
Internal environment of the remittance service industry in Cabanatuan City, Philippines

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Abstract The findings showed that remittances can promote development by providing funds which can be used by the recipients on the education, health care or in investment/ business activities. Remittances are playing an increasingly large role in the country's economy. Fifteen remittance centers in the City of Cabanatuan and ten customers from each remittance center served as the respondents. Majority of the remittance centers are strategically located in the City Public Market, along the Maharlika Highway, schools, hospitals, market/ commercial establishments, restaurants/ food houses, malls and banks. They are all accessible to transportation facilities, signages and operating for a decade while some are still young in the business. Most of them are organized as corporations, while the others are sole proprietors. Most are direct/sub-agents of Western Union while the others are directly agents of MoneyGram and sub-agents of JRS Express, Palawan Express Padala, Frewill Bilis Padala, and a Provincial Distributor of SMART Money. All are accredited by the Bangko Sentral ng Pilipinas. Most of them are engaged in both transactions of receiving and sending money, both local and abroad. Money transfer fees are mostly given by the management while the others' are lower than the competitors'. All of them cater to different types of customers like unemployed, businessmen, government employees, students and senior citizens/ retired persons. Majority have not encountered problems regarding their human resources. Only one experienced the fast turnover of staff/ service workers due to job opportunities abroad. Other problems encountered are tardiness, absenteeism, poor customer relation and dishonesty. All customers are satisfied with the fast service in receiving and sending money in the remittance centers. They are also satisfied with the responsive, courteous and professional staff who are attending to their needs with a "smile" on their face.

Keywords: Accredited, Customers, Direct agents, Money transfer business, Transfer fee

Introduction

The services sector has now become the fastest growing area in the global economy. A huge number of employment in many countries belongs to this sector and provides 60 per cent and more of the global output. In the Philippines, it has outpaced industry and agriculture in terms of growth rates

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and shares to gross domestic product (GDP). Between 2000 and 2005, it grew by an average of 6.3 percent, higher than the growth rates of agriculture and industry at 2.0 and 5.3 percent, respectively. As a result, 47.7 percent of our GDP came from the services sector, again higher than the shares of agriculture and industry (Yap, 2006).

However, in the 1st quarter of 2013, the National Statistical Coordination Board (NSCB) announced that the country's GDP grew by 7.8 percent. NSCB attributed the 7.8 percent increase in the GDP to the strong performance of the manufacturing and construction sectors, as well as in the increase in government and consumer spending. The industry sector, composed of mining, manufacturing and construction, grew by 10.9 percent, higher than the recorded 5.3 and 8.9 percent during the first and last quarter of 2012. The services and agriculture sectors also contributed to the growth with 7 percent and 3.3 percent, respectively.

Remittances are playing an increasingly large role in the economies of many countries, contributing to economic growth and to the livelihoods of less prosperous people. According to World Bank estimates, remittances totaled US\$414 billion in 2009, of which US\$316 billion went to developing countries that involved 192 million migrant workers. For some individual recipient countries, remittances can be as high as a third of their GDP. As remittance receivers often have a higher propensity to own a bank account, remittances promote access to financial services for the sender and recipient, an essential aspect of leveraging remittances to promote economic development. The top recipients in terms of the share of remittances in GDP included many smaller economies such as Tajikistan (45%), Moldova (38%), and Honduras (25%) (Ghani and Kharas, 2010).

The National Statistical Coordination Board (NSCB) reported and confirmed the World Bank's estimate that the Philippines is the third biggest recipient of remittances in 2018. Overseas-based Filipinos sent home US\$33.8 billion. There are more than 10 million overseas Filipino workers. Our country shares the third spot, while India is the top recipient of remittances with US\$78.6 billion, followed by Mexico as the second with US\$35.5 billion.

Therefore, the government and the private sector should provide support services to overseas Filipino workers, as well as undertake measures to improve services sector regulations, particularly remittance services, both international and domestic, inasmuch as the monetary remittances of overseas workers can be considered as the top foreign-exchange earnings in the Philippines.

It is in this context that a study on the existing remittance centers like Villarica Pawnshop, Tambunting Pawnshop, MLhuillier Kwarta Padala, PETNET Inc., USSC Service Store, E-Business Service Inc., JRS Express, and

other private service centers, be conducted; and results of such data be used to determine the problems, prospects and investment potential for the constituents of the remittance services in the area.

