



BS Thesis  
in Business Administration

# **Remittance Behavior of the Filipino Immigrants in Iceland**

Priscela Ycot Sigurðsson

Instructor: Þóra H. Christiansen, adjunct lecturer

June, 2015



**HÁSKÓLI ÍSLANDS**  
**FÉLAGSVÍSINDASVIÐ**

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VIÐSKIPTAFRÆÐIDEILD

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This thesis is a 12 ECTS project towards a BS degree in Marketing and International Business, Department of Business Administration in the University of Iceland.

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## **Abstract**

The presence of Filipino immigrants in Iceland is the result of the “pull” factor more than the “push” factor. It is evident that more Filipino women who are married to an Icelandic citizen are coming to Iceland. Seeing more opportunities for work, better living conditions, safety and equality among individuals are the determinants that make Filipino immigrants more likely to stay and live in Iceland along with their existing family, relatives and friends, especially if they are employed and earn a decent income to support themselves and their family back home in the Philippines.

The researcher conducted a survey using a qualitative and quantitative sampling methods with a focus group of individuals in order to understand the remittance behavior of the Filipino immigrants in Iceland. Results show that among the 51 participants, there are more females than males, who are active remitters.

The majority of the participants are employed individuals whose earnings are partly sent regularly to their families in the Philippines. In spite of the financial crisis which hit Iceland in 2008 that impact the flow of foreign currency transfer, affecting many Filipino immigrants, the finding suggests that none of the participants stopped sending financial support to their families and loved ones in the Philippines.

Limited options for money transfer services in Iceland result in higher charges to some extent, but the satisfaction levels are positive among the participants, particularly those who use the available fast services of the money in minutes by MoneyGram and Western Union. The participants trust the convenience these services offer and the easy access for the recipient to claim transferred funds at the other end.

**Keywords:** Remittance, Immigrants, Filipino, The Central Bank, Banks of Iceland, MoneyGram, and Western Union Money Transfer.

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# **1 Introduction**

The financial situation in Iceland before the crisis 2008 was smooth and no hassle for the citizens and the Filipino immigrants, faced no limits or problems when sending money to their families in the Philippines, which is the primary focus of this study.

The money transfer services in Iceland are limited to banks, MoneyGram and Western Union, which only serve on weekdays. It raises concern among the Filipino Immigrants when they need to send money for emergency purposes that falls on the weekend wherein banks and post office are close and has to wait until it opens on the first day of the week.

Amid the crisis of 2008, the affected Filipino immigrants in Iceland were disappointed with the situation, particularly the limitations of the services of the banks and even the services of Western Union and MoneyGram Money Transfer regarding foreign currency and its restrictions that affect the remittance behavior of the Filipino immigrants that serve as an important factor that financially support their family in the Philippines.

## **1.1 Research focus, aim and purpose**

This paper focus on the Filipino immigrants in Iceland. It concerns about their remittance behavior that has been affected eventually during the economic crisis in 2008 resulted from the restriction of foreign currency. It also creates a big change in the rules and regulations imposed by the banks. The researcher is interested to know the needs and concern of the Filipino immigrants and how far they know about the choices of the services they get from the banks as well as the MoneyGram and Western Union to send money to their families in the Philippines.

This study aims at assessing the different money transfer services in the banks, MoneyGram and Western Union which duly served by their agents and to know the other option use by the Filipino Immigrants in Iceland, likewise online money transfer and hand carried by friends and relative who are travelling back home and why they prefer to choose their services. This will help inform not only the Filipino Immigrants, but to those who seek information on how to benefit on their choice of remittance service in Iceland, this serve as the purpose of the study.

## **1.2 Central questions and methods of questioning**

The focus of the central question is in line with the topic “Remittance Behavior of the Filipino Immigrants in Iceland”.

With this in mind, the writer conducted a survey among 51 Filipino immigrants in Iceland who are active remitters of money to the Philippines.

## **1.3 Reason for choosing the topic**

The writer considers this research study as an interesting topic for three reasons, first, it has a personal connection and importance being a Filipino immigrant itself and a frequent user of money transfer services provided by MoneyGram, Western Union and Bank to Bank services in Iceland. Second, to know and understand how the remittance behavior of the Filipino immigrant in Iceland and will give insight with regards to the differences among Filipino migrants remitters in other countries. Third, it is considered as a relevant topic as many researchers are continuing to study about remittances and migration, and much easier for the researcher to look for support and details needed in this research study.

## **1.4 Research structure**

Chapter 2 explains the literature review about the economic situation in Iceland at the present time, the Filipino immigrants in Iceland and why they migrate, who are the immigrant in Iceland, the immigrants from the Philippines, why do migrants remit, the Central Bank currency restrictions affecting remittances and the rules and regulation that governs relating to the money transfer.

Chapter 3 is about the methods of money transfer services in Iceland. This will cover the commercial banks, MoneyGram and Western Union through their respective agents, online money transfer, and the option of sending money through friends and relatives travelling to the Philippines.

Chapter 4 is taking up the research design, methodology and methods.

Chapter 5 deals with the data collection and analysis about the participants, the questionnaire, and data analysis time frame.

Chapter 6 explore on the findings being categorized into 9 different themes like the demographic profiles of the participants, year of arrival and migration and employment status of the participants, the income per month and the size and percentage of remittance among the participants, birth hierarchy in the family and sending country and recipient of the remittance, frequency and the reason for money remittance, the choice of money transfer services and the reason why choosing the services, satisfaction among participants and where they obtain the information about the service, how long the participants been sending remittance and what Icelandic bank they patronize, did the 2008 financial crisis affect their remittance behavior and how if affected them? In this chapter also provide the experience of the participants with regards to the money transfer services in Iceland.

Chapter 7 is the discussion part, and data analysis discusses and answers are explored based on the central question of the research study about the remittance behavior of the Filipino immigrant in Iceland, and lastly the recommendation.

Chapter 8 provides the conclusion. In the appendices can be found the questionnaire and different bank application forms along with the MoneyGram and Western Union Money Transfer application to send and to receive forms for remittance purposes.

## **2 Literature review**

The previous chapter introduces the research focus, aim and purpose and why the researcher chooses the topic to study, and present the question which is considered as a relevant and interesting topic, and the selection of methods and the research structure. This chapter will focus on the literature review based on the research and study of experts and specialist with regards to remittances and migration. It will take up the economic situation in Iceland, the Filipino immigrants in Iceland, the question why migrates, who are the immigrants in Iceland and the immigrants from the Philippines, why migrants remit, the central bank of Iceland and the rules and regulation that affect the remittance.

## **2.1 Economic situation in Iceland**

A recent study shows great indication and positive outlook for the economic and infrastructure in the country (Ingason, 2014). From the standpoint of labor and employment implies a big advantage to the economy in Iceland, it predicted an increase of 2.7 % during the year 2014, and an impressive 3.3 % in 2015, as contributed from the general business and large scale industrial investment and the flourishing growth of residential construction (Statistics Iceland, 2014).

Central Intelligence Agency provide data that Iceland GDP composition by sector estimate that as of 2013, agriculture is 5.9 percent (this include farming, fishing and forestry), industry share is 22.9 percent (that involves mining, manufacturing, energy, production and construction), and services comprise the highest share at 71.2 percent (includes activities in the government, communications, transportation, finance, and all other private economic activities that do not produce material goods. CIA (2014, June 20).

According to Björnsdóttir (2013, June 18), an online contributor for Iceland On Review Line, Iceland was among the top five Organisation for Economic Co-operation and Development (OECD) countries counting the immigrants to augment the economy and its nationwide productivity around 1%. Considering the economic crisis, only Iceland and Ireland has minimized the flow of immigration base on the data being calculated from the year 2007 up to 2009.

In the recent report of the OECD, Iceland (2014) in line with the environmental performance review. It points out the uniqueness of Iceland economy, in spite of the economic recession that sparked during the financial crisis in 2008, the country started to surface its economic growth upon the contribution of tourism. That by the year 2020, tourist will reach over one million per year, tripled the country's population. The positive effect of tourism will bring more labor, employment and income in the country. This means that it will decrease the unemployment rate in Iceland.

According to Statistics Iceland (2014) this provides the economic forecast for unemployment rate base on percentage covering the years 2013 up to 2018, indicate that the 4.4 percent unemployment rate in 2013 will decrease by 3.7 percent in 2014

and minimal difference in the succeeding years from 2015 by 3.2 percent until 2018 will go down as much as 3.0 percent. Thus unemployment decreases it will have a big influence in the increase of employment rate in the country, bringing more work and improve the income not only for the citizens but to the immigrants as well.

## **2.2 Filipino Immigrants in Iceland**

**Defining the Filipino.** According to Kilates (2014, August 5) who is one of the contributors to the Inquirer.net, a respected and official news website, an online publisher in the Philippines. The base of her column, that the term Filipino is defined as the language in the Philippines. The study conducted by Torres (2014, March 25) in her masters thesis in the University of Bifröst, Iceland, considered the “Filipino” as an individual representative originally from the Philippines, the Filipino male is called “Pinoy”, on the other hand, the woman respectfully addresses as Filipino or in a short version as “Pinay”. According to the definition provided by Collins English Dictionary (2000, page 572), the term “Filipino” refer to a person, “Filipina”, a native of the country Philippines, another term used as a language “Tagalog”. In many instances, even the researcher herself, use this term when asking someone whom she meet, a usual phrase “Are you a Filipino/Filipina?”. This means that the person asking if he/she is a native of the Philippines. Therefore, the usage of the word “Filipino” is either referring to an individual, a person born from the Philippines, who speak Tagalog as the national language.

The Filipino emerges as immigrants in Iceland. The Directorate of Immigration, clearly specify that the status of an immigrant can be temporary or permanent residence depending on the reason of their stay, that may consist of the following: family reunification, studies, work, au pair’s engagement, as a refugee or asylum purposes in which case to prove (Directorate of immigration, n.d.).

A family reunification relates to the condition wherein a family member unite another member of the family who has a legal resident and working permit in another country. Under the rules and regulation provided by the Directorate of Immigration pertaining to the Act 13 on Foreigners no. 96/2002. It states that applying for residence permit for purposes of family reunification intended for spouses and cohabiting partners, children and relatives (parents and grandparents) of the foreigners gaining

residency in Iceland, is granted, provided that requester and its sponsor family are qualified to apply base with the purpose and intention of staying by the applicant (Directorate of Immigration, n.d.)

**Diplomatic relations.** On the 24th of February 1999, the Diplomatic relations between the Philippines and Iceland was established which represented by the Icelandic Embassy in Tokyo. This establishes an opportunity for the Philippines and acknowledge the presence of the Filipino immigrants and the appointed Philippine Honorary Consul in Iceland, Ms. Priscilla Zanoria (Embassy of Iceland in Tokyo, 1999).

The Commission on Filipino Overseas (CFO, 2012), in the Philippines, started to acquire information on stock estimates of the Filipinos overseas in Iceland in the year 2004 up to 2012 and categorize into permanent, temporary and irregular status. The data show both categories increases its number yearly. Since 2004 until 2012 an increase of overseas Filipino with permanent residence in Iceland, while those that retain a temporary residence has decreased from the year 2009 until 2011 where in the financial crisis in Iceland started. Table 2.2.1 shows the full detail of the yearly stock estimate of the Overseas Filipino migrating to Iceland.

**Table 2.2.1 Stock estimates of overseas Filipino in Iceland from 2004-2012**

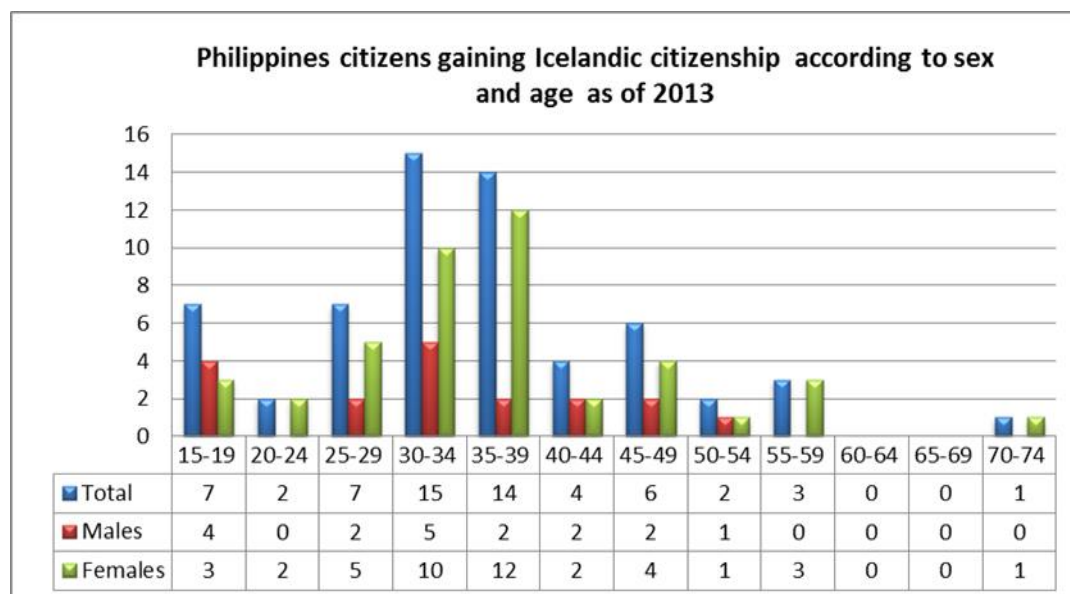
Year	Permanent	Temporary	Irregular	Total
2012	990	688	10	1,688
2011	963	688	10	1,661
2010	938	693	10	1,641
2009	919	700	10	1,629
2008	909	703	10	1,622
2007	880	700	10	1,590
2006	847	653	10	1,510
2005	822	629	10	1,461
2004	802	573	10	1,385

Source: Commission on Filipino Overseas data (CFO, 2012).

An immigrant is considered permanent resident in a country whose domicile is independent of employment contract. While a temporary status is an individual who intend to work or study based on a contract and are expected to return to its country of origin once agreement ends. The irregular is being categorized as undocumented or without a valid residence or permit for work, a possibility of overstaying in a foreign country (CFO, 2012).

The most common reasons for the immigrants to stay in Iceland is because of family reunification, work and/or studies, despite the issuance of the residence permit has decreased since 2008, granting permits for family reunification receive the most part according to Ari Klængur Jónsson (2013).

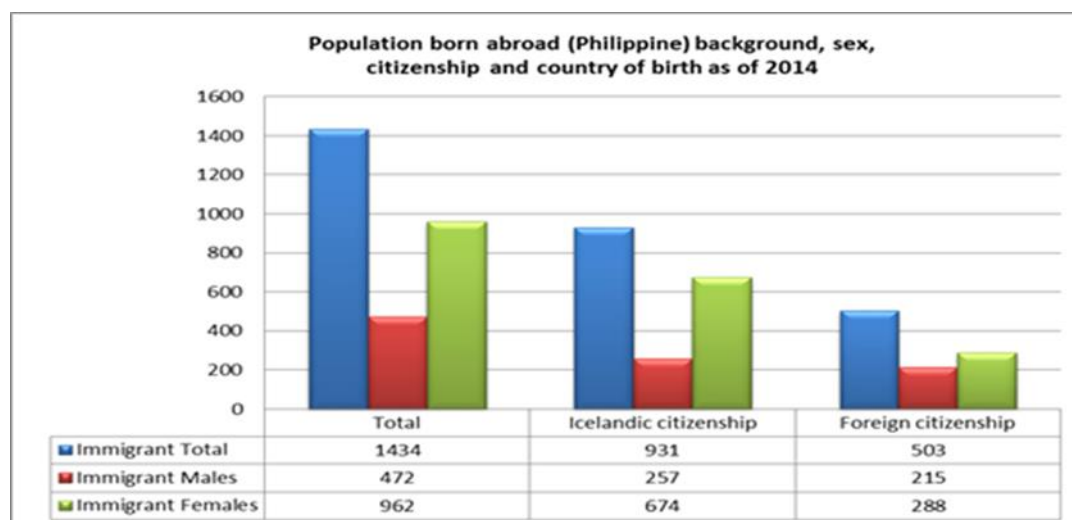
There are a total of 57 Philippines citizens ages 15-74 years old obtain an Icelandic citizenship as of 2013. There were 43 females and 18 males. Ages 30-34 and 35-39 are the two groups with receiving the most number of immigrants gaining Icelandic citizenship (Statistics of Iceland, 2014).



