



SHIP TO SHORE RIGHTS

Moving to Electronic Payment in the Thai Fishing Industry



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Introduction

1.1 Rationale of the study

The ILO Project Ship to Shore Rights Project aims to reduce forced labour, child labour and other unacceptable forms of work in fisheries and seafood process industry, and progressively eliminate the exploitation of workers, particularly migrant workers, in these sectors, and thereby improve compliance with fundamental rights at work.

From 2016-2017, there were more than 302,349 registered migrant workers in the Thai fishing and seafood processing industry that contributed \$6.6 billion dollars to Thai exports in 2014. The Thai fishing industry alone registered more than 57,000 migrant fishers in 2017 on approximately 6,700 commercial fishing vessels. The Project's 2017 baseline study of working conditions in the industry documented various wage and pay violations in the industry, including minimum wage violations for one-third of fishing and seafood processing workers surveyed, illegal deductions, and wage withholding—a forced labour indicator for the ILO. Workers in some parts of the Thai fishing industry, in particular, are not paid regularly or in full. “(These findings are detailed in the Ship to Shore Rights working conditions baseline study, appended here as Appendix A, and the full report is available at the Project's website, www.shiptoshorerights.org).” These violations may have a combination of causes—habit, an effort to hold onto fishers who might otherwise work elsewhere, debts to employers, wage theft, and weak enforcement of wage protections.

It is vital to prevent worker exploitation in the form of wage violations. Strengthening payment mechanisms and active enforcement of wage regulations can help ensure that workers are fairly paid according to the laws. The Ministry of Labour Ministerial Order of 1 November 2017 requiring electronic payment of fishers via bank accounts is an important step in this direction. And it is not a new idea: many migrant workers in the seafood processing industry in Mahachai, for example, are paid regularly through electronic payroll systems using payment/account cards issued directly by banks or via their employers.

As part of a key Project objective—stronger Thai labour inspection and enforcement action—and in support of the Government's proposed order, the Project agreed to undertake research work on the transition to electronic wage payment for fishers.

This paper's concluding section contains recommendations for the transition from cash to electronic payment in Thai fishing specific to the Project's partners—Royal Thai Government and the Ministry of Labour in particular, vessel owners and their industry associations, worker organizations and civil society, and banks. The leading and most urgent recommendations to the Project's partners are for the Royal Thai Government and fishing industry associations. The Government (MOL, CCCIF) is urged to:

- Organize port campaigns with the National Fisheries Association of Thailand among vessel owners on new legal requirements and set-up of electronic payment systems
- Organize port and social media campaigns (with worker organizations where possible) among 60,000+ migrant and Thai fishers on use of accounts and ATMs
- Win commitments from major banks to waive fees on migrant fisher accounts, install ATM machines in PIPO areas still without coverage, and add Cambodian and Vietnamese language options at ATMs
- Enforce actively using electronic payment records to end minimum wage violations, wage withholding, illegal deductions, and undocumented advances.

Vessel owners and industry associations, having won a delay in implementation of the requirement to 1 April 2018, are urged to speed the transition to electronic payment among member companies and educate owners, skippers, and *chieu* (crew supervisors) on wage regulations.

The ILO, in addition to providing policy advice to the Government, has developed electronic and printed worker education and campaign materials for use by the Government, employer organizations, unions and civil society organizations (see Appendix D).

The actions recommended here and in the concluding section, taken together, will allow workers in particular to overcome anxieties about the use of bank accounts and electronic payment, and to gain control over their pay. The move to electronic payment can also bring greater transparency and accountability for pay in Thai fishing, making it possible for government to enforce wage regulations effectively and thereby level the playing field for employers in fishing.

1.2 Purpose of the study

Given the new requirement for payment in the fishing sector, the objective of this research is to determine the best options for implementation of bank electronic payroll systems for vessel owners and fishers as the practice is now mandatory by law. Specific research objectives include:

- Detailed understanding of electronic payroll options available to vessel owners and fishers
- Understanding of banking mechanisms available or required to provide easy and low-cost international remittances for migrant fishers and their families
- Understanding of challenges and scalable solutions for fishing vessel owners and fishers (as well as other employers and workers in other sectors) in implementation of electronic payment systems

1.3 Scope of the Study

This report aims to provide responses to the following inquiries:

- What existing electronic payroll systems can vessel owners and fishers use to make and receive wage payments? What are the up- and down-sides of these systems for employers and workers?
- How do employers, fishers, and fishers' families verify that payments are being made? Can the payment systems flag possible errors/non-payments for employers and/or regulators?
- How much would these systems cost vessel owners to install/start/use?
- What challenges have banks seen in moving migrant workers to electronic banking systems? How could this 'switch' avoid these?
- How are remittances from seafood workers in Mahachai (or elsewhere) done electronically to Myanmar and Cambodia? What is required for workers and/or Thai financial services providers to transmit to/via mobile banking systems such as Wing (Cambodia) and Wave (Myanmar)?

1.4 Research Methodology

A series of research interviews to seek information from government, employers, workers and financial services providers, as well as interviews at the Bank of Thailand and National ITMX on Thailand financial infrastructure. Specifically, the methodology includes interviews with:

- Major banks and financial services operators
- Government officials with responsibility for wage protection in fishing and seafood processing
- Vessel operators and seafood processing factories in Samut Sakorn and Rayong.
- Workers who work on fishing vessels and in seafood processing factories in Samut Sakorn and Rayong.

Migrant Labour in Thai fishing and seafood processing industry

2.1 Recent changes in migration and fishing labor control policies

The November 2017 Ministry of Labour order mentioned above (issued under the Labour Protection Act as Ministerial Law of the Department of Labour Protection and Welfare) required that all fishers be paid through bank accounts via electronic payment. A new model contract was issued by the Ministry of Labour to include information regarding bank accounts and transfer fees to be covered by vessel owner/employer. The concerned agencies together with the Office of the Prime Minister agreed in January 2018 to postpone full implementation of the order to late April 2018.

According to the Ministerial regulation in the fishing sector (B.E. 2558):¹

(a)Whereas wage is calculated on a monthly, daily or hourly basis or on the basis of other time periods not exceeding one month, wage shall be paid not less often than once a month unless otherwise agreed in favour of an employee. [Holiday pay, too, shall be made not less frequently than once a month.]