The study aimed to assess the status, problems and prospects of remittance service industry in the City of Cabanatuan, Nueva Ecija, Philippines. Specifically, to assess the status of the selected remittance centers in Cabanatuan City in terms of business profile and its internal environment (organization & management aspect, technical aspect, marketing aspect, financial aspect). It also aimed to propose a development agenda for the remittance service industry in Cabanatuan City, Nueva Ecija, Philippines.

Materials and methods

The descriptive method of research was employed in presenting the data gathered in this study. Frequency count and percentages were used to treat or analyze the data gathered.

The study considered the City of Cabanatuan which is known to be the economic hub and educational center in the province of Nueva Ecija. A list of remittance centers operating in the city was obtained from the Licensing Office of the City Government. Fifteen (15) remittance centers in the City of Cabanatuan were considered in the study, as shown in Figure 1.



Figure 1. Geographical location of selected remittance centers in Cabanatuan city

Ten (10) customers from each of the 15 remittance centers were interviewed and considered to validate some of the information provided by the owner-manager/ management/ service staff of the remittance centers.

A researcher-made questionnaire was used to gather the necessary information from each of the 15 remittance centers. A pre-test of the questionnaire was conducted to determine whether the information gathered will meet the set objectives of the study. Surveys were conducted while administering the questionnaires to the managers/ owners/ service staff, and customers of the remittance centers.

Results

Status of selected remittance centers in Cabanatuan city

Business profile

Philosophy/Vision/Mission The common philosophy/ vision/ mission/ goal/ objective of the selected remittance centers is to be able to provide the money transfer services at the fastest time and at the lowest cost, giving a greater opportunity to the migrant workers or Overseas Filipino Workers (OFWs) to bring their income to their beneficiaries, whose lives could be improved; and serve as an inspiration to other people in fulfilling their dreams and aspirations in life. Through the remittance centers, the migrant workers can efficiently remit their income to their beneficiaries. As these remittances flow from abroad and locally, more funds will be channeled to the households' foreign exchange savings and some will be invested in livelihood and microenterprise activities which could ultimately help achieve the Millennium Development Goal of alleviating poverty.

Geographical location Majority or nine of them are strategically located in the City Public Market and six of them are located along the Maharlika Highway, as shown in Figure 1. All remittance centers are strategically located in schools (7 or 47%), hospitals (6 or 40%), market/ commercial establishments (14 or 94%), restaurants/ food house (9 or 80%), subdivisions/ residential houses (5 or 33%), banks (3 or 20%), and mall (1 or 7%). In addition to this, all remittance centers are accessible to all transportation facilities most especially tricycles for those which are located inside the City Public Market, while the others are accessible to jeepneys and buses for those which are located along the Maharlika Highway. This implies that with their strategic locations, customers could easily find these remittance centers and claim their money remittances.

Year of establishment/ Length of years in operation Seven (47%) of the fifteen (15) respondents said they had their businesses established in years 2009 and 2010, having been in business operation for 3 to 4 years. Four (27%) said their businesses were established before the year 2000, that is; having been in business for more than 10 years now; three (20%), from year 2005 to 2006 and having been in business for 7 to 8 years; and one (7%), from year 2007 to 2008 and having been in business for 5 to 6 years. This implies that majority of the respondents have already established their names and integrity in money transfer business having been continuously operating for three years or more.

Area occupied by the business establishment Six (40%) of the business establishments occupy an area ranging from 26 to 50 sq. m.; four (27%), 51 to 75 sq.m.; two (13%), 25 sq.m. and below; one (7%), 76 to 100 sq.m.; and two (13%) have the biggest areas, ranging from 100 sq.m. or more – where they do also have a parking space for vehicles. This only shows that a money transfer business need not have a very spacious area for as long as there is a customer area where receiving and sending transactions can be carried out by the business establishment.

Internal environment

Organization and management aspect Results showed that most of the business establishments are owned by more matured individuals who have the patience and have gone through a lot of experiences already in managing the business. There are more males than females in the money transfer business. This implies that males are more interested in this kind of endeavor, where security matters are involved in the business. Males are known to be more risk takers than females in operating a business. Employers prefer married employees who are more responsible and patient.