**Figure 2.2.1 Philippines citizens gaining Icelandic citizenship (Statistic of Iceland (2014))**

According to the Statistics of Iceland, data as of January 1, 2014, regarding the Population born abroad by background, sex, citizenship and country of birth is shown in figure 2.2.2, that as of 2014 for the Philippines migrant in Iceland, it has a total number of 1,434 which consist of 472 males and 962 females. Gaining Icelandic

citizenship has 931, males share are 257 while females are 674. Foreign citizenship (those that are still permanent and temporary resident) have a total of 503, the males are 215 while females are 288. The immigrant from the Philippines has more female than male.



**Figure 2.2.2 Population born abroad (Philippines) background, sex, citizenship and country of birth as of 2014 (Statistics of Iceland, 2014)**

**Religion.** The Filipino immigrants are among the diocese member of the Roman Catholic church in Iceland. According to the data from the Statistics of Iceland (2014, March 4). The increasing population of the Roman Catholic Diocese in Iceland from year 2010 until 2014 is evident in table 2.2.2. That from the year 2010, the population of the Catholic religion is 3.05 percent of the total population of Iceland, in the year 2013 until 2014 are the biggest registered increase with 3.4 and 3.5 percent respectively. The total population is now reaching more than 11,000 dioceses excluding those who are not registered. Poland and the Philippines are the most accredited members of the diocese of the Roman Catholic church in Iceland.

**Table 2.2.2 Population of the Roman Catholic Diocese in Iceland 2010-2014**

Population of the Roman Catholic Diocese in Iceland 2010-2014					
Year	2010	2011	2012	2013	2014
Percentage	3.05	3.21	3.27	3.4	3.5

**Source: Statistics Iceland (2014, March 4)**

Formal Filipino organization in Iceland. As the population of the Filipino immigrant increases its number, the formation of the organization is highlighted and well developed by the active and concern Filipino immigrants in Iceland. As of to date, there are 5 different organizations that acquired identification (kennitala) in Reykjavík and Keflavík, namely:

1. Filipino Icelandic Association (FIA). Established in 1990, this is the first formal Filipino organization in Iceland.
2. Filipino Icelandic Community (FICOM) consisting of Filipino Professionals Association.
3. Philippines-Iceland Association (PHIL-ICE). The Organizing committee is based in Keflavík, although there are also members in the capital region.
4. Filipino Mother Tongue Institution (Inangwíka Felagið).
5. Project Pearl International-Iceland (PPI/ENFiD Iceland). Originally organized to promote Filipino cultural events, PPI also recently affiliated with the European Network of Filipinos in the Diaspora (ENFID), a Europe wide organization of migrant Filipinos.
6. Others, consist of non-formal active group association which is exclusively for the male Filipino immigrant in Iceland, Very Important Person (VIP), a long running organized community in Reykjavík, and the basketball league. This is the only organization that has no registration yet.

Formal organizations are usually the first point of contact for Philippine government institutions as well as some corporations interested in coordinating with the Filipino community in Iceland such as The Commission On Filipinos Overseas (CFO) this government program is (under the Office of the President of the Philippines), and Western Union which conducted a focus group discussion here in Iceland on November 21, 2014. Further, these organizations have also banded together on common interests such as raising funds for Typhoon Haiyan victims in 2013. (Gil, Marvi, Personal communication, February 6, 2015).

Clan and the Filipino. By its definition according to the Collins English Dictionary, 21st Century Fifth Edition (2000), A clan could be a family related by birth and ancestry or marriage, or people who group together that derive common interest and vision. According to one of the active Filipino organizers for Project Pearl International (PPI) Iceland, as of to date, there are 8 Filipino family clans (those families that consist of more than 25 members in the family) who are well establish living in the capital city Reykjavík, Iceland, and this family are growing in numbers and are active in reaching out to the Filipino community in Iceland (PPI representative, personal communication, February 3, 2015).

### **2.3 Why migrate?**

“Human migration“, is where people are moving into a place other than their country of origin either the intention and desire is to acquire a permanent or temporary residence (National Geographic Expedition, 2005).

The Ministry of the Interior (2002, May 15) in Iceland, acknowledge the legislation that enforces Article 12 under the Act on Foreigners No. 96/2002, because of the labor shortage in Iceland which granted the issuance of temporary residence among the foreigner. When Iceland implements the new Labor and Immigration Policies during the meeting with the Labor and Immigration officials of the Philippine Embassy delegation in Reykjavik, Iceland on June 14-18, 2007, it allows the Philippines (Filipino) skilled workers, particularly, the nurses to enter Iceland. This implementation is to address the shortages of labor workers and nurses in some hospitals (Philippine Overseas Labor Office, United Kingdom, 2007, June).

Filipinos are immigrating to Iceland for various grounds, in search for a better living conditions and higher income is probably the basic reason most Filipinos are willing to sacrifice, a family separation while leaving the family and friends behind and moving to a distant country like Iceland that has a different culture to start a new life, according to Skaptadóttir (2010), study about the integration and transnational practices of Filipinos in Iceland. Her findings show that the Filipino immigrant’s view of moving to Iceland is to augment their way of life and of their family, earning is much higher compared to just be in the country where they came from. Reuniting with the family who acquired a

legal domicile in Iceland, and the opportunity to study are among the important factors that Filipinos intent to come and stay, but the main thing why people migrate is for work.

Based on the report of Battistella & Asis (2013) although work is the main reason for migration among Filipino, they believe that other factors like to experience different cultural influences, others who acquired skills and wants to pursue their dreams abroad wherein technology are more upgraded, the high standard of living, and the influence and motivation of the family drives Filipino to migrate.

With every changing circumstances that affects the lives of the families and kin relationship ranging from social-politics, war and crisis, which often lead to voluntary migration (Elliot and Gray, 2000). As contributed by Michael Maga-Ao (2014, August 30) in his column in Ezine Articles about Plight Behind Flights: Why Thousand of Pinoys Leave the Philippines Daily. That Filipinos are searching for a better opportunities for themselves and seek for a higher paying jobs while chasing their dreams and for their love ones bright future, drives a number of 4,500 Filipinos leaving the country every day.

Based on Nolasco (2014, September 22) a researcher in the University of Asian Center, Diliman, Philippines, his studies have focused on a different area like history, philosophy, theology and law. That in his review, based on the article, All in the family: maids, migrants and Mango Brides. He stresses that migrating to some, are being influenced by other families that dominate in the society as political dynasties and many powerful entities are controlling the economy that resulted in the unbalance treatment and lack of distribution of opportunities because the rich are powerful in the society, they are easily recognized and respected. In the Philippines, while the rich are getting richer, the poor becomes poorer. This reality encourages the less fortunate and the poor dreamer to look for greener pasture in other countries that acknowledges equality and opportunity to grow as an individual.

Culture, tradition and trends have a big impact on migration. The analysis of Kanaiaupuni (2000) describes that migration pattern has a big influence on the gender classification. In Mexico, men are less likely to choose to migrate than women. That educational attainment and marriage are considerable factors in women's migration.

She added, that single and previously married women are facing a greater danger (such as the case of prostitution and women trafficking) during migration compared to those who are currently married. In general, migration is higher for women because of the important factor which is marriage with foreigners. In the Arab News published by Jawhar (2014), this pertains to the rising trend of Saudi Women marrying foreigners. That as high as 90% women in Saudi Arabia has a great outcome in marrying foreigners in contrary, 25% of Arab men have less failure being married to other foreign nationals. The reason for many Arab women to migrate from their country to escape the social and tribal status of arranging marriage among Saudi men.

## **2.4 Who are the immigrants in Iceland?**

A yearly increase in the number of immigrants in Iceland coming from a neighboring countries in Europe and other country, state along with the immigrants from the Philippines with the intention to reunite with the family, for work, study, or even other special cases like asylum and the refugees.

According to the Statistics of Iceland (2014), the increasing number of immigrants in Iceland, which recorded in a total of 27,447 on 1 January of 2014 which comprise an 8.4%, a minimal increase from the year 2013 which was 25,926 making up 8.1% of the total population. Along with the increase recorded are the children born to two immigrant parents (second generation immigrants) a total of 3,532 last year 2014 while 3,204 in 2013. Joining with this report, Poland, Lithuania and Philippines make up the largest group of immigrants in Iceland. A total of 10,141 immigrants were born in Poland which is 36.9% of the total population of immigrant in Iceland, followed by Lithuania (1,433) and the Philippines (1,434).

Immigrants in Westfjords and Southern Peninsula (Icelandic: Suðurnes) region in Iceland comprise the biggest share of the total population (Jónsson, 2013). According to Fontaine (2014) in his column in The Reykjavík Grapevine made a noticeable report of combine data of the first and second generation immigrants who are residents in Westfjord that come up to around 13 percent.

On the issue of the Nordic Labour Journal, Iceland along with Ireland has a number of immigrants that doubles in ten years. The Organization for Economic Co-operation and

Development (OECD) statistics have indicated the increasing proportion of immigrants in the Nordic countries covering the year from 2000 to 2010, table 2.4.1 shows that Sweden has the most immigrant with a 14 percent, both Iceland and Norway has 11 percent, Denmark with 8 percent, and 4 percent in Finland. Iceland has an impressive 76 percent, which has the most employment compared to other Nordic countries (Lindahl, 2012).

**Table 2.4.1 Percentage of immigrants and employment in the Nordic countries as of 2000-2010**

<b>Nordic countries</b>	<b>Immigrants</b>	<b>Employment</b>
Sweden	14%	62%
Iceland	11%	76%
Norway	11%	67%
Denmark	8%	66%
Finland	4%	62%

Source: Lindahl (2012)

## **2.5 Immigrants from the Philippines**

The Philippines is located in the Southeastern Asia. With an estimated population of 107,668,231 towards July 2014, the country is considered as the 13th most populous country in the world (Central Intelligence Agency, 2014 June 20).

People from the Philippines can be found in different countries of the world. They have decided to move abroad to seek a better life, even though many of them are well educated and skilled workers. They choose to accept jobs that require none or little education and are often paid minimum wages while they are settling in the new country. Sometimes this is the result of a language limitation, as they are not able to communicate in the local language and/or their education and skills are not accepted. But still many of them find a job and get paid enough to survive in the new country and even are able to remit part of it back home to their family who are still there.

Based on the data provided by the Commission on Filipino Overseas (CFO, 2013) the stock estimate of Filipinos who are working and acquire legal residence abroad are reaching as high as 10.5 million and they are classified as temporary migrants that has now 4.2 million or 40 percent of the total stock estimates, the permanent migrants have a share of 4.9 million or 47 percent, and the irregular migrants (considered as undocumented working Filipino abroad) counted to 1.3 million a share of 13% of the total number of overseas Filipinos.

The top ten countries dominated the presence of the Filipino workers that acquired a legal residency are presented in figure 2.5.1 based on its percentage level, being on the top is the country from the United States with a higher share of 33.31%, combining the countries in the Middle East (Saudi Arabia, UAE, and Qatar) comprise a share of 24.11%, Canada has a share of 8.13%, Australia with 2.32%, while in Asia comprising Malaysia and Japan combine a share of 8.88% (CFO, 2014 November 21).



Figure 2.5.1 Stock Estimate of Overseas Filipinos by Country of Destination as of December 2012  
source taken from CFO (2014, November 21).

According to Tarrazona (2014) a Filipino immigrant in Vancouver who contributes his column for the Asian Pacific Post. The Filipino immigrants in Canada is being forecast to reach one million by the year 2025. Among the immigrants, Filipino is considered as the favorite among other countries like China, India, and Pakistan. While in the United States (Stoney & Batalova, 2013) the Philippines constitute as the fourth biggest group of immigrants (comprise more women than men), along with China, Mexico and India.

## **2.6 Why do migrants remit?**

Based on Yang in his Journal of Economic Perspective, "Remittances are household income received from abroad, resulting mainly from the international migration of the workers." (Yang, 2011 p 132). The word "Remittance" is synonymous as "Money transfer" that defines the movement of funds from the sender to the receiver usually send to another country (WorldRemit, 2015). Remittances are a customary manner of sending coming from a generous individual or a member of the family to intended household with the intention to meet the target needs of the recipients, in effect, it helps to improve the way of life. The positive contribution of remittance believes that it reduces the population share of the poor people in every country (Ratha, 2012). According to Hertlein and Vadean (2006), remittance is part of the migrants income in either form of funds and goods, which they intend to send to their country of origin to financially support the needs of their family back home. Motives of remittances can be numerous and the main driving force that could lead to "altruism".

The role of the Filipino immigrants brings so much responsibility and assumes the duty to provide for the family, especially if the spouse and children, as well as siblings are dependent on his/her remittance. Apart from the care of the relatives, the Filipino migrants have also established self-interest to remit, like for instance building a new home for the family and for themselves to have a comfortable place to stay when coming back in the country of origin, and a small business with family and friends for investment purposes. Furthermore, migrants remit to repay for the loan and debts from their relatives that covers the high cost of moving and settling in another country (Hertlein & Vadean, 2006).

The World Bank also considers other important factors that drive remittances through the contribution and influence of the existing migrants in the host countries (like for instance, the rapid increase of the migrant stocks from the Philippines, which is presented in figure 2.5.1) and the condition in the economy in the recipient countries, the exchange rates and the charges and fees of money transfer services are the important determinants of remittance (The World Bank, 2014, October 6).

A press release by The World Bank (2014, October 6), that the international migrants coming from developing countries impacted a strong growth in remittances that reach a record high of 5 percent in 2014 and 3.4 percent from 2013. Reaching expectation of \$435 billion in 2014 and will continue to rise in 2015 with estimated remittances of \$445 billion. The growth rate in 2014 was substantially faster than the 3.4 percent growth recorded in 2013, contributed largely by remittances to Asia and Latin America.

The top 10 recipient countries are the developing countries presented in figure 2.6.1. All remittances are presented in billion US dollars. The remittance sent to India reach 71 that made them the top one recipient in the developing country, followed by China with 64, Philippines share is 28, Mexico and Nigeria with 24 and 21 respectively, Egypt and Arab Republic marked with 18, Pakistan with 17, while Bangladesh has 15, Vietnam got 11, and Ukrain got 9. The first three countries are considered the most populous countries in Asia.

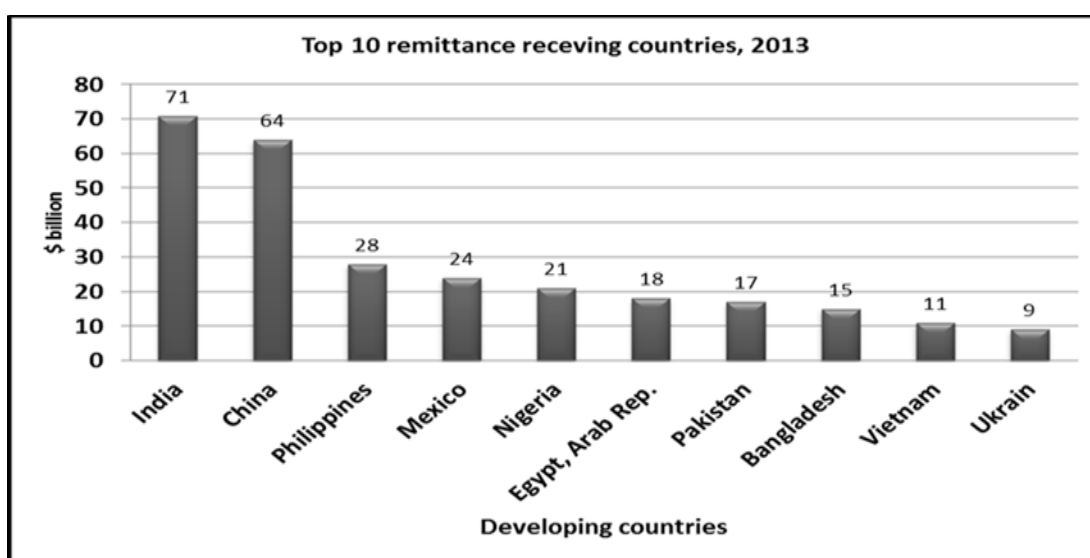


Figure 2.6.1 Top 10 remittance receiving countries, 2013 (The World Bank, 2014 October 6)

In determining the migrant remittance amount it can depends on the duration of the stay in the host country as well as on the income. Based on the study conducted by Semnuyov & Gorodzeisky (2008, June 24) the family of migrant workers who receive remittances improve their standard of living and increase their income, thus the use of remittances is primarily for consumption and expenses. This leads to a number of Filipinos migrating to other countries to obtain work and earn a bigger income to help sustain the needs of the family.

