending her remittance.

6 Review her remittance:



She can occasionally reassess the amount she sends home and add to her savings.

7 Spot unfair loan terms:



If she talks to you about taking a loan, you can ask her:

- What is the loan for? Is it a need?
- What is the total loan amount, interest rate and repayment schedule?
- Can she afford monthly repayment?
- Is the lender licensed with the Licensed Money Lenders Association? Warn her against borrowing from friends/illegal lenders.
- Will she receive certified documentation?

8 Be vigilant of online/love scams:



Remind her to be cautious online and never give money to a friend without questioning the situation. If in doubt, contact the Police's Anti-Deception Coordination Centre.

9 Research before investing:



She might be vulnerable to investment scams or pyramid schemes. Encourage her to research and ask questions before investing.

At the end of her contract

10 Encourage her to save for retirement:



Helpers are not eligible for MPF or any local retirement fund. However, she could save her long-service pay (received after 5 years of continuous service), or any sum you might choose to gift her in recognition of her service.

“ What can I do if my helper is in trouble? ”

If you find out that your helper is in debt, a victim of a scam, or if you or your helper are harassed by loan sharks, it is understandable to worry for your family and your helper's safety. However, terminating your helper should not be the first option and it won't stop the loan sharks contacting you. Instead, you can:

Find out the overall details of the situation from your helper (e.g. how much she borrowed and why).

Arrange a confidential one-to-one financial counselling appointment with Enrich; we can help your helper create a budget and repayment plan if possible.

Report the loan shark's behaviour to the authorised financial institution involved, the police or the Companies Registry; consult the Anti-Deception Coordination Centre for suspected scams.

Helpful Contacts

24 Hour Labour Department Hotline
+852 2717 1771 (Ext. 1823)

Money Lenders Unit, Hong Kong Police
Hotline: +852 2860 3574

Companies Registry
Hotline: +852 2867 2634

Licensed Money Lenders Association
+852 2827 8281

Anti-Deception Coordination Centre, Hong Kong Police (Anti-Scam Helpline)
18222

The Philippine Consulate
+852 2823 8501 | Hotline: +852 9155 4023

The Indonesian Consulate
+852 3651 0200

The Thai Consulate
+852 2521 6481

The Sri Lankan Consulate
+852 2581 4111

About Enrich

Enrich is the leading Hong Kong charity promoting the economic empowerment of migrant domestic workers, through financial and empowerment education.

Our workshops equip domestic workers with the tools to save, budget and plan for a future with greater financial security while they are here in Hong Kong. Following our workshops, 96% of domestic workers begin tracking their expenses.

How we can help

Email info@enrichhk.org for details on how we can support you and your helper.

Send your helper to our financial and empowerment education courses to learn about managing finances and avoiding predatory lenders.

Arrange a free confidential financial counselling appointment for your helper

Ask us any questions relating to your helper's finances.

THIS LEAFLET HAS BEEN SPONSORED BY THE INVESTOR EDUCATION CENTRE.

WWW.ENRICHHK.ORG INFO@ENRICHHK.ORG TEL: +852 2386 5811