Majority (67%) are organized as corporations while the rest are organized as single proprietorship type of business organization, as shown in Table 1. From among the ten (10) corporate type of respondents, nine (9) are stock corporations while only one is a non-stock corporation.

Majority (47%) of the respondents are sub-agents of Western Union while three (20%) are direct agents of Western Union. Two (13%) are direct agents of Moneygram, an international money transfer business. Others are sub-agents of Palawan Express Padala and JRS Express, and the other one is a Provincial Distributor of SMART Money.

Table 1. Form of business organization and type of business ownership/operation

Item	<i>f</i>	%
Form of Business Organization		
Single Proprietorship	5	33
Partnership	0	0
Corporation	10	67
Total	15	100
Type of Business Ownership/ Operation		
Direct Agent of Western Union	3	20
Sub-agent of Western Union	7	47
Direct agent of Moneygram	2	13
Sub-agent of Palawan Express Padala	1	7
Sub-agent of JRS Express Padala	1	7
Provincial Distributor of SMART Money Transfer	1	7
Total	15	100

Organizational structure (manager profile) Survey revealed that one of the single proprietors declared that he is not the manager, but rather his counterpart (wife) manages the business. He just registered the business in his name while his wife performs the managerial functions.

However, in the case of corporations, the manager is different from the owners. Usually, top executives and highly qualified personnel are hired to manage the business and attain its objective; that is, professional managers are employed to manage the organization in the most efficient and economic manner.

All the managers attended some seminars/ trainings about the money transfer business, Anti-Money Laundering Act, Money Detector/ Counterfeit Money, Appraisal Training, Career Building, JRS Express Training, Airline Ticketing, Time Management and Financing.

Profile of employees As to the number of employees, seven (47%) of the respondents declared they employ about 3 to 4 employees; four (27%), about 1 to 2 employees; three (20%), about 5 to 6 employees while another one (7%), about 7 to 8 individuals. The business that employs the highest number is primarily engaged in the parcel/ cargo delivery aside from the money transfer business. It can be noted also that those establishments which employ the lowest number of employees ranging from 2 to 3, are those which are single

proprietors engaged in the pawning business; while those with greater number are corporate type of businesses.

As to position, all the business establishments has a Manager/ Branch Manager. Six (40%) of the respondents declared they have Cashier/ Appraiser, for those with the pawning business as their primary service being offered, and the money transfer business as their secondary service. Other establishments have Teller, Assistant Branch Manager, Customer Service Representative, Collector, and Messenger; for they also offer other services like money exchange, loading, airline ticketing and financing.

As to educational attainment, majority (73%) of the Manager are college graduates of Accountancy, Commerce, Business Administration and Management while the remaining four (27%) are non-college graduates and have only reached 1st to 3rd year level in college. This implies that one of the major requirements to become a manager of a money transfer business is to be a college degree holder or must have at least reached college level of education. College graduates have already acquired the basic skills from their college education and are matured enough to hold such positions mentioned.

As to monthly salary/wage, majority (80%) of the respondents said they are receiving the minimum monthly salary/ wage rate for the services that they are rendering; two (13%), P10,000 monthly and only one (7%), ranging from P15,001 to P20,000.

Management related matters As to the reasons for putting up the business, majority (63%) of the respondents said they put up the money transfer business after observing the trends in business and industry. The continuous increase in the number of Filipino workers going abroad and sending remittances here in our country for their families, inspire them to establish a business like this.

Money transfer business is always prone to different kinds of risk like theft, robbery and fire among others. To manage and prevent these risks in their operation, majority of the respondents have fire extinguisher, secured insurance and CCTV while the rest maintained security guard and have burglar proof doors, and a standby generator.

Internal rules and regulations

Human resources/ manpower In the recruitment of personnel, survey revealed that majority (74 %) of the respondents employed word-of-mouth method which for them is one of the most effective means; nine (60%), referral; five (33%), advertisement in newspaper, radio/TV, streamer and poster; two (13%) each employed a job fair, and agencies/ subcontract companies. It can be noted that three (20%) of the respondents said the owner-manager

personally selected the employees of the business establishment, and since money is involved in the money transfer business, they prefer relatives because they can be trusted, they have the least possibility to be tempted in getting money (theft) from the business and they are expected to work well with them.