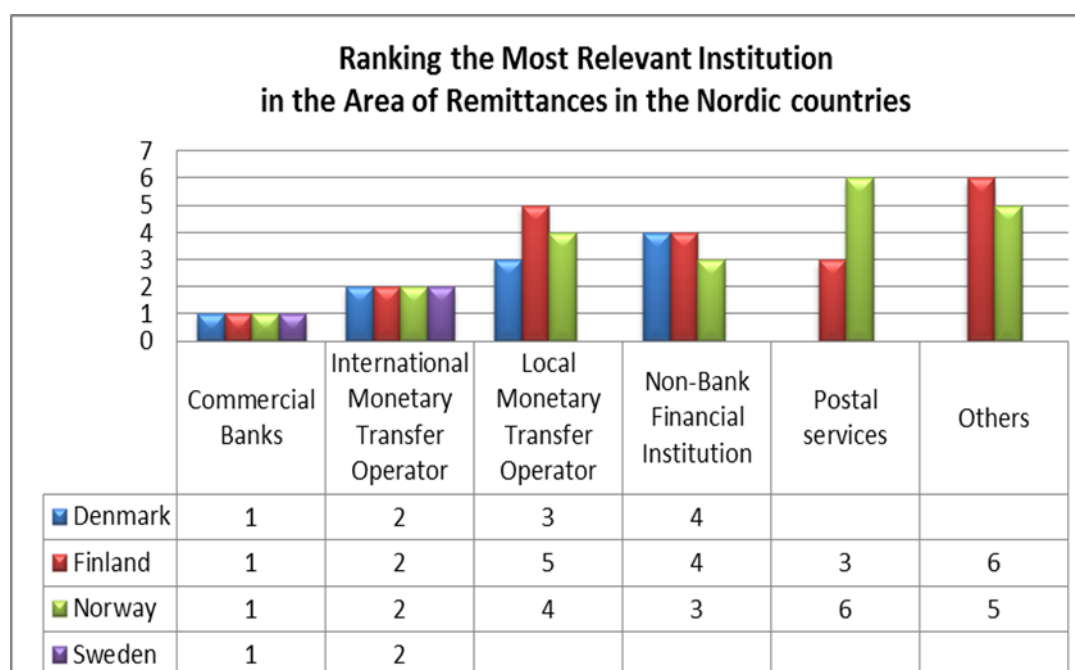
According to Violeta Tolo Torres (2014, March 25), in her master thesis, regarding The Implication of the Economic Crisis on the Filipino Community in Iceland and why the family in the Philippines are affected, in the Philippines, many of the Filipino families have more than one member who is working or residing in another country, and the majority of those who are abroad are obligated to perform their duty to make an effort to help by sending regular financial support to those who are left behind, more importantly the nearest member of the family like the children, the parents, siblings and and their children, as well as the extended family like the nephews and nieces to whom will call for assistance related to educational purposes (Torres, 2014).

According to Sheila de Torres (2002) the care for the aging parents and the children are considered as the strongest obligation within the families. It may be financial, physical and emotional. Some cultures, birth order (such as the eldest, middle, younger and the youngest, or being the only child) is vital in determining the level of obligation that reflects on the hierarchies of responsibilities (de Torres, 2002).

Based on the discussion paper of McDonalds and Valenzuela (2012, September, p. 26). Why Filipino Migrants Remit? Evidence from a Home-Host Country Matched Sample. They concluded, that the driving factors of the migrants behavior to remit derives from the “economic needs of their origin households with the key pull factors being lower earning capacity of origin household combined with the high number of children needing support.”

Nordic countries like Denmark, Finland, Norway and Sweden established a strong choice of remittance services. It determine by the characteristics of the remitter being professional and low skilled individual, higher and lower income has a big impact on the choice of remittance service. The availability of different remittance services helps

estabilize a price competition to lower the charges and fees that allows the remitter to assist and evaluate its services. Figure 2.6.2 shows how the Nordic countries (excluding Iceland) rank the different institutions when it comes to remittances. According to the World Bank (2008) Payment Systems Worldwide: A snapshot, Outcomes of the Global Payments Systems Survey 2008. Rank 1 to 6, where 1 is the most relevant (frequently use and trusted service by remitter) and 6 being the least relevant (unlikely choice could be of the service and charges). That Commercial Banks and the International Monetary Transfer Operator are the most relevant institution for remitters in the Nordic countries which stand as 1 and 2 respectively, Postal services are the least relevant remittance service in Norway but still relevant in Finland (World Bank, 2008).



**Figure 2.6.2 Ranking the Most Relevant Institution in the Area of Remittances in the Nordic countries.**  
Source: The World Bank, 2008.

In 2012, remittances of immigrants from Iceland to top 10 sending countries is provided by the data from PEWResearch Center. The remittance outflow to countries (ranked from 1 to 10) like Denmark, Germany, Philippines, Norway, Poland, Sweden, France, Thailand, United States and Luxemborg. The Philippines is the third receiving

countries reach to USD 9 Million. While Philippines remittance inflows from Iceland belongs to top 23rd country source (PEWResearch, 2014 February 20).

Based on the population of the Filipino immigrants in the Nordic countries, remittances plays a vital role. Table 2.6.1 shows the list of the country's population (CFO, 2012) and the remittances (PEW Research, 2014) among the Filipino immigrants in the Nordic countries. Norway has the highest estimated population count with 23,376 Filipino immigrants consisting of permanent, temporary and irregular resident status, followed by Sweden with 12,599, Denmark accommodate 11,109, Finland got 2,414 and Iceland in 1,688. For the remittance inflows to the Philippines in 2012, Norway contributed up to USD 68 million, Denmark USD 47 million, which is a bit higher than Sweden at USD 46 million, Iceland have bigger remittance of USD 9 million compared to Finland with USD 8 million. It implies that Filipino immigrants in Iceland have more remittance than Finland, likewise Denmark remit more than Sweden.

**Table 2.6.1 Filipino Immigrants in the Nordic countries (Population and remittance, 2012).**

<b>Filipino Immigrants Nordic Countries</b>	<b>Population, 2012</b>	<b>Remittances, 2012 (USD, million)</b>
Denmark	11,109	47
Finland	2,414	8
Iceland	1,688	9
Norway	23,376	68
Sweden	12,599	46

Source: Commission on Filipino Overseas (CFO, 2012) and PEWResearch (2014, February 20)

## **2.7 Central Bank currency restrictions in Iceland affecting remittances**

The Central Bank (CB) is a state owned, independent institution which is actively administered by the Ministry of Finance and Economic Affairs, along with the Supervisory Board. It has a duty and responsibility to focus on monetary policy implementation mainly with the objective of price stability. The functions of the Central Bank of Iceland are to assume central banking obligations, for instance, keeping outside

reserves and developing an effective and safe financial system, which correspond to payment systems concerning foreign currencies (Central Bank, n.d.).

Since the collapse of the banking system in Iceland in the autumn of 2008, the Central Bank strictly implemented a temporary restriction and guidelines being provided to access in Foreign Exchange transactions in order to prevent its potential shortages of foreign currency.

This is not only affecting the citizens, but also every resident who has a legal domicile in Iceland. It is of great value and obligation on the part of the banks to inform their customers and clients regarding the aforementioned act of law and the rules, this will encourage the customers to help themselves to understand the situation and will help minimize the misunderstanding of the concerned individual towards the banks and other non bank providers pertaining remittance service.

## **2.8 Rules and regulation relating to money transfers**

The different classification of transacting Foreign Exchange and its restrictions can be found on Act No. 87/1992 on Foreign Exchange in Article 13 d. and its subsequent amendments by Act No. 127/2011. According to Kolbrún Birna Árdal, Central Bank of Iceland, on the rules and regulation pertaining to money transfer, residents are allowed to buy foreign currency from their designated depository bank in Iceland with the intention that the funds will be used for the purchase of goods and services (K.B. Árdal, email communication, November 19, 2014).

The cross-border movement of foreign currency is authorized if the transfer is made as payment for the same purpose stated above. For example, it is permissible to conduct foreign exchange transactions for the importation and trading of goods and services during travel abroad. According to the Central Bank, cross-border movement of capital is defined as a transfer of capital between the resident and non-resident accross national borders (Central Bank, n.d.)

Árdal further explains that residents are allowed to purchase foreign currency for up to 3,000,000 *Icelandic krónur* per calendar year per individual, and move it accross borders when it is intended as a gift for residents (the sender) to non-residents (the receiver, for instance a family member in the home country like in the Philippines).

The banks regulates the allowable purchase of foreign currency upon presentation of travel ticket issued by an accredited airline travel agent and e-ticket print-out as a guarantee to acquire of up to 350,000 *krónur* per monthly transaction per person. The customer can acquire this service through their own depository bank (K.B. Árdal, email communication, November 19, 2014).

A more detailed information on money transfer will be presented in chapter 3 focusing on the methods of money transfer in Iceland.

### **3 Methods of money transfer in Iceland**

There are several ways to officially transfer money from Iceland to the Philippines through formal (banks and post office) and informal means (like online money transfer and sending money through relatives and friends travelling to the Philippines). There services can be different in nature and the cost of transferring is not the same, depending on the service method and the bank. In accordance with the Central Bank in Iceland provisions of the Act. 87/1992, financial institution like banks use category code 407 as Gifts and Grants, etc. for foreign currency intended for transacting money transfer. Charges and fees, as well as the length of the transfer may vary according to banks. Payment in cash, bank account, and the use of debit card are the means of payment, using a credit card in transacting money transfer is not acceptable by banks and MoneyGram and Western Union. Banks and Pósturinn operating during weekdays from Mondays to Fridays during 9 a.m. to 5 p.m. except to those banks designated branches that extend more hours and even on weekend like the one in the Arion Bank in Kringlan and the Landsbankinn branch in Keflavík airport.

#### **3.1 Banks in Iceland**

The Icelandic banking system has been totally restructured in the wake of its financial crisis in 2008. The strict rules and regulation on foreign currency that has been implemented by banks in accordance with the Central Bank in Iceland, that previously discussed in chapter 2.8.

At present, there are three major commercial banks. NBI, hf. which is represented as Landsbankinn, Arion Banki (formerly Kaupthing Bank) and Íslandsbanki (was Glitnir before). Arion Banki and Íslandsbanki are largely owned by foreign creditors, on the other hand, Landsbankinn is presently owned with its major share by the State. While MP Bank, a small commercial and investment bank, and Sparisjóður which operates outside Reykjavík.

A specific service of banks that is the focus of this study is about foreign currency and the international bank to bank money transfer method. Under category 407 Gifts and Grants, etc. are provided for this purpose. These are available for the Filipino immigrants to send money transfer to another bank account to their families in the Philippines.

### **3.1.1 Arion Banki**

Considered as one of the commercial banks that only operates in Iceland, Arion bank has 20 branches around the country. It has five branches in the capital area wherein the headquarter or main office is located in Borgartún, Reykjavík and 15 other branches are outside of Reykjavík. Arion bank clients can acquire foreign currency exchange and bank wire transfer in all of their branches in Iceland (Arion Banki, n.d.)

Application for currency, how does it work? To acquire currency exchange, customer depositor has to personally visit any branch of the Arion Bank. The customer may direct to the cashier for currency exchange and present the required travel ticket. For bank to bank money transfer, the customer depositor could choose any Arion bank service adviser who will take care of this transaction. Application for currency form (see Appendix 2). Categories are listed on the form for customer intention and purpose. The required information varies according to country of destination, like for instance for international transfer to another bank account in the Philippines, strict requirements are as follows: The applicant details, the recipient information and the full name and valid address, complete bank account number (13 digits), the official name of the bank and its address, and the SWIFT code of the recipient bank. A flat fee of 1,600 *krónur* irrespective of the amount sent. All international transactions made by Arion will take

up to 2-3 working days validation (Branch personal service adviser, email communication, November 10, 2014).

### **3.1.2 Íslandsbanki**

Íslandsbanki is one of the three major banks in Iceland that offers a wide range of banking services to household, organizations, and professional investors. It has a total of 19 branches around the country. It has 10 branches in the capital area and the other 9 branches are situated in the countryside and one in Akureyri (Íslandsbanki, 2014).

Íslandsbanki has been acknowledged by The Banker (a well read publication produces by the Financial Time magazine) as the Bank of the Year 2014 Iceland, topped among the banks in Iceland in the Customer Satisfaction Index (CSI) and high outcome in cost control and revenue growth (Íslandsbanki, 2014 November 28).

Citizens and immigrants in Iceland who have an account deposit in Íslandsbanki can avail themselves of the services to purchase foreign currency when intended for travel purposes and the use of wire transfer which is explained more in the details below.

Currency Exchange and how it works: To exchange *Icelandic Krónur (ISK)* to foreign currency, the person has to be an Íslandsbanki depositor in order to use the service. By presentation of travel ticket issued by the official airline agent or print out an e-ticket from designated online ticket agent, the customer may directly transact to the bank cashier that will inspect the validity of the airline ticket, a maximum allowable amount of 350,000 krónur per individual based on the travel ticket transaction. The customer could pay it in cash or take out direct from his/her savings account. Due to the currency restrictions, the customer depositor has to personally visit Íslandsbanki and get the assistance of the advisor specialist that will provide the detailed information needed to fill-out the Currency Exchange application form (see Appendix 3). The form provides different categories as to specific service needed. This falls under category code no. 407 Grants, Gifts, and etc. The customer must provide the required data that vary among countries of destination. Like for instance, to send international bank to bank transfer to the Philippines, the customer should provide information like the name of the recipient and address, name of the receiver's bank and its complete address,

International Bank Account Number (IBAN) usually consists of 13 digits, and Bank SWIFT code (Freydís Armannsdóttir, personal communication, November 21, 2014).

Irrespective of the amount that the customer intends to move to another bank account in the destination country, Íslandsbanki has a flat rate of 1,500 *krónur* (as of January 6, 2015 increase charges from 1,300 *krónur* in 2014) per transaction. It will take around 72 hours, which is equivalent to 3 business working days to validate the transfer of designated receivers' bank accounts. The customer (sender) will have to inform the recipient of the transfer being made (Advisor, Personal Banking, Íslandsbanki. Email communication. 2015 January 22).

### **3.1.3 Landsbankinn**

Landsbankinn a commercial bank in Iceland, founded on the 9th of October, 2008. It is leading Icelandic financial institution that provides comprehensive and variety of financial services in the market with its largest branch network. It has a total of 33 branches around Iceland, of which 7 branches are located in the capital region and its newly open branch in Borgartún, Reykjavík. The headquarter is located in the capital city, Reykjavík (Landsbankinn, n.d.).

How does it work? Landsbankinn customers, either Icelandic nationals, immigrants or other foreign nationals can purchase foreign currency at any time during business hours. The Landsbankinn Keflavík Airport branch is open even on weekends depending on the flight arrival schedule. The customer has to present an official travel ticket or print out an e-ticket and a passport for validation and the authenticity of the document. Landsbankinn is allowing a maximum amount up to 350,000 *kronur* for the equivalent foreign currency exchange. The customer has to direct his or her transaction to the bank tellers. According to Magnea Magnúsdóttir, personal bank service adviser, (personal communication, November 14, 2014), with regards to bank to bank money transfer, the customer has to personally visit any branch of Landsbankinn, choose a bank service assistant that will provide details for a specific intention to transfer money through another bank account, for instance sending money to a bank account in the Philippines. A special application form, Foreign currency (see appendix 4) is provided which the bank customer has to personally fill out and provide all the necessary information of the

sender and the receiver, including the name and address of the bank, International Bank Account Number (IBAN), and SWIFT code. The minimum processing of the transfer will take 3-5 business days depending on the country of destination. The service charge is 1,500 *krónur*. Magnúsdóttir also clarifies that if the intention of the bank client is to send an exact amount to the recipient in the destination country, an added cost will be imposed from the original service charge of 1,500 up to 4,500 *krónur*. The reason for this high extra charge by Landsbankinn is to ensure that recipient will receive the expected amount from the sender. (Magnúsdóttir, personal communication, November 14, 2014).