(b) Shared profit in which an employer has agreed to pay accordingly to the value of the aquatic animals being caught shall be paid according to mutually agreed payment schedule, but the payment frequency shall not be less frequent than once every 3 months.

Amendments to the Prevention and Suppression of Human Trafficking Act B.E. 2560 (2017, 3rd Version) increase the Act's clarity and operational efficiency by providing as follows:

Revise the definition of "exploitation" to include "practices similar to slavery"

Revise the definition of "forced labor or services" to include seizure of identification documents and debt-bondages

Revise the definition of "means" to include "abuse of a position of vulnerability".

Increase the maximum imprisonment and fine. Punishments will include an imprisonment term of up to 4 years and/or a fine of up to 400,000 THB (11,429 USD).

2.2 Recent changes in fishing labour policies

Current controls require fishers and vessel owners to register and record their transactions and employments. The decree on the Management of Migrant Workers Act (2017) merges two existing

¹http://www.labour.go.th/en/attachments/article/338/Ministerial_Regulation_Concerning_Labour_Protection_in_Sea_Fisheries_Work_B_E2557.pdf

laws--the Working of Aliens Act of 2008 and the Royal Decree on the Placement of Aliens for Work with Employers in Thailand of 2016. Documentation and registration require fees of THB 28,000.

It also prescribes harsher punishments against employers violating law, including those hiring undocumented migrant workers.

The fines imposed against the law violators are hefty: an employer who employ a migrant worker which violates Section 9 shall be liable for a fine not exceeding THB 100,000. However, if employing 10 migrant workers or more, the employer shall be liable for a fine from 100,000 – 800,000 THB.

Finally, recent changes to the legal framework include authority for the Department of Fisheries, per the Article 8(1) of the Notification of the Prime Minister's Office on Issuance of Seaman Book (Royal Ordinance on Fisheries B.E. 2560), to issue Seaman Books with the requirement that vessel owners will be required to arrange for the contracts that contain commitments to provide wage payments through bank accounts and to bear all costs related to wage payments. This contract is to be co-signed as witness by the Labor Inspector.

2.3 Social, community and individual context regarding financial transactions

From interviews conducted and social context in migrant worker communities, financial literacy and bank accessibility are relatively low in Myanmar and Cambodia, and there is a general perception that banks and employers are not reliable. There are beliefs that government or employers can work with banks to seize and claim the funds deposited in the accounts, or that the deposits can be disappear or be deducted by the banks without clear explanations. Language barriers by Thai operators and negative images of bank officers may also contribute to the lack of trust in the financial system. Absent experience with banks for routine payments including wages, workers naturally prefer to receive cash and keep cash themselves rather than deposit with the banks.

Many tens of thousands of migrant workers in Thailand's seafood processing factories are already accustomed to electronic payments through banks. These are deposited into their personal account and accessed by ATM cards. Most workers interviewed as part of this study reported that they continue to withdraw all cash on the pay-day and continue to use cash in all transactions due to the social contexts described above. Access to financial institutions and account-opening are not barriers for implementation of electronic payroll systems for these workers.

Remittances

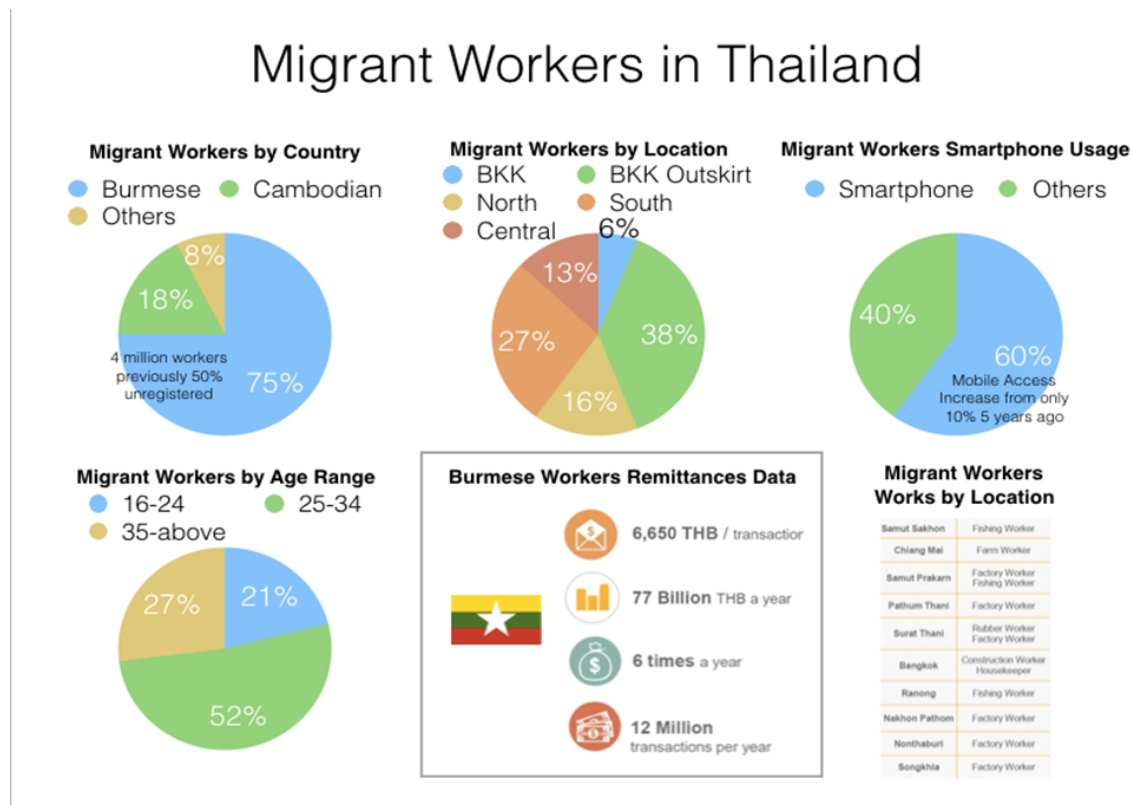
Migrant workers from Myanmar and Cambodia in Thailand are accustomed to remitting money via cash transactions rather than banking services or digital funds transfers. Their access to and experience with banks at home that has shaped such practices. Myanmar and Cambodian migrants usually come to work in Thailand in groups with friends and family members from the same or close-by villages or regions. Their employment is typically arranged through local agents covering those areas. Sometimes the jobs are from referrals by their friends and family. In this way, migrant communities are formed and trusted. Using friends, relatives, and agents from the same village/ regions will likely to continue as the major means of fund transfer from migrant workers to families back home.