Criteria in hiring and hiring rate policy Survey revealed that majority (87%) of the establishments consider educational background as the foremost criterion in hiring, especially for top positions like Manager/ Branch Manager/ Branch Head. They require them to be at least at the college level in their education. Others considered personality, age and background investigation, physical / medical examination and length of experience in the position applied for, as other criteria in hiring. One of the remittance centers requires an applicant to have at least 1 year supervisory experience for him/her to be hired as a Customer Service Representative. Majority (94%) of the business establishments consider the minimum wage rate mandated by the Department of Labor and Employment (DOLE) in Region III.

Salary adjustments Salary adjustments usually lead to employee motivation. Salaries constitute an important source of income for employees and determine their standard of living. Salaries affect employees' productivity and work performance. Thus, salary adjustments are expected to be received by the staff/service workers after some time, after performing their job efficiently and effectively. Survey revealed that majority (74%) of the business establishments are providing salary adjustments which motivate their employees in doing their job very well, thus making them more productive through time.

Other benefits and forms of compensation Aside from the monthly salary/ wages received by employees of money transfer businesses, majority are receiving Christmas bonus, vacation / sick leave, and hospitalization benefits. Other business establishments provide maternity leave, emergency leave, incentive and productivity pay. This simply shows that remittance centers also provide different benefits/ incentives to their employees to motivate them to regularly attend to/ perform their duties and responsibilities efficiently and effectively. Majority of them also provide free uniform to employees and free meals on duty.

Disciplinary actions In business enterprise like money transfer business where money is involved, disciplinary actions should be imposed for violations of the company rules and regulations. The most common problems of company discipline concern tardiness, absenteeism, dishonesty and insubordination. Survey revealed that majority of the respondents give a warning first to their employees whenever they are found violating company rules and regulations, while the others have not imposed any disciplinary action ever since.

Support to skills development training of employees Majority of the business establishments provide in-house training. Money transfer businesses recognize the fact that the educational background of an employee is not a sufficient index of his skill and efficiency on a particular job. They see to it that the specific skills of employees are being developed or improved through the conduct of an in-house training.

Peace and order In a money transfer business where business transactions involved thousands of pesos every day, there is always an existing threat that a theft or robbery will occur. This is the reason why the business establishments employ some security services/ measures that will ensure the safety of the customers, staff and facilities of the business as well.

Problems in the internal environment

Type of business ownership and organizational structure Survey revealed that remittance centers do not have problems because majority (73%) of the respondents claim that the type of business ownership as well as the current organizational structure do not affect the operation of the establishment. In as much as the staff/service workers have already acquired the basic skills from their college education and from the seminars/trainings attended, they can perform their duties and responsibilities in the business establishment; and therefore, the operation of the business will not in any way be affected. Moreover, majority of the business establishments have already been in operation for a longer period of time.

Accreditation and classification rating All or 100 percent of the respondents are accredited by the Bangko Sentral ng Pilipinas (BSP). The Bangko Sentral ng Pilipinas (BSP) provides mainly the financial regulations for fund transfers through formal channels such as banks, private remittance companies and other remittance agents.

Problems regarding manpower Majority (93%) of the respondents have not encountered problems regarding their human resources. Only one (7%) experienced the fast turnover of staff/ service workers due to job opportunities abroad. Considering employees' performance, the problems usually encountered are tardiness, absenteeism, poor customer relation and dishonesty, which were encountered by only one of the respondents. Majority of them have not yet encountered said problems. This simply implies that the employees of remittance centers are satisfied with their salary and other benefits/incentives given to them. This also shows that they are mature individuals showing loyalty and commitment to their employers.

Suggested solutions to problems It is suggested that management of remittance centers offer attractive salaries and other benefits or at least the

minimum wage rate, to avoid fast turnover of staff/ service workers. It is also suggested that the management motivate the employees by giving other benefits/ incentives to avoid tardiness/ absenteeism among them. Lastly, for them to avoid difficulty in hiring, it is suggested that announcements be posted in schools/ universities where fresh graduates can be potential applicants.