#### **3.1.4 MP Bank**

A commercial and investment bank. Its main office is located in Ármula 13a, Reykjavík. According to the personal bank adviser at MP Bank, that intended customer of MP Bank gives the opportunity to transact International bank to bank Swift Payment. The customer has to visit its nearest branch and get assistance from any of the available personal service adviser for the intention of money transfer and fill-out the application form for Transferring Currency (see appendix 5) under the code 407 intended for Gifts. Charges and fees per transaction are a flat rate of 3,000 *kronur* irrespective of the amount of money being transferred to another account. (Personal Bank Adviser, personal communication, January 7, 2015).

In International bank to bank transfer, the customer pays the charges for the service, the money being transferred will be deducted by the recipient bank for other charges, for instance the customer will send 20,000 *Icelandic krónur* to the recipient in the Philippines, the received amount will be less due to additional charges taken by the recipient bank in the Philippines. Additional charges vary depending on the bank or institution in the destination country. In order for the sender to make sure to transfer the exact amount to the recipient bank account, the sender has to pay higher charges in his/her bank, for MP Bank the charges will be from 3,000 *krónur* up to 6,500 *krónur* more or less (Personal Bank Adviser, personal communication, January 7, 2015).

### 3.1.5 Sparisjóður

Sparisjóður stands for its brand as a Saving bank in Iceland, which provide personalized financial services to its customers with 12 branches located outside the capital city like one in Westman Island (South of Iceland).

The customers and clients of Sparisjóður can avail themselves of the services intended for foreign currency in cases as payment for importation of goods and services, checks and IMO and wire account transfer (Sparisjóður, n.d.).

As with other bank regulations on Foreign Currency, the Sparisjóður foreign exchange service is only available to its own customer who are officially having a bank account and a depositor and has a savings account in Sparisjóður.

According to a phone conversation with a Sparisjóður financial adviser (December 15, 2014) customers can avail themselves of the foreign currency services by visiting the bank personally and assistance is provided for customers convenience to fill-out the Foreign currency form according to its purpose and intent like sending money transfer to destination country through bank to bank account transfer. Charges for the said service is a flat rate fee of 1,450 Icelandic Kronur (advise increase as of January, 2015, previously 1,300 krónur in 2014) (Personal Bank adviser, a follow-up telephone conversation, January 29, 2015).

### 3.1.6 Summary

The three of the biggest commercial banks in Iceland, the Arion Bank, Íslandsbanki and Landsbankinn, along with MP Bank and the Sparisjóður are all the banks that have been the focus of this research study. To compare their charges as to bank wire transfer that only its registered customer can fully avail of its services. In Arion Bank the customer application for currency with a charge of 1,600 *Icelandic krónur*, Íslandsbanki currency exchange application charge is 1,500 *krónur*. Landsbankinn charge 1,500 *krónur*, MP Bank charge for 3,000 *krónur*, and Sparisjóður 1,450 *krónur*. Table 3.1.1 shows on the next page for a clearer comparison on charges. It takes 2-3 days to validate the transaction. It is safe and practical to use bank to bank money transfer when the sender

remit a big amount of money for savings or intended for project like house repair, more importantly, the recipient of the remittance has to have a personal bank account.

**Table 3.1.1 Bank Wire transfers comparable charges among the banks in Iceland.**

<b>Name of Bank of Iceland</b>	<b>Name of Application form</b>	<b>Charges in ISK</b>
Arion Banki	Application for Currency	1,600
Íslandsbanki	Currency Exchange	1,500
Landsbankinn	Foreign Currency	1,500
MP Bank	Transferring Currency	3,000
Sparisjóður	Currency Exchange	1,450
Note: Customer applies for bank to bank transfer intended to send to the family back home is under category 407 (Gifts and Grants, etc.)		

**Source:** All information taken from every bank's website listed above (2015).

Application forms for each bank are supplied in the Appendices. Every bank has corresponding term use of its application form, but they all have same code use for the gifts and grants, which is under category code 407 (Gifts and Grants, etc.) this is intended for the customer to use for bank to bank money transfer (bank wire transfer).

### **3.2 MoneyGram money transfer in Iceland**

MoneyGram Money Transfer is a company engaging in sending and receiving money. It offers money transfer services worldwide through a global network of 347,000 agent locations, including retailers, international post offices and financial institutions in 200 countries and territories (MoneyGram, 2013). MoneyGram competes with Western Union, World Remit, PayPal and Xoom that served money transfer online and operates worldwide.

MoneyGram Money Transfer (International), is a brand name, intended for as a payment institution duly authorized and regulated by the Financial Services Authority (FSA) in the United Kingdom (MoneyGram, n.d.).

MoneyGram was first introduced in Iceland by the company Forex in the year 2000. Forex is located in Reykjavík (Reykjavík Grapevine, 2008). According to Freydis Armannsdóttir, Íslandsbanki Personal Banking advisor, MoneyGram was served by the BYR Bank between the years 2005-2006. When Iceland was hit by financial crisis in

2008, the services of MoneyGram were later on served by another bank, Íslandsbanki took over and became the agent for MoneyGram from February, 2012 until November of the same year (Armansdóttir, personal communication, November 21, 2014).

### **3.2.1 Pósturinn agent of MoneyGram in Iceland**

According to Pósturinn (Íslandspóstur, ehf.) as of November, 2012, MoneyGram Ltd., is the newest addition to their services. Pósturinn started to operate as an agent of MoneyGram with a limited service because there were only a few selected branches that offered sending and receiving money transfer like Pósthússtræti 5, 101 Reykjavík, Höfðabakki 9, 110 Reykjavík, Dalveg 18, 200 Kópavogi, Firðinum 220 Hafnarfirði, Hafnargötu 89 230 Reykjanesbæ, Neistanum 400 Ísafirði, Strandgötu 3 600 Akureyri, Búðareyri 35, 730 Reyðarfirði. As of today, Pósturinn along with all the 31 branches around Iceland, offers full MoneyGram money transfer service, the capital area has the most branches which are located in Stórhöfða, Póstraeti, Mjódd, and Sídamúla (Pósturinn, n.d.).

How does it work? The customer has to visit his or her nearest Pósturinn office agent location for MoneyGram. Fill-out the desired form (to send or to receive). In order to send money transfer, the customer has to use the send money form (refer to Appendix 6) which is available in a bigger size red/white color paper, while to receive money form (view Appendix 7) is available in a half size red/white color paper and is intended for the receiver to fill-out in order to acquire the money sent.

Complete detailed information of the sender and the receiver of the money transfer and the amount intended to send. A customer may include a free 10 word message.

Transaction. Payment could be made in cash or paid in a bank-issued debit card. The customer will receive a print out official receipt of payment and the second copy of the completed application form along with the MoneyGram reference code that consists of 8 numbers. It is the responsibility of the sender to inform the receiver of the tracking number for easy access and retrieval of the remittance at their end (MoneyGram, n.d.)

Picking up money from MoneyGram. Once the sender provides the receiver with a reference code, the receiver simply needs to visit its nearest MoneyGram agent location, fill out the receive money form. The receiver customer is required to provide personal identification, usually one or more of the following: passport, driving license, national identity card or a government issued identification (MoneyGram, n.d.).

Application forms are classified in size. MoneyGram application form is available in same color but differ in size. The application to send money is bigger, while the application to receive money is half the size with both Icelandic and English sub-text (MoneyGram, n.d.)

Charges and fees. The complete information about the charges and fees can be found in table 3.4.1.

Limitations: As per regulation, according to Act. 127/2011, a maximum of 300,000 *Icelandic krónur (ISK)* can be sent abroad per transaction during the month, and a maximum of 100,000 *Icelandic krónur* to receive money transfer from another country to Iceland, the receiver could only claim local currency or payment cash out in Icelandic krónur (Posturinn, 2013). MoneyGram closely monitor sender's transaction as to frequency, remittance size, and sender and receiver relations to ensure that remittances are not using any illegal transfer of funds, which is provided the law against Money Laundering. An organization that provide the guidelines to every financial institution to avoid the rules and regulation on Money Laundering law (Ministry of Industries and Innovation, n.d.).

### **3.3 Western Union money transfer in Iceland**

Western Union earned its popularity as the global leader in remittance services, that specialized in sending and receiving money transfer around the world. A quick service like money in minutes that target active remitters. In 2012, the company opened its 500,000th agent locations. At present, it reached as high as 515,000 agent locations worldwide (Western Union, 2012).

There are two types of transfer services they offer. The first type is to send money, which is a service that migrants use to send remittance to their families back home. It is also intended to transfer payment for goods and services. In this feature, sending the

money will only take 1 minute or more depending on the receiving country availability of agents. This type service is accessible in over 200 countries and territories worldwide. The second type is to receive money. The customer or recipient of the money transfer will have to visit the nearest Western Union money transfer agent center to claim his or her money and fill-out the application form with proper identification along with Money Transfer Control Number (MTCN) tracking number for easy access to the service. Like in the Philippines, there are two big telecommunication companies that partner with Western Union Money Transfer, Globe Gcash and Smart Money (Western Union, 2012).

### **3.3.1 Landsbankinn agent for Western Union Money Transfer in Iceland**

Landsbankinn offers Western Union money transfer at all of its branches to send and to receive money transfer in minutes.

The Western Union Money Transfer services have been offered by Landsbankinn since December, 2003 (Morgunblaðið, 2003). Serving with all their branches around Iceland. It can be seen in the news article in The Reykjavík Grapevine, Landsbankinn ads for Western Union Money Transfer services that serve money in minutes with English text intended to reach the message to immigrants and foreign visitors in Iceland (The Reykjavík Grapevine, 2013).

The customer wishing to send money has to visit the nearest branch location of Landsbankinn. According to Landsbankinn website, Keflavík airport branch located in the ground floor is accepting Western Union money transfer service and its business hours during Saturday are open as early as 5:30 in the morning until 17:00 but close between 9:00 to 13:00 during the day. On the 2nd floor (departure hall and tax free area) intended and exclusively for those travelling abroad, business opening hours is from 5:30 am to 17:30 and 22:00 until 01:00 (Landsbankinn, n.d.). Only Landsbankinn in Keflavík airport is available during weekends to serve foreign currency exchange and Western Union money transfer services. A big advantage for those who live nearby Keflavík airport like Grindavík, Njarvík, and Reykjanesbær. Inconveniently for those who live in a distant area like Reykjavík.

Application forms are classified into two different colors. The application form in sending money is available in green color paper (see Appendix 8), while to receive money, the application form is yellow (refer to Appendix 9). By sending money, the form is available in English text with no Icelandic subtext, while in receiving money form is available in Icelandic with English subtext.

Requirements. The sender is required to fill-out the send form completely, and to present an identification card like Passport or Driving License upon transacting Western Union money transfer. For the receiver, he or she has to comply with the requirements by providing all needed information in the application form in order to receive money more importantly the tracking number or the Money Transfer Control Number (MTCN) that will help trace the remittance transaction quickly from the system. The receiver will also need to provide an identification card like the Passport and driving license (Western Union, n.d.).

Transaction. Payment may be in cash or a bank-issued debit card. The customer will receive an official receipt with the tracking number Money Transfer Control Number (MTCN) consisting of 10 digits. Usually, the sender will inform the receiver of the tracking number. Charges and fees can be found in table 3.4.1

Added features. The availability of sending remittance direct to receivers' home address, to include a notice or telegram, and sending a 10 word message all incur additional charges and fees. These features are only available in the Philippines and other listed countries (Landsbankinn, n.d.)

Additional charges and fees. In sending remittance with additional features, Columbia and the United States of America are the cheapest at 300 *krónur*, Dominican Republic and the Philippines cost more at 500 *krónur* while a charge of 950 *krónur* is imposed on service in Vietnam and India. Notice and telegram are more expensive at 200 *krónur* than sending a message up to 10 words that only cost 150 *krónur*. For instance if the money sent form includes the messages "Money is intended for school fees and allowances only. Regards" (this message contains 10 words). Table 3.3.1 shows the full detail of the Western Union Money Transfer additional services and charges.

**Table 3.3.1 Western Union Money Transfer additional services and charges**

Added services - If delivered to home country address	Charges in <i>krónur</i>
Columbia	300
<b>Philippines</b>	<b>500</b>
United States of America	300
<b>Vietnam and India</b>	<b>950</b>
Dominican Republic	500
Other countries	900
If notice or telegram is included, this is applicable to all countries stated above.	200
If sending messages up to 10 words. This applies to all countries stated above.	150

Source: Landsbankinn (2014).

### 3.4 Comparable charges of Money Gram and Western Union

In this section the two money transfer operators will be compared, MoneyGram and Western Union money transfer that serves money in minutes, which is faster and convenient to use to transfer funds from the sender to the receiver. In Western Union, transferring funds to the receiver, the recipient will received the actual amount being sent. There is no extra charge taken from the recipient. If in case certain situation that charges takes place in the receiver side, it has to be reported immediately to the sender so actions can be made by the service operator of Western Union agent Landsbankinn in Iceland. (Landsbankinn service adviser, personal communication, February 6, 2015).

In Money Gram they use the term reference code that composed of 8 digits, while in the Western Union they call it Money Transfer Control Number (MTCN), it contains 10 digits. These two money transfer services being handled by their respective agents, MoneyGram by Pósturinn and Western Union under the agency of Landsbankinn, allows every customer here in Iceland to remit up to a maximum of 300,000 *Icelandic krónur (ISK)* per daily transaction.

Table 3.4.1 presents the details of the charges and corresponding percentage based on the amount bracket. MoneyGram charges 700 *krónur* for the first 1 *króna* up to 6,500 *krónur* sending amount bracket, while Western Union imposes a 900 *krónur* fee for the starting amount of 1 *króna* up to 3,500 *krónur* , from 3,501 to 6,500 *krónur* a

charge of 950 *krónur*. From 1 *króna* - 300,000 *krónur*, a minimal of 200 *krónur* up to 215 *krónur* lower charges of the Money Gram compared to the Western Union money transfer.

When charges as percentage of the money sent is compared between the two money transfer operators, it is clearly and relatively very expensive to send small amount such as 3,500 *krónur*. For that amount, the MoneyGram is charging a 700 *krónur* or (20% of the money spent), while the Western Union Money Transfer is charging a 900 *krónur* or (26%). Then it can be seen in the table, that the Western Union charges higher cost for the amount of 1 to 50,000 *krónur*. For those who are sending higher amounts ranging from 85,001 to 300,000 *krónur*, the cost of sending goes down to only 4-5% of the amount sent. The higher amount of the remittance, the lesser the percentage of remittance charges are imposed.

**Table 3.4.1 Comparable charges of MoneyGram and Western Union with percentage**

Amount bracket In Icelandic <i>Krónur</i>	Money Gram – Pósturinn Charges in <i>krónur</i> Percentage		Western Union - Landsbankinn Charges in <i>krónur</i> Percentage	
1 - 3.500			900	From 26%
1 - 6.500	700	From 11%		
3.501 - 6.500			950	15-27%
6.501 - 13.000	1.200	9-19%	1,400	11-22%
13.001 - 26.000	1.800	7-14%	2,000	8-15%
26.001 - 35.000	2.300	7-9%	2,500	7-10%
35.001 - 50.000	2.600	5-7%	2,800	6-8%
50.001 - 65.000	2.900	5-6%	3,100	5-6%
65.001 - 85.000	3.500	4-5%	3,700	4-5%
85.001 - 100.000	3.800	4-5%	4,000	4-5%
100.001 - 115.000	4.500	4-5%	4,715	4-5%
115.001 - 135.000	5.300	4-5%	5,515	4-5%
135.001 - 165.000	6.500	4-5%	6,715	4-5%
165.001 - 215.000	8.500	4-5%	8,715	4-5%
215.001 - 265.000	10.500	4-5%	10,715	4-5%
265.001 - 300.000	12.500	4-5%	12,715	4-5%

Source: Landsbankinn and Pósturinn. (2014) Percentage derive from own computation.