Mobile banking networks are widely used and trusted in Myanmar and Cambodia, but Thai bank networks are not yet well-connected with mobile banking in the sending countries. As shown in the Ship to Shore Rights Project baseline survey, younger migrant workers are showing more openness to new mobile technology. Smart phone mobile penetration of migrant workers has increased from only 10 per cent five years ago to 60 per cent in 2016, and more than 76 per cent among

respondents in the Project’s 2017 survey. This signals that there will likely be more use of electronic banking, e-wallet, ATMs, and fund transfers in the near future.

Figure 1: Migrant workers in Thailand profile (Thai Ministry of Labour)

Number of migrant workers registered in Thailand as of December 2017 is 2,062,807.



(Source: Department of Employment 2017, doe.go.th/prd/assets/upload/files/alien_th/94ec1760f83293298787bf9d0fd3496a.pdf)

2.4 Thai financial regulations and banking infrastructure

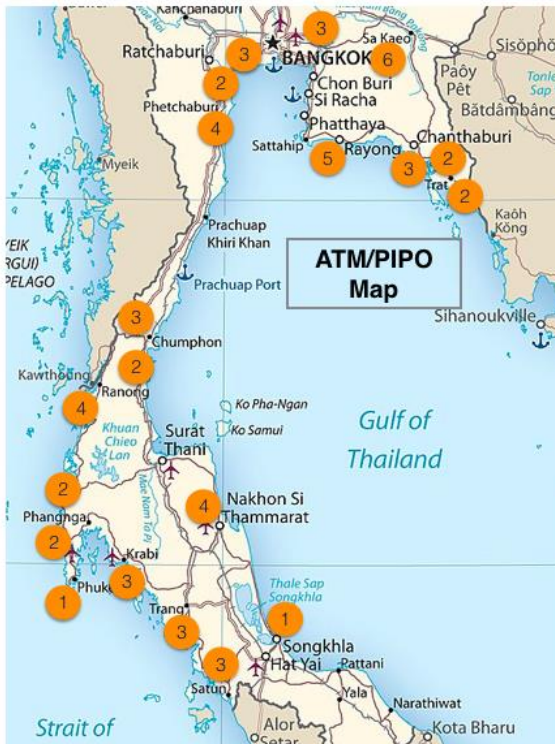
Account opening. To open an account, the Bank of Thailand requires all banks to require from a migrant individual to submit copies of National ID, Passport, address document and work permit. In practice and in light of recent changes in the migrant labor practices, PIPO center registration and/or MOU documents together with Passport with temporary address information are sufficient to open the account at the well-informed bank branches—including those surveyed in Samut Sakorn, Samut Sonkram and Rayong for this study.

Previously, banks were less strict and opened accounts without face-to-face meetings for verification purposes. However, given stricter Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements, banks now require both documents and face-to-face meetings with migrant workers for verification purposes, either at the branches or at the employers’ premises if there are large number of accounts.

Electronic payroll. Where in use, electronic payroll is in almost all cases done as an internal transfer from employer’s account to employee’s account within the same bank. This is the lowest cost for the bank to operate as well as the lowest cost to employers who wish to use the services. Payment across banks is available through infrastructure offered by National ITMX (the infrastructure provider

for national fund transfer settlement), ATM pool, and national e-payment (Promtpay). Since there are infrastructure and other banks involved, the costs for these payments are higher and hence less popular with employers.

Figure 2: Mapping of available ATM near 22 PIPO Centers



ATMs. Thailand had more than 63,400 ATMs (2015, Bank of Thailand) with more than 12,000 machines in the provinces. A December 2017 survey by the Ministry of Labour determined that there are 85 ATMs near the government’s 32 PIPO Centers. ATMs are the major means for the public to perform transactions and withdrawal or deposit of cash in accounts. ATMs has the capability of not only withdraw and deposit cash, but also perform local fund transfer and some utilities payments.

E-wallet. Thailand has many e-wallet operators who operate stored value cards and payment cards in various forms. There are stringent controls over the usage of these stored value cards as well as large fee imposed by banks for withdrawal of cash from the e-wallet, especially at ATMs. This is a barrier to growth and usability of e-wallet and stored value cards in Thailand.

Domestic wage payments

3.1 Existing Practices

Mechanics of current cash pay practices

For workers on board fishing vessels, cash payment is standard. Existing accounting systems for vessel owners vary but record-keeping in some cases is still paper-based and performed manually. Very few fishers receive systematic, computer-generated payslips each month.

This cash system includes the practice of partial wage payments to fishers as advances. Vessel owners directly, or via skippers or even *chieu*, control the distribution and batch-releases of payments. This practice can lead to wage withholding and debt bondage—both violations of Thai law and indicators of forced labour.

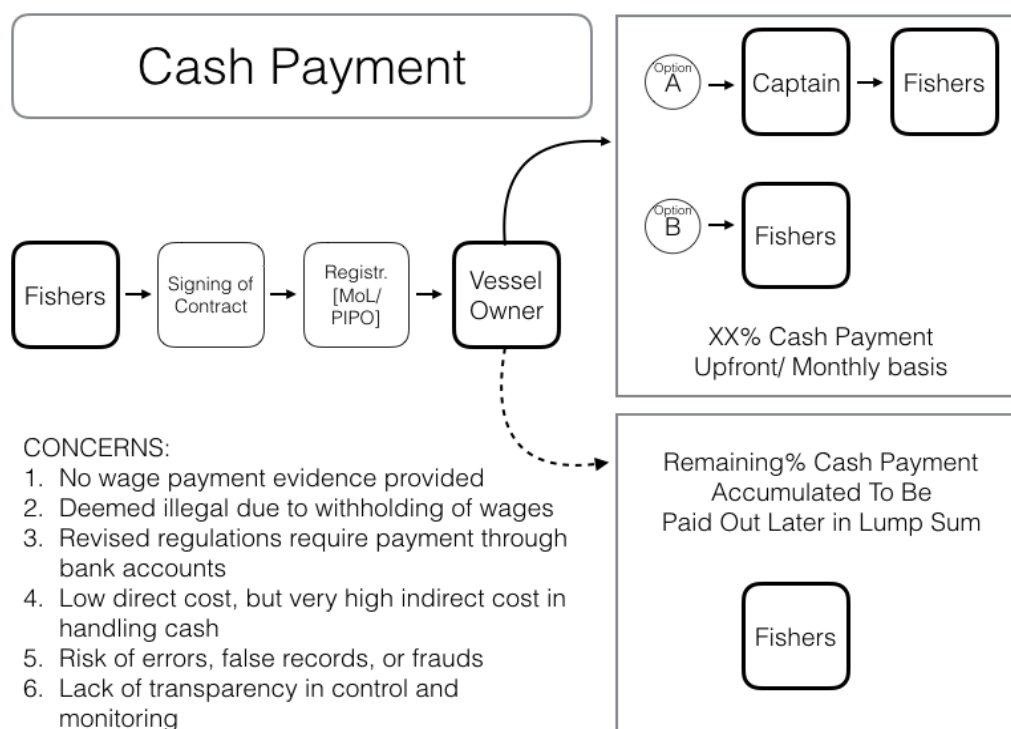
Currently, fishing trips are considered 'short-haul' trips of a few days to three weeks. The small- and medium-sized vessels operating in the Eastern part of Thailand surveyed for this study report averages of 20 working day per trip and monthly base pay of THB 15,000. (Average pay for fishers is 8,630 per month before deductions in the Project’s 2017 baseline survey). Payments for short-haul fishers become more frequent, but can lead to confusion and/or fraud in wage payments.