Technical aspect

Requirements in receiving/ Sending money The requirements in receiving a money transfer or a remittance sent by a person from abroad or within the country are a valid ID and the Money Transfer Control Number (MTCN) given by the sender to the receiver. A valid ID could be student ID, government/company ID, postal ID, voter's ID, passport, driver's license, and Senior Citizen ID. In case there is no valid ID, a Police Clearance or NBI Clearance can be a substitute. The receiver should also pay Documentary Stamp Tax (DST) which amounts to P0.30 for every P200 principal increment or 0.15 percent of the principal amount to be received.

Processing time per transaction Survey revealed that majority (60%) of the respondents took them 5 minutes to serve a single customer; three (20%), 2 minutes; while the remaining three (20%) took them 10 minutes to serve a customer.

To process a single transaction like receiving money, survey revealed that majority (54%) of the respondents took them 3 to 5 minutes; while the others took them 5 to 10 minutes.

On the other hand, to process a single transaction like sending money, majority (74%) of the respondents said it took them 3 to 5 minutes; while the others took them 5 to 10 minutes.

Operating period Survey revealed that majority (80%) of the respondents operate 8 hours a day; that is, either from 8AM to 5PM or 8:30 to 5:30PM or 9AM to 6PM. The others operate 10 to 11 hours a day. This simply implies that it is more advantageous on the part of the sender to be sending remittances through the remittance centers because their operating period are longer/greater than that of the banks. They are even open during weekends and holidays while banks are not.

Fixtures, equipment and physical facilities All of the respondents have fire extinguishers. Majority (94%) have air-con units because of the warm climate. They also have a telephone used as a means of communication, as reported by thirteen (87%) of the respondents; and computer where they store their records/ transactions/ other information, as reported by twelve (80%) of the respondents. Eight (54%) have also electric fans aside from the air-conditioner; four (27%) have a standby generator that can be used in case there

are brownouts/ power interruption; and two (13 %) have a CCTV to monitor the activities in the business establishment. Others have a TV and a refrigerator in the stall. This simply implies that a money transfer business is really capital intensive, for the owner has to invest on several equipment like telephone, air-con unit/ electric fan, computer, internet connection, CCTV and generator, to be able to operate and serve its customers efficiently and effectively.

Building type, use and ownership All the business establishments are concretely constructed and used as the office and customer area. Only five or 33 percent of the respondents owned the land and building where they operate their businesses, while a greater majority or 67 percent just rent the stall they are occupying. This simply implies that it is more costly to invest and construct a building that is why majority prefer to just rent a stall for their business operation.

Problem on geographical location Survey revealed that the selected remittance centers do not have problems on geographic location. All locations of the business establishments are accessible to different types of transportation facilities.

Marketing aspect

Products/Services From among the 15 respondents engaged in the money transfer business, only ten (67 %) of the respondents are engaged in both transactions of receiving and sending money, both local and abroad, as shown in Table 2. The rest are either engaged in transactions of receiving only, or transactions of both receiving and sending but locally only. Other services being offered are: money exchange services, (9 or 54%); pawning services, (7 or 47%); bills payment, (5 or 33%); loading business, (5 or 33%); airline ticketing/ booking, (4 or 27%); and parcel/ cargo delivery, financing, NSO/ passport services, lotto service and goods like Puno ice cream and merchandise (1 or 7% each).

Survey revealed also that majority (87 %) of them have not yet been charged of not serving the needs of their customers. Only two (13 %) had experienced of not serving at once the customers because there are many customers who came at the same time that day, and so they complained and their needs were later attended in by the staff in the establishment.

All respondents have never experienced receiving counterfeit money from customers because they were trained how to detect counterfeit money. Money transfer businesses require cash transactions and do not accept/ allow personal checks as payments from customers because it is very risky, difficult to convert into cash and takes a long process/ time confirming with the bank.

Table 2. Products/ services offered

Item	<i>f</i>	%
Products/ Services*		
1.Receiving remittance:		
-abroad	12	80
-local	15	100
2.Sending remittance:		
-abroad	10	67
-local	14	94
3.Bills payment	5	33
4.Pawning	7	47
5.Parcel/cargo delivery	1	7
6.Money exchange	8	54
7.Loading	5	33
8.Financing	1	7
9.Airline ticketing	4	27
10.NSO/Passporting	1	7
11.Puno Ice Cream	1	7
12.Lotto	1	7
13.Merchandise	1	7

*Multiple responses

Customers Survey revealed that all (100 %) respondents are catering to different types of customers: unemployed, businessmen, government employees, students and senior citizens/ retired persons.