### **3.5 Online money transfer services**

The previous section discussed the available money transfer services in Iceland served by commercial banks like Arion Banki, Íslandsbanki, Landsbankinn, MP Bank, and Sparisjóður, the quick way of sending remittance through MoneyGram and Western Union being represented by their respective agents here in Iceland. The charges and services were presented and compared. This section will discuss the online service money transfer like PayPal, World Remit and Xoom, which are available through online transaction by registering a personal email account and payment through bank account, debit and credit card.

Although it is practical and convenient for the Filipino immigrants in Iceland to use online money transfer services, the trust, safety, convenience and familiarity of the online remittance service determined the choice of the remitter.

#### **3.5.1 PayPal**

PayPal is an online money transfer provider that serves for business and personal transaction. Founded on 1998 of December, its European headquarter is located in Luxemborg. PayPal is popular with customers who purchase on eBay (a well known website for selling goods and services through the use of the PayPal secure website).

PayPal has 203 existing markets that served Africa (existing in 50 countries lead by Algeria), America (with 47 countries like one in the United States), Asian Pacific (participated by 55 countries like the Philippines) and Europe (with 52 countries that includes the Nordic countries like Iceland). To avail of the services of PayPal, one has to register at the PayPal website, by providing an email address and password in order to create an account that is used to make transaction either to pay or to send money transfer to other PayPal account. The convenience, faster and cheaper service is the main target of PayPal (PayPal, n.d.)

According to Marvi Gil, PayPal customer base in Iceland. Sending online money transfer through PayPal from Iceland to Philippine, on a 200 US\$ has a charge of 8.10 US\$ (4.05%) (Gil, M. Oral communication, February 15, 2015).

### 3.5.2 WorldRemit

WorldRemit is another money transfer provider that allows the customer to remit funds to family and friends in the convenience of working home on the computer, cell phone and tabs (WorldRemit, n.d.)

It requires the user to register through its official WorlRemit website and acquire a secure password that allows access to its services. Payment can be made using credit and debit card. There are 50 countries available for the senders to remit including the Philippines.

To send money, choices can be either cash pick-up, Bank Transfer, Mobile Money Transfer (sending it to the user's cell phone), door to door delivery, and Airtime. Remitter from Iceland sending money transfer to the Philippines is allowed up to a maximum amount of 302,000 *Icelandic krónur* per daily transaction (WorldRemit, n.d.).

Charges and fees: If sending an amount of 6,500 *krónur* to the Philippines through a Bank Transfer is charged for as low as 463 *krónur* (7%). For a 25,000 *krónur* charge is only 1,238 *krónur* (5%), while sending a maximum allowable amount of 302,000 *krónur*, the charge is 2,788 *krónur* (1%). The percentage charge is lower when amount of money transfer is higher (WorldRemit, n.d.).

### 3.5.3 Xoom

Xoom is an international online money transfer that offers quick, secure and inexpensive means of remittance service available in 31 countries (likewise, the Philippines) but not Iceland. The customer does not need any bank account, they only require to register on the website provided, payment made through debit and credit card. Charges and fees are based on the means of payment irrespective of the amount sent, if transaction paid through bank account 4.99 US\$, debit and credit card for as low as 5.99 US\$. Allowable maximum per day transaction is up to 2,499 US\$ (Xoom, n.d.)

According to Shirley Pisa, customer service at Xoom, that any individual can transfer funds to any of the countries that served Xoom, provided that the debit card or credit card that the customer will use to fund the transfer has been issued in the United States of America (U.S.A) (Pisa, Email communication, January 12, 2015).

### **3.6 Hand carried by friends and relatives travelling to the Philippines**

As the previous section entails the higher imposed charges of remittance by the money transfer provider in Iceland through the banks and post office, this encourages the use of another method by sending remittance brought by siblings and confidant who are travelling to visit their families in the Philippines which is widely practice by some of the Filipino immigrants in order to escape from the higher fees especially if it involves large amount of cash intended for special project like house construction repair and buying a small property.

How practical and safe. It is rather practical to use this method if it is carried by siblings of the sender because it is easy to convince the person to carry out the task, trust and confidence is there. While on the other hand, the confidant, being the trusted friends and colleagues of the sender could mean a favor ask to pay later and the hassle and safety while travelling bringing other sensitive stuff from the sender to keep.

As mentioned in the previous chapter section 2.8 with regards to foreign currency restriction, this method has become more difficult and has actually decreased the possibility to send money with relatives and friends travelling to the Philippines.

The only benefit of this method of sending money by relatives back to the Philippines is to save the cost of the charges by the money transfer services in Iceland, especially if it involves a big amount of money intended for investment (like buying a house and lot or intended for house repair). But of course, sending to a friend or a relative with big amount carried in their luggage is also count a great risks (losing or stolen) than send the amount through official money transfer services.

### **3.7 Summary**

The availability of online money transfer offered by PayPal, WorldRemit and Xoom are among the other choices for the Filipino immigrants in Iceland. Payments can be made by using debit and credit card. Remittances can be claim either through banks and designated operating agencies in the Philippines. Registered member of PayPal could use the service not limited to money transfer services but also paying for goods and services. The charge of sending US\$200 is only US\$ 8.10. WorldRemit allowed a maximum remittance per daily transaction up to a maximum of 302,000 *Icelandic*

*Krónur (ISK)*. The Xoom online money transfer is available for Iceland customer who have a bank account from the United States of America(USA). While the method of transferring money handcarried by friends and relatives travelling to the Philippines have decrease its possibility because of the restriction and limitation of the foreign currency.

## **4 Research design: Methodology and methods**

In this chapter, research design: methodology and methods will be explored.

The researcher used a combination of qualitative and quantitative research methodologies. In quantitative, the intention of the researcher is to gather more than 50 participants to comply the required samples. A qualitative method is through a face to face interview, survey made through a phone conversation and follow-up interview.

With the use of the Google form, a free survey web application, the link to the questionnaire were sent to selected participants to their email address, mostly through Facebook accounts. The researcher uses web and paper (printout survey questionnaire) to initially launch the survey. The reason for choosing the combination of web and paper because not all participants have email and even active in Facebook. The researcher uses the paper when conducting a face to face interview with the participants. Face to face interview are conducted in agreed time and place and made a casual conversation with the participants. Through a survey phone call interview as the participants live outside Reykjavík. Other participants were sent a copy of the survey questionnaire in their workplaces and home addresses and collected them after they completed to answer the survey. The questionnaire consists of 6 pages, the first page represents the letter to the participant to informed them of the purpose of the survey and the researcher personal detail, along with the first part, is the demographic information of the participants. Pages 2 to 6 contains the primary questions numbered from 1 to 20.

Methods were carried out for the intention of the researcher to gather more relevant information and issues regarding the remittance behavior of the Filipino immigrants in Iceland. The researcher choose the participants based on the following criteria: location, age, marital status, length of stay in Iceland, migration status, occupation and most importantly, that the participants are active in sending remittances and are willing to

participate in the survey. The participants are only quoted anonymously under “pseudonym”.

## **5 Data collection and analysis**

The previous chapter discusses the research design its methodology and methods. In this chapter, it deals with the data collection and its analysis concerning the participants, the questionnaire, how the data collected and the time frame of analyzing the data.

### **5.1 The participants**

The participants are the Filipino immigrants in Iceland. Many of them are naturalized Icelandic citizens, some are permanent and temporary residents. There are a total of 51 participants, 34 females and 17 males. Participants are personally selected by the researcher based on who are more convenient to reach out to participate in the survey, and who are more willing to answer the questionnaire. Only 5 participants live outside the Reykjavík area like Akureyri, Patreksferði, Buðardalur, Westman Island and Reykjanesbær. The rest of the 46 participants are from different area in Reykjavik, Kópavogur, Hafnarfjörður, and Garðabær. All the participants are active remitters.

### **5.2 The questionnaire**

The primary focus of the researcher in her survey questionnaire is to identify the main qualitative feature of the participants’ remittance behavior. The scope of the questionnaire includes the demographic profiles of the participants, year of arrival, migration and employment status of the participants, the income per month and the size and percentage of remittance among the participants, birth hierarchy in the family and the sending country and recipient of the remittance, frequency and the reason for money remittance, the choice of money transfer services and the reason why choosing the services, satisfaction among participants and where the information obtain about the service, how long has been sending remittance, Icelandic bank duly patronize by

the participants, did the 2008 financial crisis affect their remittance behavior and how it affects them? The full detailed questionnaire can be found in Appendix 1.

### **5.3 Data collection**

There were 51 participants who were able to answer the questionnaire completely. Only 14 responded to the form using the link being provided, 5 participants were able to answer the questions through a face to face interview, 11 answered completely the questionnaires that were collected by the researcher herself, and 21 responded through a phone call interview. The researcher conducted a follow-up interview through telephone and personal conversation among selected participants to clarify issues with regard to their answer in the questionnaire.

Some problems arose during the collection of data, for most of it, when participants were not able to open the link to the questionnaire, unfavorable time to be online, misunderstanding of the questions being presented in the questionnaire, and forget the password of their email and Facebook account.

### **5.4 Data analysis time frame**

The researcher started to conduct the survey from December 12, 2014 until January 14, 2015, and obtained the complete data for analysis on January 14, 2015. The data collected were entered into the Excel for further analysis, and finalize its result on January 30, 2015.

## **6 Findings**

The preceding chapter, the data collection and analysis are discussed, in this chapter findings are examined. The findings are assigned into different categories of themes and duly provided with tables and figures for the readers' convenience to understand the responses of the participants.

## 6.1 Demographic profile of the participants

There are among 51 Filipino immigrant participants who completed to answer the survey questionnaire. Below are the details and the findings regarding the demographic profile of the participants, which includes the age and gender, marital status and spouse's nationality among married and cohabiting (live-in relationship/sambuð) participants, occupation, postal code where the participants reside in Iceland and highest educational attainment among the participants.

Figure 6.1.1 shows the result of the age bracket and gender of the 51 participants in the survey. There are 34 females and 17 males. The 16 participants belong in the age bracket 35-39 with more female than male, and they are the highest among the age bracket, followed by 40-44 (10), 45-49 (7) and 30-34 (6).

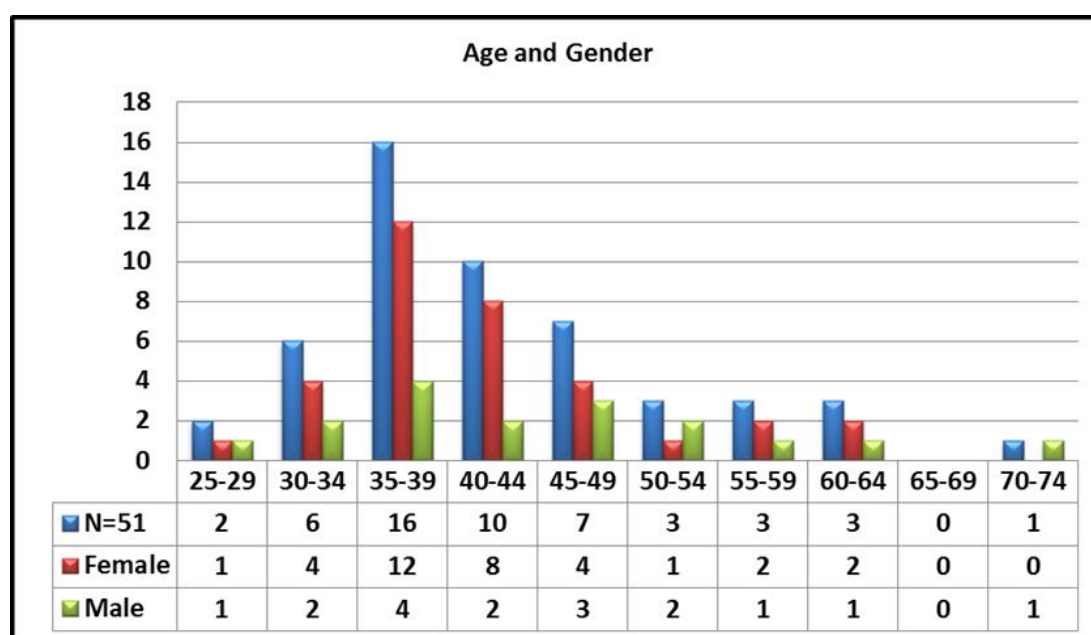
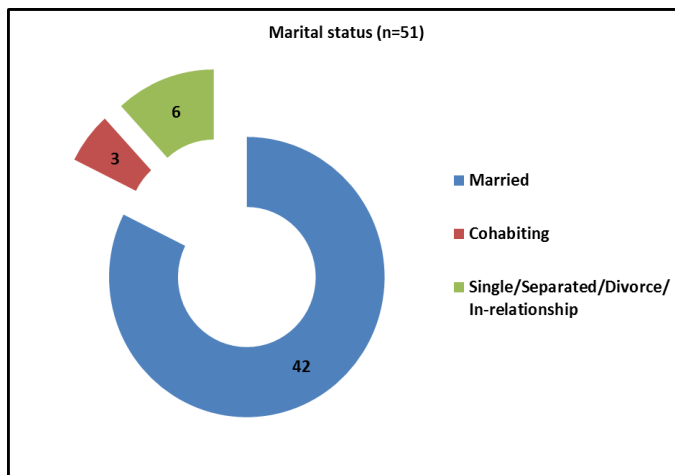


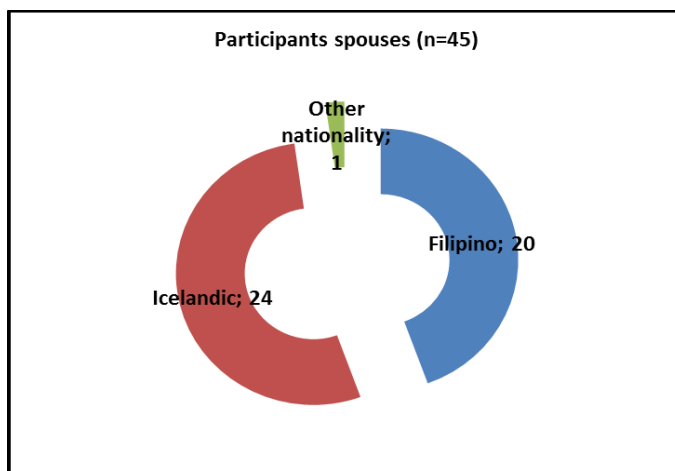
Figure 6.1.1 Age and Gender

In figure 6.1.2 provide details of the participants marital status. There are 42 who are married, and 3 are cohabiting (live-in relationship/sambuð) and 6 has a combination of single, separated, divorce and in-relationship status.



**Figure 6.1.2 Marital Status**

Figure 6.1.3 shows that among the 45 participants who are married and cohabiting (live-in relationship/sambuð), there are 20 participants to whom the spouse is a Filipino citizen, while 24 has an Icelandic spouse and 1 has another nationality. It indicates that more Icelandic than Filipino spouse among the participants in the survey.



**Figure 6.1.3 Spouse of the participants**

In Figure 6.1.4 reveal the participants' occupations that are classified into hotel and restaurants (wherein participants work as a hotel receptionist, hotel staff and cleaning maintenance crew, restaurant crew, and kitchen attendant), manufacturing (like chocolate factory worker, bakery worker, fish factory worker, furniture and design factory staff), services (like care giver in the hospital and home care services, dry cleaning staff, children school staff), own business (childrens clothing), housewife (not able to work, but looking for work). There are 26 participants whose occupation belong to services,

followed by manufacturing (14), hotel and restaurant (8), housewives (2) and business owner (1).



Figure 6.1.4 Occupation

Figure 6.1.5 presents the postal code of the participants residential area in Iceland. About 35 of the participants are coming from Reykjavík, the capital area, 6 are from Hafnarfjörður, 4 from Kópavogur area, 1 each from Garðabæ, Reykjanesbæ, Buðardalur, Patreksfjörður, Akureyri and Westman Island.