For example, vessel owners report that they provide a lump sum of 50 per cent of the wage payment each month to skippers of the vessels or *chieu*. Skippers distribute partial wage payments to fishers

with a signature or thumbprint on the documents as evidence of receipt. (Payment documents may or may not be accurate). The remaining 50 per cent will be kept and given later in a lump sum for six to ten months. Alternatively, vessel owners report that they distribute 50 per cent of wages per month to the fishermen directly at the office with no middlemen.

In most PIPO labour inspections, there is reportedly no counter-verification of payments made using authenticated sources such as banking reports. Payment records and employment logs are kept and managed manually and mostly paper-based. This can be exploited to produce fraudulent documents for presentation to inspectors.

Figure 3: Flowchart of cash payment method



Possible violations associated with current practices

- Minimum wage violations/wage theft
- Wage withholding
- Debt bondage
- Illegal wage deductions
- Abuse of worker vulnerability, deception
- Fraudulent pay documents and deception of government officials
- Lack of pay records for fishers in Thai (or workers native languages)

Vessel owners defend the current practices, arguing that workers sign contracts with vessel owners allowing them to withhold 50 per cent of their wages. Such contracts are not compliant with Thai law. According to owners, this is done to protect owners against loss of costs associated with hiring migrant fishers, including the registration fees. Without withholding and deductions from wage payments, vessel owners argue that they cannot ensure that fishers will not breach the contract and go to work somewhere else without paying off registration fees.

Also, vessel owners acknowledged that keeping 50 per cent of wages helps improve their cashflow and protect them against unexpected costs such as recruitment of migrant daily workers or reductions of seafood prices.

Vessel owners present wage withholding as savings for fishers who might spend all of their money. Owners argue that wage withholding allows fishers to receive large sums of cash to send to their families at the end of their contracts.

Mechanics of current electronic payroll practices

Electronic payment is commonly practiced for wage payments for on-shore seafood processing workers. After completion of migrant labor registration documentation, the company will have workers open account by themselves at bank branches near the factories for which workers place an initial deposit of THB 500 – 800. Some banks charge an account maintenance fees and impose charges for ATM cards, their normal practice for retail clients. Some banks collect documents and verify account owners at factories for new worker accounts at large companies. The level of deposit and fees are negotiable subject to bank's commercial considerations.

Document required by banks for account opening for foreigners as per the Bank of Thailand regulations are:

- Passport
- Residential document (rental contract or local address confirmation document or employer's reference letters)
- Work permit ('Pink card', MOU registration document, or work permit as issued by Department of Employment)

In general, bank branches in the migrant communities are accustomed to the requirements and generally communicate well with the companies. They report few problems with required documentation.

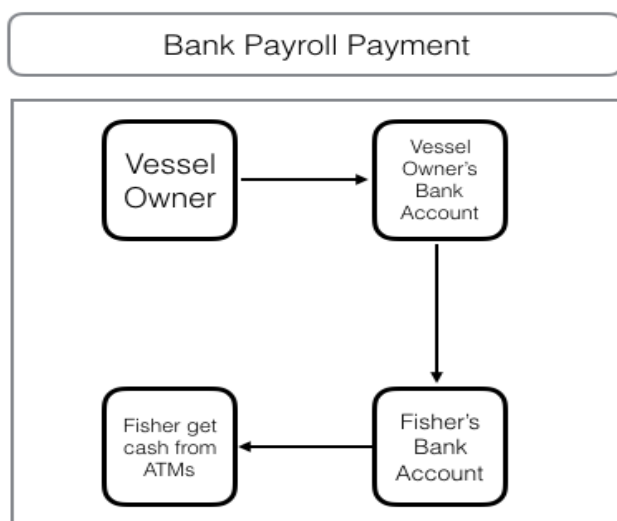
Although banks have fairly stringent bank opening documentation, these documents however are quite the same as those required during the employment registration process. (For fishers, there is potential to coordinate Ministry of Labour worker registration with account opening, helping to reduce the resistance of vessel owners).

Salary payments. The employer prepares and sends the wage payment file through portable thumb drive or an upload of the wage payment file through internet banking portal one or two days in advance of the payment date. The employer is required to ensure sufficient funds are available for the payment prior to the payment date. The employer sets the date of funds transfer.

Submission of the wage payment can be at any time. There is no limit on the number of batches per month and can accommodate any ad hoc hiring or special payments. Reports and notifications can be generated to alert the payees in real time. Reconciliation back into accounting system and tax filing will take much less time in operating through the system.

The bank will process the payroll and transfer the wage payment to employees' accounts accordingly on the payment date. Wage payments are made directly to the workers' accounts with deductions for social security contributions. Workers generally withdraw the cash right away on the pay day with their ATM cards and either keep the cash personally or send it to their families through their agents.