Volume of customers According to the manager-respondents, the number of customers served in a day depends on the season, that is; if there are school classes or holidays like Christmas and New Year, the greater is the number of customers. This simply implies that because of the small area occupied by majority of the remittance centers, it can only accommodate/ serve as many as 10 customers at a time.

Product/ Service demand Based on the profile of market/customers in terms of demographic characteristics, such as age and income, survey revealed that majority (94 %) have served customers, whose age ranges from 46 to 50 years. Majority (87 %) also said they have served customers whose age ranges from 19 to 45 years, while only seven (47 %) have served customers above 50 years of age. This implies that majority of the customers served by money transfer businesses are older and matured people.

In terms of income, majority (60 %) of the respondents were able to serve customers whose income ranges from P20,001 to P30,000. There are also other income ranges like P20,000 and below, as served by 7 (47 %) of the

respondents; and P30,001 to P40,000, as served by seven (47 %) of the respondents.

Survey also revealed that majority of the respondents said that their customers mostly avail of their products/services during the regular days; that is, from Monday to Friday. The reason is that most of their customers are students and government employees who see to it that they transact business with remittance centers before/after their classes/works or during their break time. Others avail them during weekends.

All respondents said the customers avail of the money transfer service, while the others are for paying their bills, pawning jewelries, airline booking/ticketing, loading business, sending/ receiving cargo/ parcel, financing business, lotto and to buy Puno ice cream.

Of the different services offered, the “money in minutes” service is very much in demand in all establishments and only one respondent answered “online” services. “Money in minutes” service is the term used to refer to local service in receiving/sending money transfers. On the other hand, “Online” service is the term used if the money transfer is directly encoded from abroad and then transferred in our system in our country.

Pricing strategy Majority of the respondents said that the rates are given by the management while others set rates lower than or the same as the competitors. This simply implies that there is a healthy competition among the remittance centers.

Money transfer fees As the sender, you need to pay the fee charged for the money transfer. The recipient does not pay anything. When sending money, you can send a transfer through Western Union, MLhuillier, Frewill, JRS Business Corporation and Palawan Pawnshop. The transfer rates/ charges are almost the same in certain amount ranges in these different money transfer providers. However, the transfer rates/ charges of Frewill Bilis Padala are cheaper than those of Western Union, MLhuillier, JRS Pera and Palawan Pawnshop Express Pera Padala. For example, for an amount ranging from P900.01 to P1,000.00, Frewill Bilis Padala rate is only P30.00 while MLhuillier, Western Union, JRS and Palawan Pawnshop charge P50.00, P65.00, P60.00 and P40.00, respectively. For a bigger amount ranging from P4,000.01 to P10,000.00, Frewill Bilis Padala rate is only P90.00 while MLhuillier, Western Union, JRS and Palawan Pawnshop charge P220.00, P640.00, P240.00 and P220.00, respectively.

Promotion Based on the marketing strategies employed by the remittance centers, only four (27 %) have made some promotions (through print media like flyers and posters) for the money transfer services, another four said they do not have any promotion and the remaining seven respondents did not

answer. Only one (7 %) is giving 10 percent discount on all auctioned jewelries. All the establishments have signages in front/ at the top of their stalls. This simply implies that the remittance service centers have already established a good reputation/ name in the money transfer business.

Problems in marketing Surveys revealed that majority (54 %) of the respondents met problems in transacting money transfer (receiving and sending) activities with customers. Some respondents said customers presented invalid IDs or even forgot their IDs. Sometimes the name of either the sender or receiver, control/ reference number, and the amount sent/ to be received are wrong. Most oftentimes, there is system failure or there is no internet connection that is why they cannot transact business and no confirmation can be received. Nevertheless, these problems are always solved. Another problem met by money transfer businesses is that sometimes there are different claimants, and to solve this, they have to secure their identification first before giving the money to them.