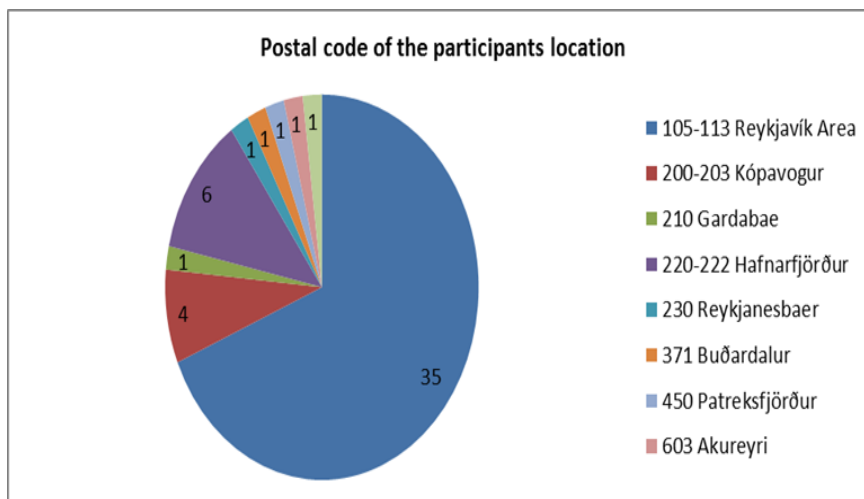


Figure 6.1.5 Postal code of the participants location

## 6.2 When the participants migrate to Iceland and its present status

Figure 6.2.1 shows the year bracket when the participants move to Iceland. There are 28 participants who moved to Iceland from 2001 to 2010, and there are 19 participants from the year 1991 until 2000, while 3 from year 2011 until 2014, and 1 migrate before 1980, nobody has migrated between the years 1981-1990.

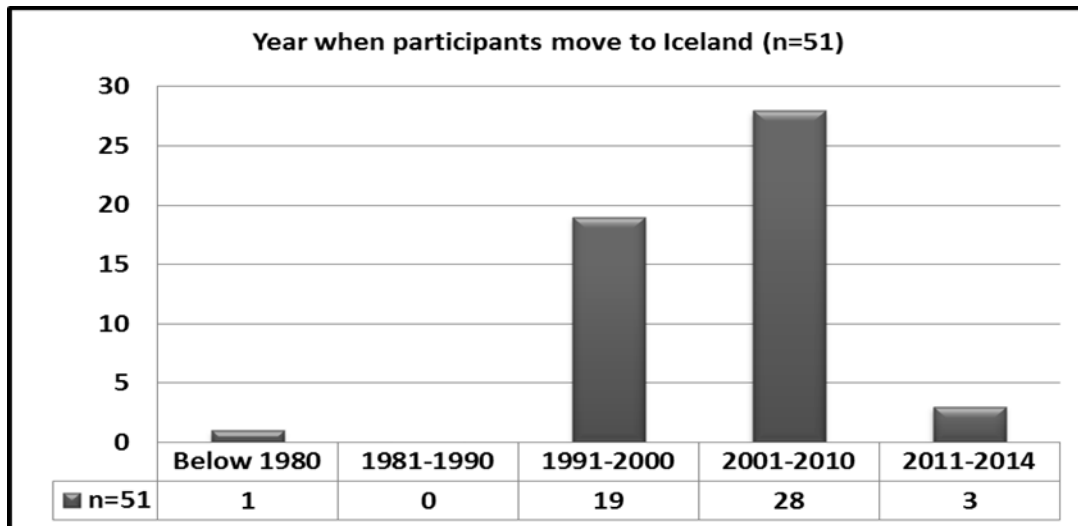


Figure 6.2.1 Year when participants move to Iceland

Figure 6.2.2 presents the migration status among the participants. Out of 51 Filipino migrants participants, 29 are already naturalized Icelandic citizen, 14 are still holding a permanent residence permit and 3 are temporary residence status while 5 are dual citizenship (bearing an Icelandic and Filipino passport).

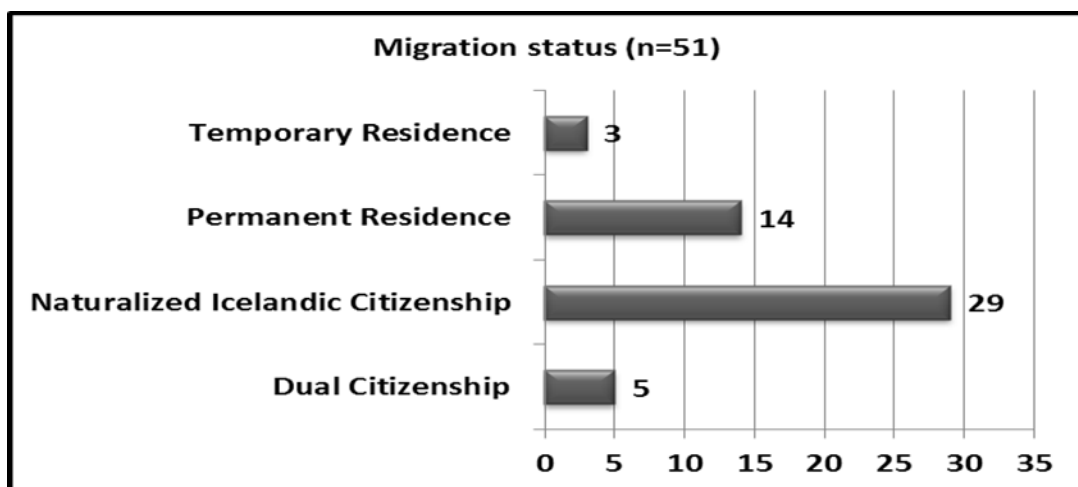


Figure 6.2.2 Migration status

### 6.3 The participants income, size and percentage of remittance.

The findings show the average disposable income per month in *Icelandic krónur*, the size of the remittance (how much the participant sends to the Philippines in *Icelandic krónur*), and the percentage of remittance taken from the income (approximately in what percentage is it in the monthly income of the participants). Figure 6.3.1 shows the majority of the participants has an average disposable income of 201 to 400 thousand per month in *Icelandic krónur (ISK)*.

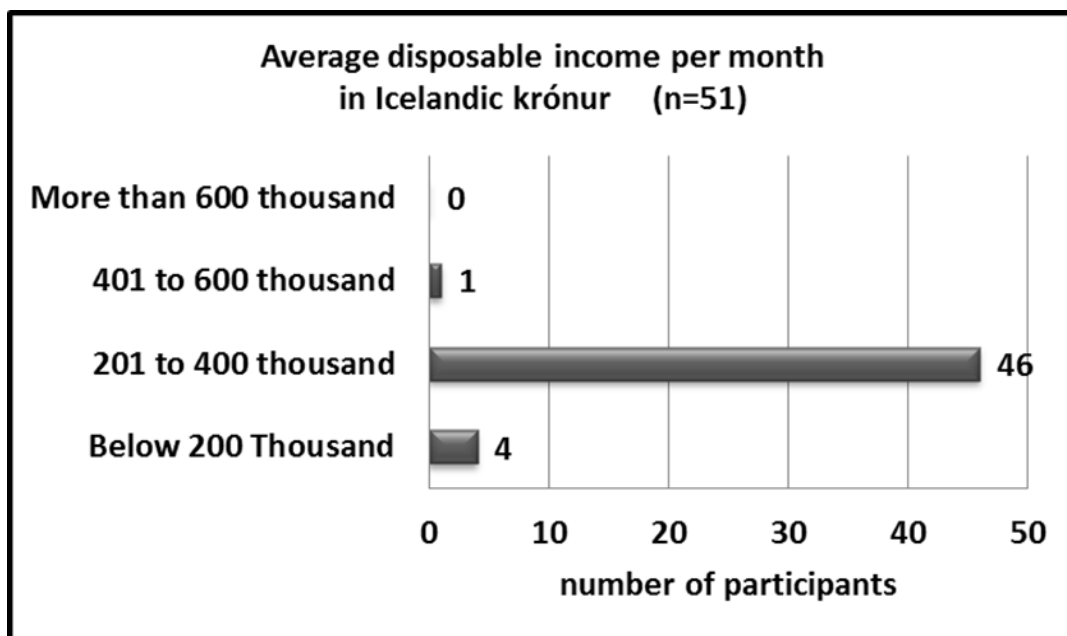


Figure 6.3.1 Average disposable income per month in *Icelandic krónur*

In figure 6.3.2 shows the remittance size among 51 participants, how much the participants send to the Philippines in *Icelandic krónur (ISK)*? Just over 35% of the participants, or 18, send an amount between 13,001 – 26,000 *krónur* a month, while 37% of the participants, or 19, send an amount between 26,001 - 35,000 *krónur* a month.

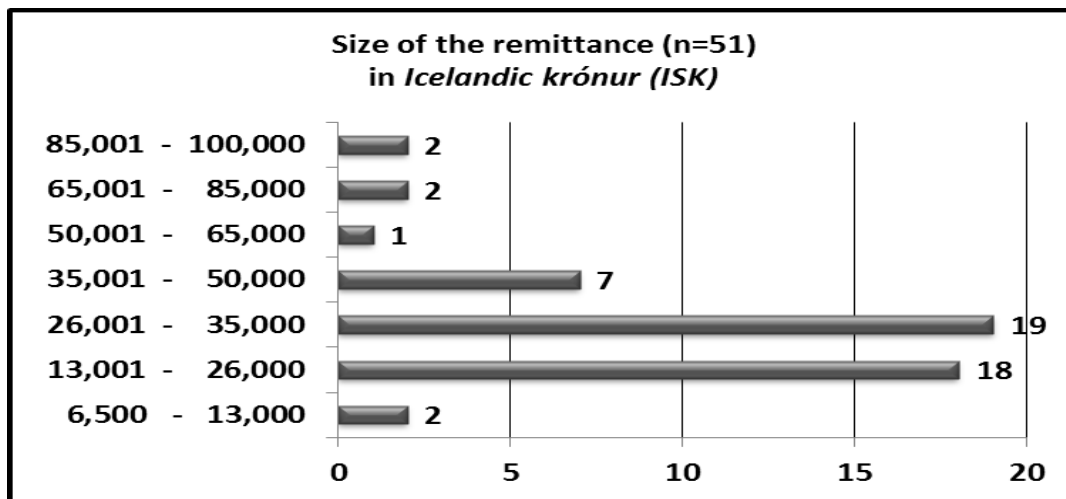


Figure 6.3.2 Size of remittance

The size of the remittance varies among individuals depending on the needs, intention, income and capacity of the sender towards the receiver. In the follow-up interview with one of the participants, a woman in her late 50's stated with regards to her remittance:

*"I send big amount of money direct to my own children every month because it is my way of providing them better living condition, in my absence to take care of them, I made sure they can buy their needs and pay all their bills every month." (Marisa)*

Figure 6.3.3 presents the remittance percentage based on the monthly income of the participants. It shows that 24 participants sending remittance up to 11-20% of their monthly income, while 17 send below 10% of their monthly income, and 10 of the participants send as high as 21-50% of their monthly income.

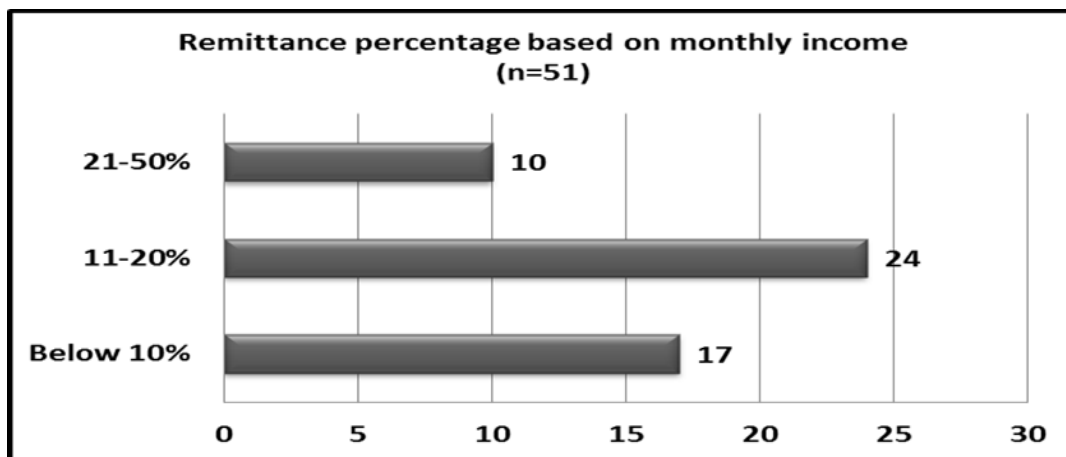


Figure 6.3.3 Remittance percentage based on monthly income

## 6.4 The birth hierarchy, the primary recipient, and the country receiving the remittance

Figure 6.4.1 shows the participants' birth hierarchy in the family. There are 22 middle children (those who are in between eldest and youngest), the eldest has 20 participants, the youngest with 6, and only child has 3 responses.

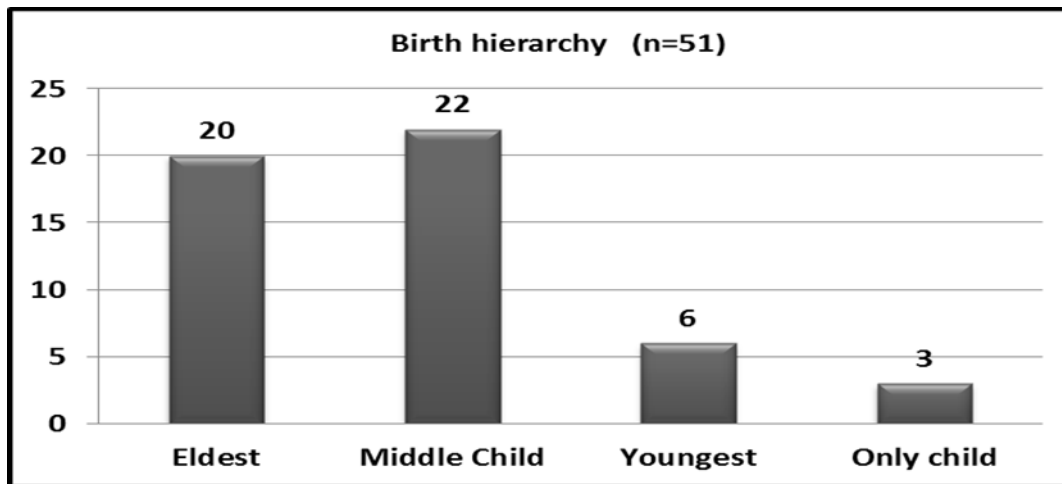


Figure 6.4.1

In table 6.4.1 shows the finding as to where the participants send money? The majority of the participants directs their remittance to their families in the Philippines.

Table 6.4.1 To where do you send money?

Country	(n = 51)
Philippines	49
Hongkong	1
Others: France and Philippines	1

The primary recipient is categorized into parents (father/mother), spouse either the husband or the wife, own child/children, siblings like brother and sister, and others which may refer as other individual not closely related or distant part of the family like friend and sister-in-law. Figure 6.4.2 shows the parents received 32 responses being the primary recipient of remittances among the 51 participants.

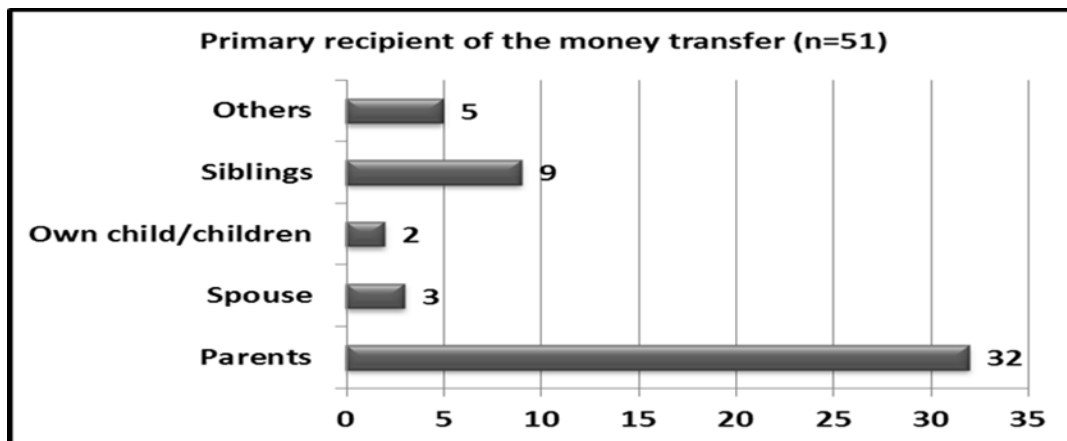


Figure 6.4.2 Primary recipient of the money transfer

## 6.5 Frequency, main reason for remittance, and other purposes of sending money apart from the regular remittance

The data show in figure 6.5.1 how frequently the participants remit. The researcher conduct a follow-up interview to the participants with regards to the frequency of their remittance behavior in order to clearly define their answers in the categories of choices. There are 35 participants who remit on a monthly basis (means that participants are obliged to send money every payday), while 10 remit only when they want (this means that participant sending for special occasion like gifts and grants), and 6 participants remit only when necessary (means that participants send either every other month or twice in a month depending on the instances like emergency, calamity and sickness in the family).