Figure 4: Flowchart of bank payroll payment



Expenses associated with electronic payroll

For employees, approximately THB 800:

- Account Opening Cost: generally absorbed by workers (seafood processing): THB 200
- ATM card fee: THB 100 (higher if the applicant opts for insurance)
- Minimum deposit: THB 500

For employers:

- Internal accounting and payroll system. A computer is required as systems use simple Excel spreadsheet programmes. Additionally, computer accounting or payroll systems can range from thousands to hundreds of thousands of Thai Baht based on complexity and scale of operations
- Setup of Electronic banking/ payroll system. Banks generally charges small setup fees for electronics banking and payroll operations. This is negotiable subject to scale of operations, number of transactions and relationship with the bank. Cost can range from THB 1,000 to THB 5,000 or more (if automatically integrated with complex ERP systems)
- Payroll charges. Payroll that uses fund transfer within the same bank—the most common--the cost to the bank is its operating cost and this translates to lower charges of THB 10-15 for employers. (Payroll transfers to another bank is more expensive and less popular for the employers)

Although this set-up may seem costly, recent findings shared with the researchers by a leading Thai bank estimated that the hidden cost of cash payment for payroll to be up to THB 40 per transaction. When compared to the costs associated with cash payroll payment systems, bank systems save cost connected with:

- Preparation of payroll payment documentation
- Approval and payment workflow with paper-based documentation
- Time and effort risk in withdrawing and safekeeping cash by owner, cashiers, skippers/captains
- Risk of fraud and human error for manual processing and payments
- Filing, accounting reconciliation, and monitoring of payments including taxes and social security contributions

Impact on wage payment practices

For employers, electronic payroll systems can provide efficient payment and transparency. Payments to workers who leave before payment of advances can be verified. Automated systems are convenient for the company to operate and once set up, only Excel sheets to be submitted on a monthly basis.

For workers, the systems can help ensure that they receive their wages in full every month and that their pay is under their control instead of a vessel owner, skipper, or *chieu*. There are 85 ATMs adjacent to PIPO Centers in Thailand's 22 coastal provinces with only six ports that do not have ATMs near the PIPO center. An estimated 80+% of major bank ATMs have foreign languages capabilities especially English and Burmese. Fishers can have SMS notification and mobile banking to know the movement in their accounts and can check payment and balances.

For government, payment records from vessel owners can be matched up with records from banks for monitoring of compliance with the laws and regulations.

There are obvious technical challenges to overcome as employers, workers, and the Thai government work to implement the new requirement.

For employers, payroll transaction costs charged by bank are approximately THB 10 - 15 per transaction. This is a consideration for employers that have yet to look into hidden cost of managing cash and manual payroll process, or invest in simple computer based accounting systems.

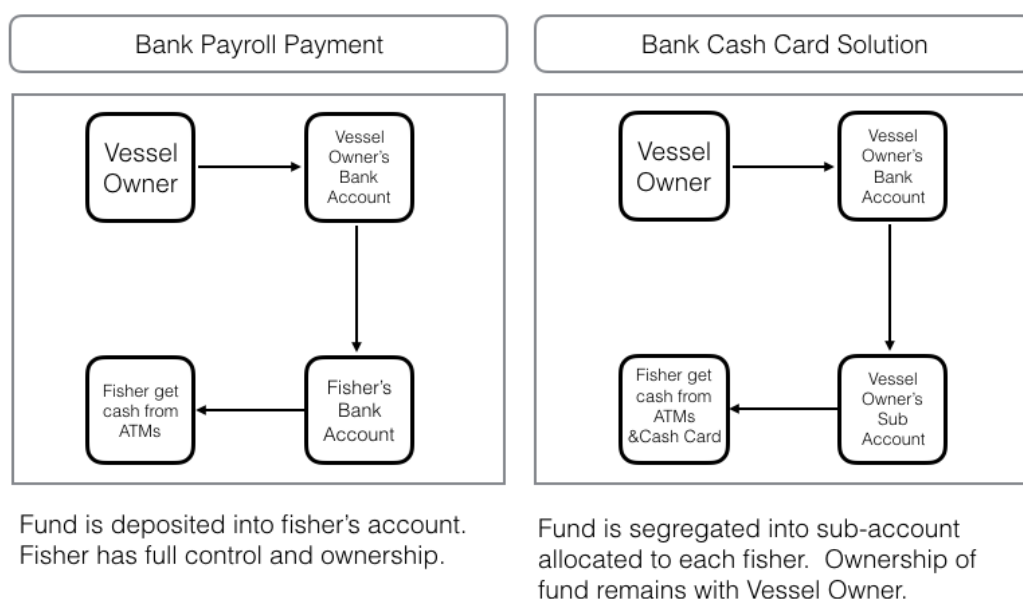
For some workers, there is unfamiliarity with ATMs and lack of trust in financial systems or banks. Bank fees and access to ATMs around the country will be problems until the ATM network in port areas is expanded and workers are familiar with ATM usage. See details on bank systems in Appendix B, 'ATMs, Account Opening and ATM Fees (THB) for Major Banks'.

3.2 Available alternative options

The survey also looked at alternative electronic banking systems, including Cash Cards--a sub-account under a main bank account that belongs to the employer. The bank provides a specific number of the cash cards/sub-accounts that are registered under the company's name. The company will be required to safe-keep and manage these cash card themselves. The wage payment or petty cash or advances can be allocated and managed by the company's authorities through uploading the information files to the internet banking portals. Then the banks will allocate the specified amount into such cash card/ sub-accounts accordingly. The cash card has the feature to be an ATM card that works for withdrawal of cash and checking of statements for all ATM machines within ATM Pool network in Thailand. For some bank, the cash card can also perform domestic fund transfer within Thailand as well.

This method of payment has not been widely used due to the less stringent AML and KYC which the bank may consider to be risky, should the services be provided to wide ranges of corporate users. Therefore, banks have limited their marketing effort to certain group of companies only. Also the wage payment paid onto the cards can be managed, withdrawn and cancelled/claimed back by the employers. To prevent violation of fishing workers, the concern over auditing of payment system can be prevented by activating features in the systems to disable such actions by the employers.

Figure 5: Flowchart of electronic wage payment practices comparison



This method can provide transparency to the payment based on banking reports and can be enhanced to ensure that the vessels cannot withdraw the funds in the cards after payment is made. The payment records from vessel owners can be matched up with records from banks and PIPO for cross-checking and monitoring of the wage payment practices.

Since cash card issuances do not require as much stringent documentation and processes and less initial investment and fees in comparison to opening of bank accounts, the barrier to implement is considerably much lower.