Suggested solutions to problems It is suggested that customers should always bring a valid ID to be able to claim the money sent to them. The names of the sender and receiver, Money Transfer Control Number (MTCN) and the amount sent/ to be received should be correct. There should always be internet connection to receive the confirmation of the transaction.

Financial aspect

Capital Start-up capital of a business refers to all the resources available for use in its operation, regardless of their sources – whether provided by creditors or by its owners. Three (20 %) respondents said their start-up capital ranged from P100,000 and below; three (20 %), ranged from P100,001 to P200,000; one (7 %), ranged from P200,001 to P300,000; two (13 %), ranged from P300,001 to P400,000; three each (20 %), ranged from P400,001 to P500,000 and above P500,000, respectively. This simply implies that a money transfer business is really that capital intensive, requiring a big amount of capital for its operations.

Sources of capital Five (33 %) of the respondents said their start-up capital came from stockholders' shares. Majority (47 %) of the respondents said they got it from their own savings and borrowed additional funds from banks since their savings is insufficient for business operation.

Expenditures Major expenditures in a money transfer business include the monthly stall rental, electricity, water and telephone. Based from the survey made, the amount of monthly electric charges depends on the number and usage of electric appliances being used in the business. The greater the number and

the more frequent these electric appliances are used, the higher is the electric charges per month.

Majority (80 %) of the establishments pay the minimum water and telephone/ communications charges that does not exceed P1,000 monthly.

Of the 15 respondents, majority (80 %) are renting stalls for their business operation while the other three (20 %), owned the land and building they are occupying and using in their business operation. They are paying stall rental ranging from P8,000 to P25,000 monthly.

According to the respondents, the other expenditures that they incur every month are the following: supplies, maintenance, permit/ license, transportation, insurance, and repair. This simply implies that a remittance service business aside from being capital intensive still incur other expenditures every month, that is why majority preferred to rent a stall instead of constructing a building.

Financial problems Survey revealed that only two (13 %) of the respondents have high accounts payables, because they have not yet paid the monthly stall rental. One (7 %) respondent has high amount of receivables due from the clients/ customers in the pawning business. It can be noted that majority (80 %) of the respondents did not meet those problems in terms of capitalization.

Other financial problems encountered in the operation of the business are: high space rental, high electric bill, increasing interest on loans, high water bill, and increasing transportation cost. This simply implies that these increasing / high operating costs incurred by the remittance centers will surely affect the net earnings of the business.

Suggested solutions to problems It is suggested that the monthly stall rental be paid regularly so that accounts payable will not accumulate. The remittance center should be strict in implementing their policies on collection in the pawning business so that accounts receivables will not accumulate. They should be aware of the existing laws on stall rentals so that they may know if the rental fees being paid is in accordance with the laws. They should observe the proper use of electric appliances to avoid payment of high electric bill. They should only borrow the required amount of money needed in its operation so as to avoid payment of high interest charges. They should also observe the proper use of water to avoid payment of high water charges. Those involved in delivering cargo/ parcels should have a system in maximizing the use of transportation facilities to avoid increases in transportation cost.

The matrix form of the development agenda proposed for the remittance service industry of Cabanatuan City, Nueva Ecija is shown in Table 3.

Table 3. Development agenda for the remittance industry

Area/ Aspect	Proposed Actions	Actors/ Involved	Implementers
1. Internal Environment			
1.1 Organization and Management	Provide salary adjustments to employees based on either performance/ promotion/ government-mandated adjustments	Management of remittance centers and/or Government	
<i>Internal Rules and Regulations</i> <i>Manpower</i>	- Offer attractive salaries, preferably higher than the minimum wage rate, and other benefits like SSS benefits, PhilHealth and others.	Management centers	of remittance
	Post announcements on the hiring of new employees in schools/ universities.	Management centers	of remittance
1.2 Technical Aspect <i>Geographical Location</i>	Expand operation of remittance centers in Cabanatuan City by setting up remittance centers in schools/ universities and even in the rural areas.	Management centers	of remittance
<i>Improved Facilities</i>	Improve customer area by placing a television or a computer that will show important information on service delivery processes.	Management centers	of remittance
1.3 Marketing Aspect <i>Product/Service Improvement</i>	Focus on competitive strategies pertaining to the improvement on the quality of their products/ services	Management of remittance centers/Customers/ Bangko Sentral ng Pilipinas/ Local government units	
<i>Pricing Method</i>	Regular review of the pricing strategies to assess their accuracy and competitiveness.	Management centers	of remittance

Table 3. (Con.)