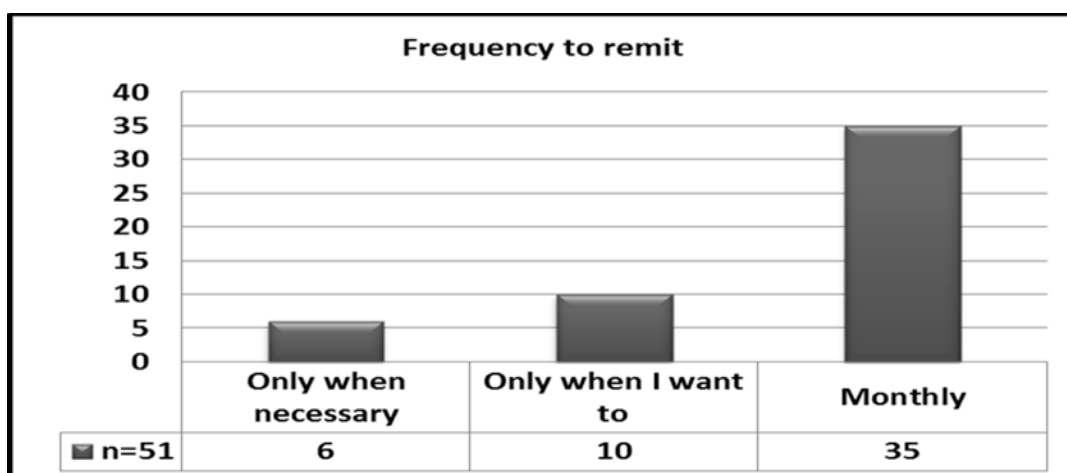


Figure 6.5.1 Frequency to remit

Figure 6.5.2 shows the resulting data gathered among 51 participants on the main reason for remittance. Over 60% or 31 participants indicated that the remittances are mostly direct to daily needs and expenses (food, rent, transportation, utilities, etc.) while 16 categorized the reason for remittance as others (that comes up most responses for gifts and grants which is the term use by the banks for money transfer purposes). There are 2 participants whose remittances are for buying or renovating a house, one each for business investment and loan repayment. Based on the follow-up interview with the researcher, the participants who provide answers as “others” intent to provide the receiver as a gift and grant (includes birthday gifts, school allowances, marriage and even death and funeral expenses among members of the family). Gifts and grants is the term use by every banks and MoneyGram and Western Union in providing service for money transfer. According to one respondent in view of his remittance.

*“We all contribute money to send every month to my mother in the Philippines, for her continuous medication because of her sickness and daily needs.” (Raul)*

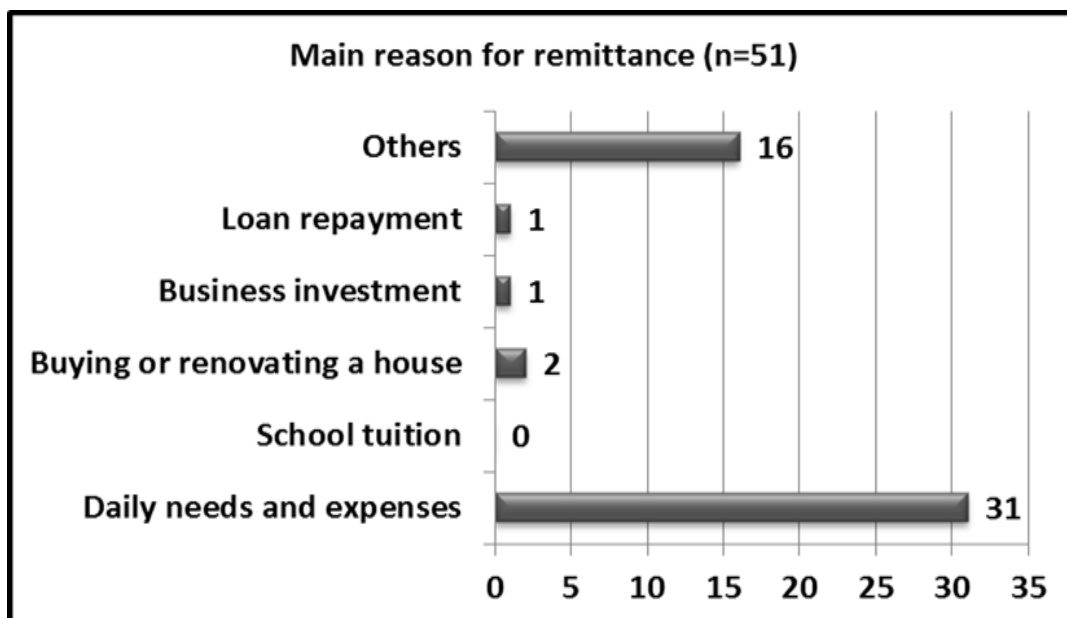


Figure 6.5.2 Main reason for remittance

In figure 6.5.3 reveal if the participants recall any instances when they need to send money apart from the regular remittances. What was it for? That among the 51 participants, instances like emergency (basis could be family sickness, urgent medication, hospitalization) receive the most part with 40 responses, death of the family member with 6, there are 3 participants who did not recall any instances (could be that participants family already here in Iceland and not bothered to send extra money aside from the regular remittances), the least are school tuition pay and gifts and grants.

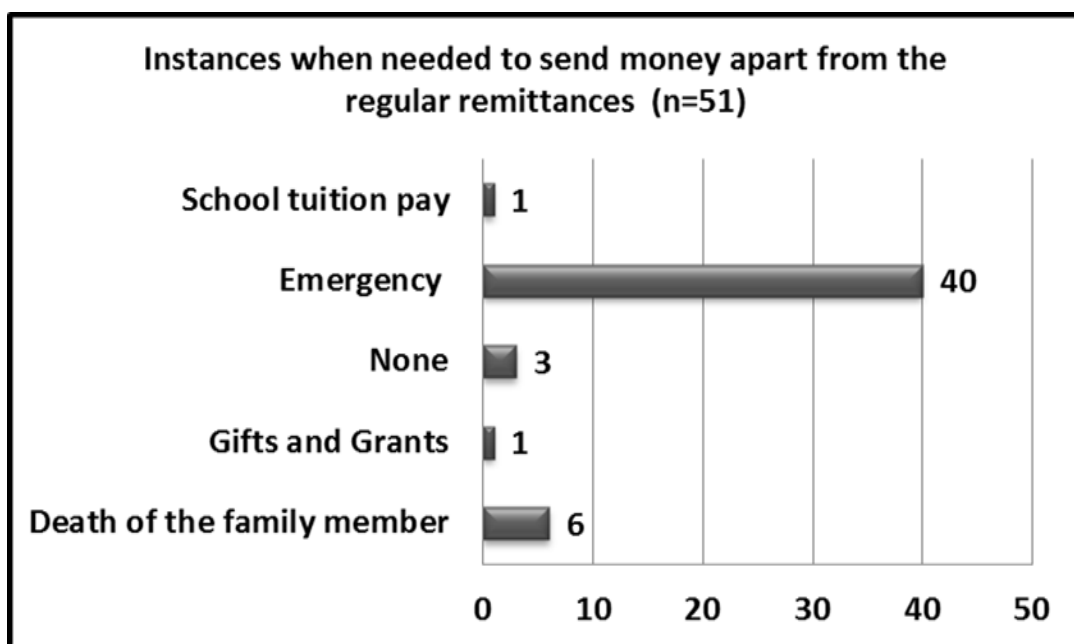


Figure 6.5.3 Instances when needed to send money apart from the regular remittances

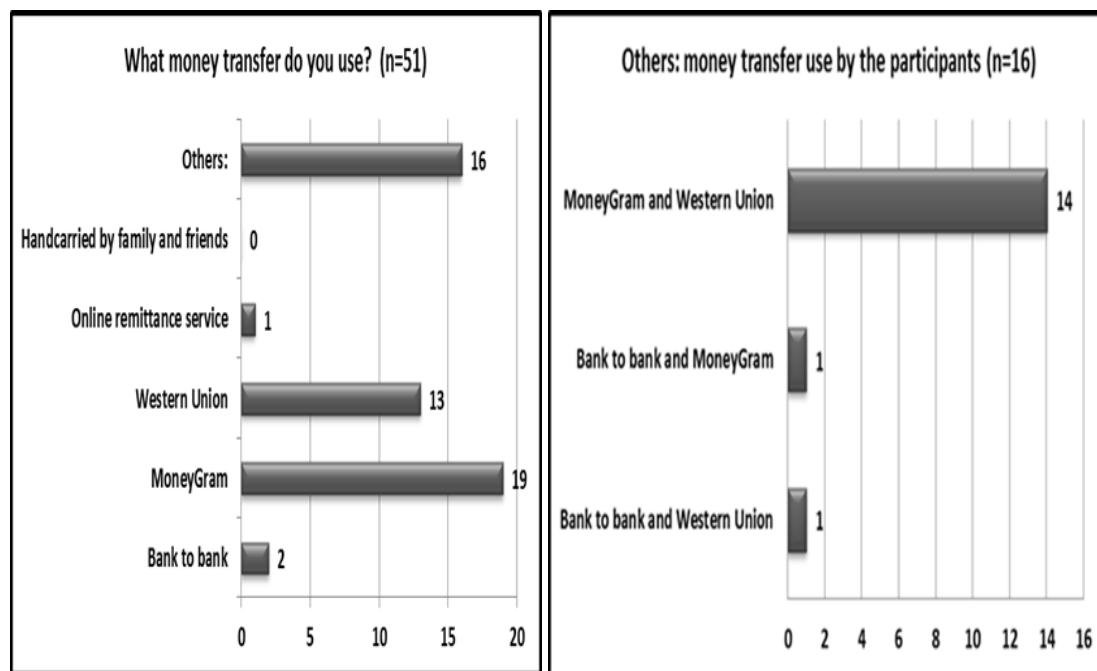
## 6.6 The Reason in choosing money transfer service in Iceland and to where the participants obtain the information

In this section, shows the findings on the choices of mode of money transfer services in Iceland and the reason why participants choose the available service and where the most information obtained from.

Figure 6.6.1 shows the result, MoneyGram by Pósturinn get the highest responses with a share of 19, there are 16 provide answers as others (meaning the participants' choice are a combination of every available service). Western Union Money Transfer serve by Landsbankinn, has 13 responses.

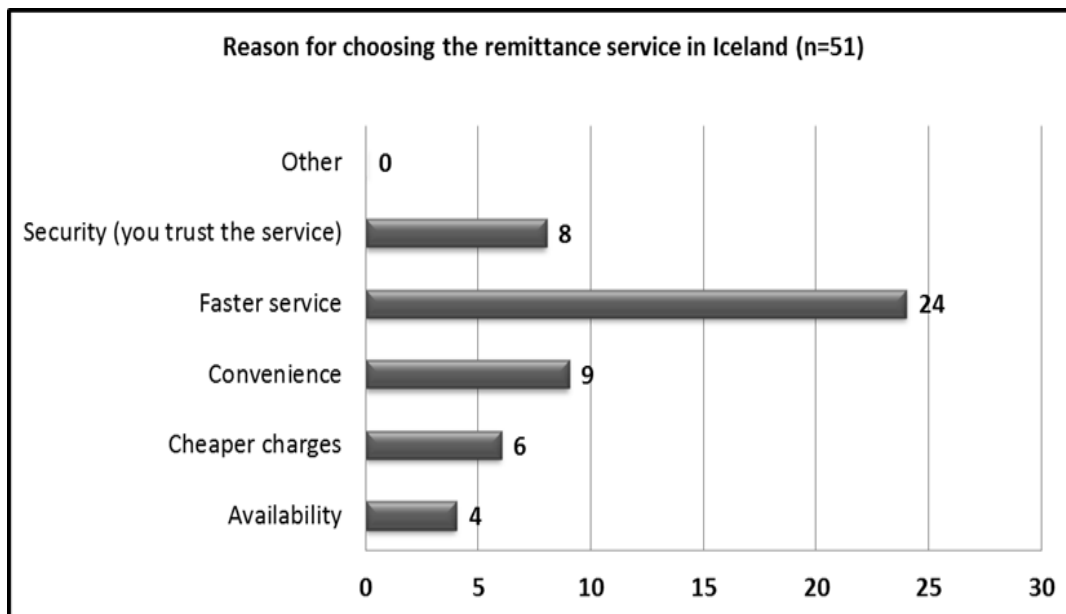
Out of the 16 participants who responded with others reveal that 14 of them are using a combination of MoneyGram and Western Union, and According to one of the participant,

*"I am using MoneyGram ever since because its near in my work and my place of residence and it is very convenient for my siblings to claim the money transfer in their area." (Sarah)*



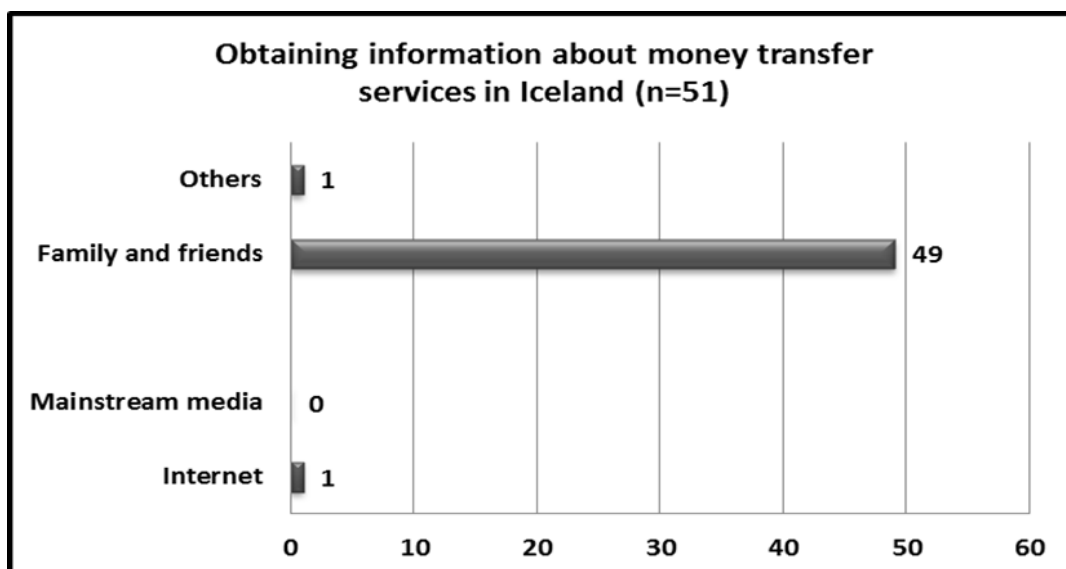
**Figure 6.6.1 What money transfer do you use?**

Figure 6.6.2 shows that faster service, which comprise of 24 is the primary reason among participants in choosing the remittance service in Iceland, the convenience of service has 9, security were the participants trust the service has a mark of 8, cheaper charges with 6 and availability with 4.



**Figure 6.6.2 Reason for choosing the remittance service in Iceland**

It is shown in figure 6.6.3 that there are 49 participants who obtain the information regarding the money transfer services in Iceland through their family and friends, one got a brochure from the Post Office and another one obtain the information from the internet.