However, there is one overriding problem with Cash Card systems that makes them wrong for a fishing industry with widespread pay violations and a history of forced labour. Employers maintain control over workers' accounts and might retrieve money from sub-accounts after inspections are completed. Two, account management responsibility rests with the employers and not the banks.

3.3 Suggestions on control & control monitoring

Inspection and Verification with Electronic Payroll Systems

The combination of information available to PIPO officials with bank-provided reports in the form of account statements, bank passbooks, and ATM receipts can help regulators ensure correct and timely payment of wages to fishers. Based on labour regulatory requirements, the following types of information are gathered already for the purpose of control and monitoring.

- Worker name and address
- Copy of Passport/ National ID
- Worker contract (see <http://www.ratchakitcha.soc.go.th/DATA/PDF/2560/E/265/20.PDF>)

All payroll and wage payments done through banks will be recorded in the bank database. Bank can issue statement and reports to show such transactions whether it is for an individual or all employees as a batch. The information is available to both the employer, account-holder, and the bank and can be readily submitted to regulators if requested. In order to alert the controlling

authority if there is any unfair treatment or withholding of wage payment, the minimum information required for calculation and monitoring are:

- Employment contracts and wage payment record (source: Employer)
- Actual payment made to fisher (source: Bank)
- Amount of work that has been done, e.g. work days, trips, hours (source: PIPO)

These data can be matched up, calculated, and verified by the designated authority (MOL) to determine the accuracy of wage payments to the fishers.

There are two likely challenges. One, due to banking secrecy requirements, banks cannot automatically provide all information directly to regulators unless there are regulatory requirements for this. Therefore, the authority who performs the inspection will need to request such information intermittently or randomly for verification of payment information. Collaboration between the banks and concerned agencies needs to address notification or flagging of suspicious cases. The agencies should be able to identify cases of possible wage withholding, for example, by stagnation of employer account or under-payment in worker accounts. Two, officials will have to contend with 'noise' in the data including workers who change names and addresses and national IDs.

Remittances

4.1 Existing Remittance Practices

Unregistered money transfer agents. This is the most-utilized method for cross border money transfer for Myanmar and Cambodia. The cost is relatively low and usually hidden in the exchange conversion rate indicated by the agents. The cost to transfer is generally THB 10 - 15 per THB 2,500.

The majority of funds are handled via door-to-door service with money pick-up at workplaces or residences by agents, at agent counters located in markets and easily accessible community areas, or via bank/ATM transfers to agents near Thai-Myanmar or Cambodia borders. The agents who receive funds in the workers' home countries typically provide door-to-door service or at agents' locations in villages or nearby towns.

Cash carriers. A second popular option for remittance is to arrange for friends and family members to carry the cash and directly hand it over to families in home villages for small fees. This is possible as workers come to work in Thailand in groups from the same villages or areas. Workers take turns going back to visit home village and carry the funds with them. This is important for remote locations that cannot easily access banks or fund transfer agents.

E-Wallet & cards. True Money is a unit of Ascend (and the Alibaba Group) with a presence in many countries across Southeast Asia. Workers can go to various True Money agents in the markets near their ports or factories and transfer funds to beneficiaries in Myanmar and Cambodia via mobile bank networks. The beneficiaries receive a code and are required to bring personal identification document and the code to receive the fund at True Money agents available in major cities in Myanmar and Cambodia. Currently there are 6,000 agents in Myanmar and 5,000 agents locations in Cambodia. True Money also has stored value cards that have features of ATM and credit cards and can be used at many locations and for online purchase or payments. Since the cost is relatively low and there are a lot of locations to choose from, this method of fund transfer is becoming more popular among the younger generation of migrant workers and other mobile users.

Kasikorn Bank has teamed up with Wing (Cambodia) since 2015, and Kasikorn account holders can transfer money to Wing accounts in Cambodia through Kasikorn's mobile banking and branches. But usage remains low as a majority of Cambodian workers are located close to Thailand-Cambodia borders and find it more convenient to use Thai ATMs to withdraw money and carry cash across the border. Wider penetration and convenient locations in Cambodia, as well as mobile phone access for senders and records of transactions can make this option more popular.

Future alternatives for mobile remittances under development include WechatPay, AliPay, and Deeppocket (Thailand) which cooperates with City Mart Holding in Myanmar.

Payment Transfer Operators. Some banks co-operate with payment transfer operators such as Western Union and Moneygram. These money transfer operators have premises in key locations both in Bangkok and major provinces in Thailand in bank branches. Western Union has 6,356 locations, and Moneygram 2,835 locations in Thailand. However, there are no standalone branches for Samutsakorn or Rayong, for example, where there are high numbers of migrant workers. Western Union have only 491 agents in Myanmar and Moneygram has only expanded for 12 locations. At least one Thai bank has an online transfer payment system in cooperation with Western Union, but these bank options are unfamiliar to most migrant workers and relatively expensive and hence, little used.

Bank transfers. All banks offer cross-border fund transfer through their own networks and international networks such as SWIFT, with various fees. This method of fund transfer has very few transactions, since it requires existing accounts for both senders and receivers. Generally, this method of transfer takes time and is relatively costly. Kasikorn bank has recently launched a new Thai-Myanmar Remit Card which can transfer money from Kasikorn Bank ATM in Thailand to Kanbowza Bank ATM in Myanmar. This reduces documentation requirements for workers and is easy to access via ATMs.

Future alternatives, challenges

5.1 E-Wallets

E-Wallets. There are some electronic wallets and card operators that have operations in Thailand, Myanmar and Cambodia including True Money and Wing. They can utilize their networks, agents, and premises to complete fund transfers between countries.

5.2 Advanced cash cards

Cards. This can be used as virtual money in accepted stores or online. Penetration rate and adoption rate is growing at a fast pace due to less stringent documentation requirements and more convenience store locations.

Please see comparisons of costs in Appendix C 'Remittance Cost Comparison of Various Channels from Thailand to Myanmar and Cambodia. Bank-led solutions are relatively expensive and do not have the reach of informal and mobile-network banking. In general, the challenges for bank-led remittances are

- Foreign Exchange Regulations and operating licenses. This involves both countries' foreign exchange controls and licensing which could take a long time to obtain from Myanmar and Cambodian authorities.