Area/ Aspect	Proposed Actions	Actors/ Involved	Implementers
1.4 Financial Aspect <i>Accounts Payable Management</i>	Pay regularly the monthly bills on expenditures like stall rental, electricity, water, and others	Management centers	of remittance
<i>Accounts Receivable Management</i>	Strictly implement the policies on collection of receivables in the pawning business	Management centers	of remittance
<i>Management of expenses</i>	Use properly the electric appliances to avoid incurring higher cost	Management centers	of remittance
	Conserve water to avoid payment of higher water charges.	Management centers	of remittance
	Maximize the use of transportation facilities to avoid high transportation cost.	Management centers	of remittance
<i>Financial Management</i>	Borrow only the required amount of money needed in its operation to avoid payment of high interest charges.	Management centers	of remittance
<i>Continuous promotion</i>	Promote continuously their services/ products to increase sales and profits.	Management centers	of remittance

Discussion

Results of the study showed that remittances can promote development by providing funds which can be used by the recipients on the education, health care or in investment/ business activities of their families. This was also revealed in the study conducted by Orrenius *et al.* (2010). Other studies have also shown evidence that the bulk of remittances is used for consumption as well as investment in human capital such as education, health and better nutrition within the recipient households (Sander and Maimbo, 2003; Agunias, 2006). The benefits that families derive from remittances largely depend on how and where they spend the remittances. Adams (2007) in a review of

findings from recent research suggests that households receiving international remittances spend less at the margin on consumption goods (like food) and more on investment goods (like education and housing). Cattaneo (2005) notes that remittances are typically spent on investments in physical assets and in human capital, such as education and health, which can stimulate growth. Households receiving international remittances also tend to invest more in entrepreneurial activities. Therefore, remittances may stimulate the economy by boosting aggregate demand and output through increased consumption and investment expenditures of recipient households and their multiplier effects.

In a study conducted by Ang *et al.* (2009), it showed that the Filipino recipient households generally have larger families and fewer employed members than non-recipients, reflecting higher dependency ratio as a factor in attracting remittances. The latter depend significantly more on wages and entrepreneurial income. Remittance-receiving households also earn more from their investments and save more than their non-receiving counterparts. The results of their study also indicated that the share of expenditure on food is on average lower for households receiving remittances. Moreover, the marginal propensity to consume food is higher for remittance receiving households. Their estimations show that remittances to the Philippines do not have a significant influence on other items of expenditure, particularly investment spending on education, health care, and durable goods. In other words, their analysis does not support evidence of remittances contributing toward rebalancing growth by creating domestic demand. According to the World Bank in a book 'International Migration, Remittances, and the Brain Drain' (2005), remittances appear to have positive impact on development and welfare of migrants in developing countries. The same conclusion was reached by Rapoport and Docquier (2005) in their review on current economic literature on remittances as they pointed out that migration and associated remittances tend to have an overall positive effect on origin countries' long-run economic performance.

Results showed that majority of the respondents are sub-agents/ direct agents of Western Union, and Moneygram, an international money transfer business. Others are sub-agents of Palawan Express Padala and JRS Express, and the other one is a Provincial Distributor of SMART Money. According to Sander and Maimbo (2003) the formal channels include services such as banks (commonly electronic transfers between accounts), money transfer operators MTOs (such as Western Union, Money Gram), forex or currency bureaus and post offices. The informal transfer services include services providers such as shop owners, buses, travel agents, couriers, unregistered money transfer businesses and personally carrying the remittance either oneself or sending it

with a family member or a friend. Other studies like a survey by Suro (2003), on remittance senders and receivers observed a shift toward the use of formal channels for those sending money from United States to Latin America and the Caribbean. He noted that Wire transfer companies such as Western Union and Money Gram accounted for about 70 percent of dispatched remittance, with banks used by 11 percent and informal channels 17 percent such as the mails and individuals who carry the funds by hands. According to Carling (2005) lack of bank accounts by senders or receivers of remittances is one of the limiting factors to the formal channels of money transfer transactions.

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