- Market size. Migrant labors from Myanmar and Cambodia could amount to 3 million or more workers with more than THB 100 billion in remittances on an annual basis. However, to change worker behavior and win market share from unregistered agents would take an investment Thai banks are at present unwilling to make.
- Geographical accessibility. There are still major challenges for retail banking in Myanmar and Cambodia. Even City Mart, the largest retail chain in Myanmar, has not seen commercial viability in remote areas in the country. Village agents will continue to secure market shares until mobile financial penetration reaches the tipping point.

Recommendations for Implementation of Electronic Payroll Systems

The discussion of remittances by migrant workers above makes clear that rapid change in cross-border transfers will come more slowly than the revolution in wage payment. The report therefore concludes with recommendations for implementation of electronic payment of wages in the fishing sector. Lessons here are of course applicable in other sectors of the Thai economy where wage payments are still made in cash.

6.1 Regulations considerations

Government

- Revise and translate of model fisher contracts into English, Burmese and Cambodian language
- Organize and deliver (CCCIF, MOL, DOF) port-side workshops for vessel owners and their accounting/finance staff to prepare for changes in payroll workflows
- Organize and deliver fisher education campaign (independently and with workers organizations) using videos and leaflets on account and ATM use
- Consider allowing banks to register new worker accounts at PIPO/DOF/MOL centers
- Analyse extension of electronic payment requirement to workers in other sectors

6.2 Implementation considerations and suggestions for payroll systems

Vessel owners and employer organizations

- Select and make arrangement to apply for electronic payroll services with banks through which payroll will be processed and transferred.
- Ensure that all fishers have the account opened under their names Banks can help to accommodate new account opening by providing certain promotion for new account opening with lower fees and lower initial deposit balances as well as for supports in new account opening resources on locations such as PIPO centers.
- Collect and organize information according to Excel/online formats given by the selected bank, containing at a minimum: reference number of company and employees, account number of payers, names and account numbers of payees, amounts of payments, date of payments
- Maintain good records of wage payment calculations including any advances, fishing trips, workers on-board, clear records of catches to calculate incentive pay, if any
- Report on successes, challenges, and failures in transition to electronic payroll systems

Banks

- Add ATMs immediately to ensure ready ATM access for workers in PIPO areas
- Make ATM services and key bank documents available in Burmese and Cambodian throughout Thailand

- Prepare to teach and setup thousands of small business payroll arrangements in coastal provinces. (Lead-time is generally one to two months for set up of core banking operational system, including the internet banking, testing, etc. A surge in demand from vessel owners could delay set-up and implementation of systems by the banks).
- Prepare coastal provinces bank staff and call-center staff for interactions with migrant workers, and seek Burmese- and Cambodian-speaking staff
- Waive ATM and other account fees for fisher accounts to avoid exploitative penalties caused by fisher unfamiliarity with accounts and AMTs, and roaming (use of multiple ports) by vessel owners

These recommendations to leading banks will likely require government encouragement or intervention. Although some banks regard migrant workers as valued customers and may treat their work with fishers as part of their bank's social responsibility, other banks may regard migrant worker accounts as bad investments. (For example, workers are likely to cash out funds from the accounts on the same day as the payroll date so 'float' revenue from these accounts would be very low. Also, these accounts may be active only as long as fishers are working for a specific employer, then may become dormant).

Banks may therefore hope to recover costs from workers and vessel owners through electronic banking fees, ATM fees, payroll transaction fees, cross-selling of other services, and gaining market share from banks that do not actively support vessel owners in running electronic payroll systems. It is important that regulators make clear their expectations for forbearance and fairness on the part of banks in their dealings with fishers and vessel owners for whom electronic banking is new.

Worker Organizations

- Organize and deliver education campaign among fishers on account and ATM use
- Prepare staff to help workers deal with bank account problems, including language barriers in dealing with bank staff
- Report on successes, challenges, and failures in transition to electronic payroll systems

Finally, the ILO and the Ship to Shore Rights Project commit to campaign with government, employers, and worker organizations to help ensure a smooth transition from cash to electronic payroll systems with a goal of making payment systems more efficient and accurate, and ending labour abuses including wage withholding, minimum wage violations, and illegal deductions as described in the project's 2017 baseline research findings. The project also commits to explore with associations and employers participating in the Good Labour Practices the adoption of electronic payment systems along Thailand's seafood processing supply chain.

Appendix A

Ship to Shore Rights Project baseline data on working conditions (2017) including monthly wages (before deductions) and payment methods

Table 6. Type of wage payments, by sex and sector

Salary	Total n=434 (%)	Men n=300 (%)	Women n=134 (%)	Fishing n=196 (%)	Seafood n=238 (%)
Average salary per month	9 590	9 850	9 010	9 980	9 270
Payment frequency					
Daily	2	1	6	1	4
Weekly	3	2	4	2	4
Monthly	52	52	51	51	53
Lump sum	11	15	-	24	-
Other	33	30	39	24	40
Wage structure					
Fixed salary	23	30	8	39	10
Partly fixed salary + piece rate or share of catch	53	50	60	39	64
Piece rate or share of catch only	12	15	5	22	3
Other	12	5	29	-	23

Appendix B

ATMs, Account Opening and ATM Fees (THB) for Major Banks

Bank	ATMs near PIPO	ATM issue fee	Annual account fee	Cash Card annual	ATM withdrawals cross-clearing	ATM withdrawals other banks	ATM withdrawals abroad
Kasikorn Bank	13	100	200	150	15	4 times free/mo. 10B/add'l	100 with FX 2.5%
Bangkok Bank	10	100	200+ 50/month for not active & balance <B2,000	100+, 200	15-20	4 times free/mo. 10B/add'l	150-220 with FX (Rate not disclosed)
Siam Commercial Bank (SCB)	16	100	200 + 50/month for not active & balance <B2,000	100	15	4 times free. 10B/add'l 20B if cross province	150-220 with FX (Rate not disclosed)
Bank of Ayudhya	6	100	350	N/A	0	0	N/A
Krung Thai Bank	24	100	180	N/A	15	4 times free. 10B/add'l 20B if cross province	100 with FX (Rate not disclosed)
Government Saving Bank	10	100	200	N/A	20	4 times free. 10B/add'l 20B if cross province	100 with FX (Rate not disclosed)
Bank of Agriculture Cooperatives	2						
Thai Military Bank	4						

Appendix C

Features offered by Payroll Services including Electronics Banking

1. Ability to integrate with some standard file formats from existing standard ERP or accounting systems. Or can be used with standard Excel files format.
2. Convenient to upload the file through Bank's electronic banking portal without needs to deliver physical file to the bank branch.
3. Secure file transfer with various levels of user authorization and approvals. This will assist in improvement of securities in the company's operations.
4. Encryption of file and authorization and approval is completed through securities token with global standard digital securities.
5. Can track status of all operational steps from initiation of payroll, to status of payments and transfer into employee's accounts.
6. Detailed reports and archives that are transparent and traceable for ease of control and monitoring and prevention of dispute. Reports can be downloaded in CSV / Excel format to be further processed, integrated with legacy system or further reporting.
7. Can work with most computers that are running Microsoft windows and Microsoft office / Excel.
8. Easy and intuitive to use. Applicable and can be used by all level of users from operational level to executives.

Appendix D

Remittance Cost Comparison of Various Channels from Thailand to Myanmar and Cambodia

Thailand to Myanmar

Source: World Bank (<https://remittanceprices.worldbank.org/en/corridor/Thailand/Myanmar>)

7,100.00 THB		17,800.00 THB									
Firm	Payment instrument	Access point	Sending network coverage	Transfer speed	Receiving method	Disbursing network coverage	Fee	Exchange rate margin (%)	Total cost (%)	Total cost (THB)	
True Money		Agent	Medium			High	0.00	1.94	1.94	137.74	
Western Union		Agent	High			High	0.00	2.40	2.40	170.40	
Bangkok Bank		Bank branch	Medium			Low	1,150.00	0.70	16.90	1,199.90	
Krungthai Bank		Bank branch, Call Center	Medium			Low	1,200.00	1.29	18.19	1,291.49	
UOB Bank		Bank branch	Medium			Low	1,300.00	0.43	18.74	1,330.54	
Siam Commercial Bank		Bank branch	High			Low	1,350.00	0.58	19.60	1,391.60	
Krungsri Bank		Bank branch	High			Low	1,650.00	1.02	24.26	1,722.46	
Kasikorn Bank		Bank branch	Medium			Low	200.00	0.00	2.82	200.22	
Total Average Third Quarter 13.11		Total Average Second Quarter 13.51		Total Average			856.25	1.05	13.11	930.54	

Thailand to Cambodia

Source: World Bank (<https://remittanceprices.worldbank.org/en/corridor/Thailand/Cambodia>)

7,100.00 THB		17,800.00 THB									
Firm	Payment instrument	Access point	Sending network coverage	Transfer speed	Receiving method	Disbursing network coverage	Fee	Exchange rate margin (%)	Total cost (%)	Total cost (THB)	
Western Union		Agent	High			High	150.00	1.21	3.33	236.43	
K-Mobile Banking Plus		Mobile phone	Medium			High	200.00	2.68	5.50	390.50	
MoneyGram		Agent	High			High	150.00	3.44	5.56	394.76	
Xpress Money		Agent	High			Low	580.00	7.88	16.05	1,139.55	
Bangkok Bank		Bank branch	Medium			Low	1,150.00	0.49	16.69	1,184.99	
TMB Bank		Bank branch	High			Low	1,200.00	0.55	17.45	1,238.95	
Krungthai Bank		Bank branch, Call Center	Medium			Low	1,200.00	0.64	17.54	1,245.34	
UOB Bank		Bank branch	Medium			Low	1,300.00	0.43	18.74	1,330.54	
Siam Commercial Bank		Bank branch	High			Low	1,350.00	0.58	19.60	1,391.60	
Kasikorn Bank		Bank branch	High			Low	1,300.00	2.68	20.99	1,490.29	
Krungsri Bank		Bank branch	High			Low	1,650.00	1.02	24.26	1,722.46	
Total Average Third Quarter 15.06		Total Average Second Quarter 14.41		Total Average			930.00	1.96	15.06	1,069.58	

Appendix E

ILO/MOL/CCCIF Worker ATM education materials

SIMPLE STEPS ON HOW TO USE ATM

The project is funded by shiptoshoreights.org
The European Union

NOW ALL FISHING WORKERS NEED TO BE PAID WITH A TRANSFER TO A BANK ACCOUNT

THE NEW LAW SAYS THAT FISHING WORKERS NEED TO OPEN AN ACCOUNT TO RECEIVE YOUR WAGES.

GET YOUR WAGES RIGHT! WITH YOUR BANK ACCOUNT

You can track the monthly payment of your wage and check whether the money received is at least 9,240 THB per month

The monthly payment shall be equal to your full wage, minus any deductions

Deduction should only be for social security benefits and union membership not for food or passport

If you notice that, for example, your wage has not been paid for full, call your bank for your account statement and talk to your employer, government officers or worker organization

SAFE AND CONVENIENT

Your wage is paid directly onto your bank account, your money is safe!

You can take it all out or only when you need it. So there is no risk to lose it or have it stolen.

You are not tempted to spend all your wage or most of it on payday.

It is easier for you to save part of your wage for emergencies or family needs.

You can withdraw the money you need with your bank card from any ATM machines on the shore.

You can make payments and buying airtime.

SIMPLE STEPS TO WITHDRAW MONEY from the ATM machine

1. Insert your card
2. Put your pin code in then select your language
3. On the menu choose withdrawing then choose your account then how much
4. Take your money from the machine

DON'T FORGET YOUR CARD
And take your receipt as a record

If something at the machine doesn't work, don't panic. Contact your bank. Your money has not disappeared and you can get it out when the problem is fixed

REMEMBER

6 digits pin code to use your ATM

Never share your pin code or ATM card to anyone except your close family members

Don't write down pin code on ATM card

Minimum withdraw is 100 THB per time

Withdraw fees in another province or bank is waived up to 3,00 THB

Check your wages paid and get help if it is not the right amount

You can update your balance on bank, bank at the machine or at the bank

Take money no more than 4 or 5 times each month

IF YOU LOSE YOUR CARD OR MACHINE BROKEN
You can call bank call center to help:

Kingdom Bank : 1551
Kasikorn Bank : 0 2888 8888
Kwangjai Bank : 1572
SCB : 0 2777 7777
Siam Bank : 1338
Bangkok Bank : 1338
Thai Government : 1115
Ministry of Finance
Ministry of Agriculture and Cooperatives : 0 2555 0555

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