**Figure 6.6.3 Obtaining information about money transfer services in Iceland**

## 6.7 The satisfaction level among the participants in the choice of the money transfer services in Iceland

Figure 6.7.1 shows that participants are generally satisfied with their choice of money transfer service with a total of 38 responses, while 13 participants are very satisfied with the services they get. This means that all 51 participants are either very satisfied or satisfied with the available money transfer services in Iceland.

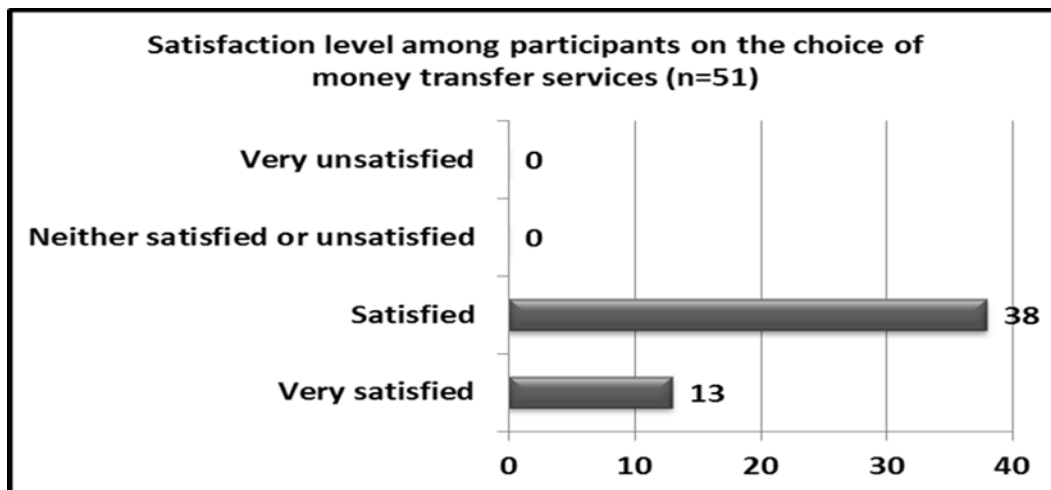


Figure 6.7.1 Satisfaction level among participants on the choice of money transfer services

## 6.8 How long have been sending money, and what Icelandic Bank participant's patronize?

Figure 6.8.1 reveals the findings on how long the participants have been sending money. The majority have been sending money more than 5 years.

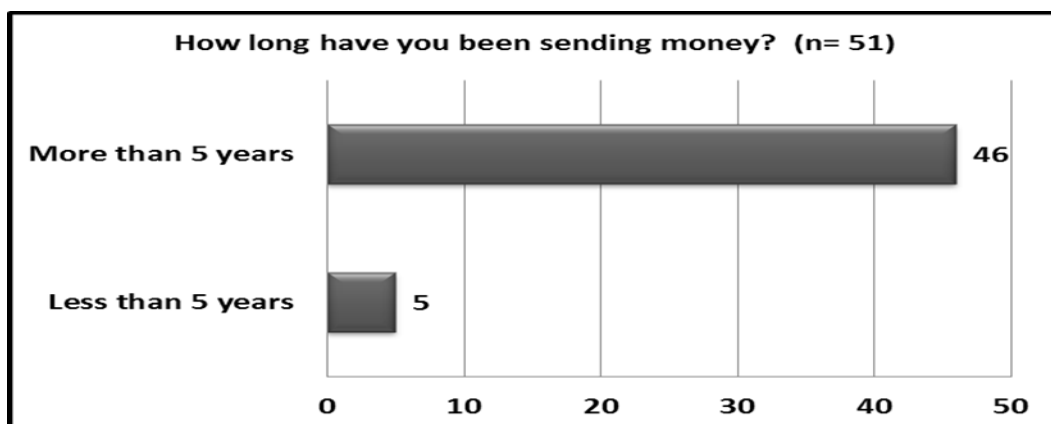


Figure 6.8.1 How long have been sending money?

Figure 6.8.2 shows that Landsbankinn received the most responses among 19 participants, followed by Íslandsbanki with 16, Arion Banki has 15.

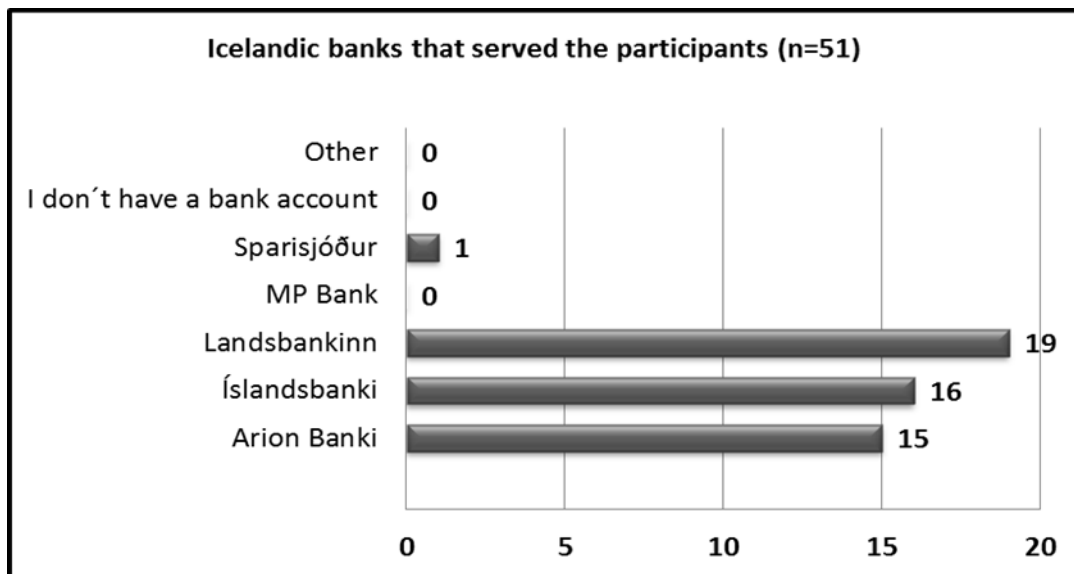


Figure 6.8.2 Icelandic banks that served the participant

## 6.9 Remittance behavior affected by the financial crisis in Iceland.

The question in figure 6.9.1 shows the result, that among the 51 participants, 44 of them are affected by the financial crisis, while seven (7) are not affected.

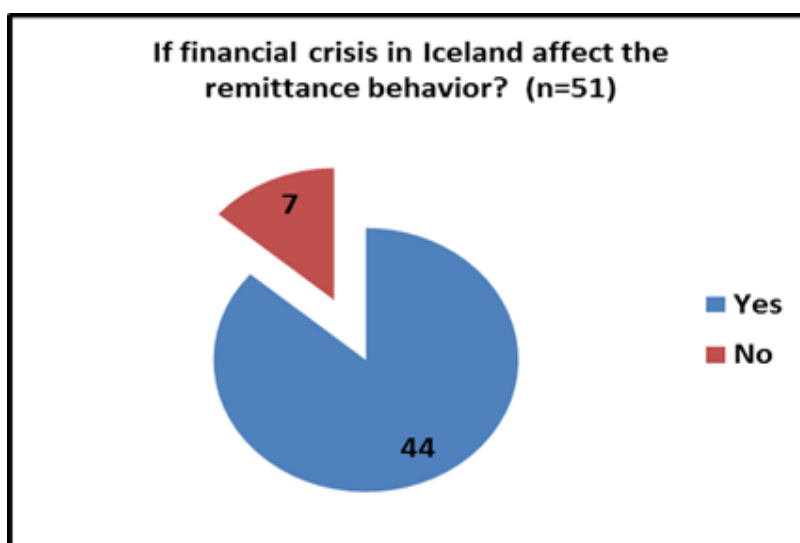


Figure 6.9.1 If financial crisis in Iceland affect the remittance behavior?

In table 6.9.1 the participants choose one direct answer to this question. It indicates that 44 have been affected by the financial crisis in Iceland. Answers to the following questions reveals that 13 had to reduce the frequency (how many times) to send money, while 11 participants had to increase the amount of money sent because of the exchange rate, and another 11 categorize as others has to send the same amount in ISK but get less Peso value for it. The bank regulations became stricter, making it more difficult to send money affecting 6 participants, while 3 participants answer others which correspond to sending less amount in krónur value than before the crisis.

**Table 6.9.1 The effect of crisis towards the participants remittance behavior**

<b>The effect of crisis towards the participants remittance behavior</b>	<b>(n=44)</b>
Bank regulations became stricter making it more difficult to send money.	6
I had to increase the amount of money sent because of the exchange rate.	11
I had to stop sending money because of hard times here in Iceland.	0
I had to reduce the frequency (how many times) I sent money.	13
<i>Others:</i>	
I send less money in <i>krónur</i> value than I did before the crisis.	3
I am sending the same amount in <i>ISK</i> but get less Peso value for it.	11

## 6.10 The participants' experience

In this section provide the participants relevant experiences in general. Different instances with regards to the money transfer services in Iceland, and why many of them use different methods of sending money.

Although findings reveal that participants in the survey expressed high satisfaction level of their choice of remittance service, but there are also hidden factors that affect their decision to use other services available to send money.

There are a number of Filipino immigrants in Iceland that have been banned in the service of MoneyGram for the reason that the remittance is considered suspicious (for instance, if the customer is using many different recipients name when sending a big amount of money). In 2013, the Philippines were devastated by a calamity brought by

Typhoon Haiyan, this was the time that the Filipino community, particularly the Filipino organization in Iceland raised funds to help the affected families in the Philippines. Sending big remittances distributed to different organizations in the Philippines for purposes of fund raising support to victims of the typhoon. It creates a big misunderstanding and disappointment among affected individuals that were banned in MoneyGram that later transfers or back to Western Union and bank to bank money transfer.

Certain situations like why remittance were on hold by MoneyGram? The recipients were not able to retrieve the remittance from the MoneyGram agent in the Philippines. Recipient inform the sender to trace the problem. Complaints and inquiries by the Filipino immigrants are not directly answered by Pósturinn in Iceland, instead the customers are advised to call the MoneyGram hotline service, a free direct call to MoneyGram main headquarters that will handle the customers concerns. Among the experience of the remitters, even the researcher herself encounter such situation, dealing with the MoneyGram service operator on the phone, that lead to misunderstanding and losing customers patience, because it takes an hour or more to wait on hold as call being pass to different officers who conduct the customers survey like for instance the MoneyGram is asking detailed information about the sender relation with the receiver of the remittance, how often to remit and why sending big amount of money to this person?. Once the MoneyGram acquires all the information they need from the customer or remitter, the remittance is release to the recipients destination. Without realizing at some point, that remittances sent by customers could be needed in emergency purposes that MoneyGram put it on hold.

Another important concern of the participants is about the extra charges and fees once the recipients claim the money in Western Union agents in the Philippines. When Landsbankinn were confronted about this matter, Landsbankinn advised senders to report these charges to them, as soon as possible in order to trace the agent who collected the extra fees as it is considered illegal (Personal service adviser, Landsbankinn personal communication, November 14, 2014).

Convenience and good service have a big impact on customer satisfaction and choice of service. Among the participants' experiences is the sending of large amounts of money intended for house repair or buying property (house and lot) in the Philippines. The safer and trusted option is to use bank to bank money transfer offered by their depository bank because of its lower charges. Participants relate to the experience, that the receiver of the remittance has no bank account in the Philippines, so MoneyGram and Western Union are more favorable to use in sending money transfer.

## **7 Discussion**

This chapter will answer the central question based on the analysis in the previous chapter. The discussion will focus on the remittance behavior of the Filipino immigrant in Iceland such as the effect of the economic crisis in 2008 that resulted in the restrictions and limitations of acquiring foreign currency and cross border movement of capital. The researcher will also discuss the needs and concerns of the Filipino immigrants on how much they know of the choices about the services they get from the banks as well as the MoneyGram and Western Union in providing remittance services.

### **7.1 Data analysis**

**How do you obtain the information about the money transfer services in Iceland?** It appears that the information about the money transfer services here in Iceland were obtained by the majority of the participants from their family and friends. A "word of mouth" process. This means the information is being shared from one person to another (could be family, friends and associates) pertaining to a certain product, goods and services that the company or bank offers to its customers. (Wood, 2013 3rd edition).

It should be noted that information could bring positive or negative results to the business. For instance, if the customer is satisfied and happy with the products and services of the company, it will influence others to use the same service. On the other hand, negative outcome could lead to less attraction and create a bad impression like for instance poor service or inconvenience. This can be one reason why customers resort to other options that will satisfy more of their needs. For convenience, money

transfer services in Iceland could provide their own printed materials like brochures, leaflets that could be inserted in the daily newspapers (like Morgunblaðið and Fréttablaðið). This way they will reach as many targeted customers who are active remitters.

**How satisfied are you with the choice of money transfer services in Iceland?** The majority of the participants are either satisfied and very satisfied. Based on the data analysis, the participants use the fast service provided by the MoneyGram and Western Union money transfer more than the services provided by the banks. Because of the availability of the different services here in Iceland, the participants could choose what they believe to be the best service to remit depending on the circumstances as needed to remit part of their monthly income to reach out to their family who are dependent of such remittance.

**What banks do you patronize in Iceland?** Landsbankinn has a high score of 19, Íslandsbanki 16, and Arion Banki 15. The Landsbankinn has the most number of branches around Iceland, they provide service in the Keflavík Airport on a daily basis. They are also the sole agent of Western Union which caters not only to its own customers but to non bank depositors as well. As the Filipino immigrant needs to send remittances in times of emergency during weekends, the services provided by Landsbankinn in Keflavík Airport have helped to answer the needs of the immigrants. But this also results in the inconvenience for those who live in Reykjavík area, yet convenient to those who live nearby like Grindavík.

**What choice of money transfer services are you using?** It appears in the data findings and analysis that MoneyGram comes first by providing 19 responses from the participants, Western Union with 13. Response as “Others” receive a score of 16 who uses the combination of all the services either bank to bank and Money Gram, bank to bank and Western Union, and MoneyGram and Western Union. None of the participants use the method of hand carry by friends and relatives travelling to the Philippines.

The analysis behind the choices of the participants is that MoneyGram provides quick service, is a bit cheaper, with less waiting time to be served particularly on payday wherein Western Union in Landsbankinn could be crowded during the day, more convenient for the sender and the receiver at the other end. The agent of MoneyGram

in the Philippines does not take out any extra fees for the recipient compared to Western Union Money Transfer agent in the Philippines. MoneyGram and Western Union does not require a bank account from either the sender and the receiver.

**Did the financial crisis in 2008 affect your remittance behavior?** The majority of the participants were affected by the crisis that hit Iceland in 2008, and to those newly arrive after the crisis has started did not feel as much pressure as the long-time residents in Iceland.

One way that Filipino immigrants have been affected is the use of hand carry by friends and relatives, which is the common practice for many years before the crisis in Iceland. Because of the foreign currency restriction, only those who provide and show a travel ticket can exchange an Icelandic krónur to US Dollars or any other foreign currency, and limited to 350,000 *krónur* per transaction, and participants could only acquire from its own depository bank.

**How did the financial crisis affect your remittance behavior?** There are 6 participants that have been affected by the strict rules and regulation of the Central Bank. There are 11 responses to increase the amount of the remittance because of the dollar exchange rate against the *Icelandic króna* making it difficult for the remitters to adjust out of their average disposable monthly income. There are 13 who needs to reduce the frequency (how many times) of sending money. The participants that provide other responses such as sending less on *krónur* value than they did before the crisis has 3 responses and 11 who send the same amount in *Icelandic krónur* but get less Peso value for it.

This happens while others have difficulty adjusting their situation as income also have a strong impact towards remittance. Some have lost their jobs or have reduced incomes. In spite of the crisis, no one among the participants has stopped sending money transfers. This could mean the remittance is an important part of the Filipino culture that continuously support their families in the Philippines even though it puts a stress on the remitters income capacity.

## 7.2 Recommendations

In this section, the researcher provide her recommendations based on the findings and analysis of the research study out of the 51 participants who are the Filipino immigrants in Iceland who reported their remittance behavior. This covers the MoneyGram by Pósturinn and Western Union of Landsbankinn as well as the banks and the Central Bank of Iceland, to the participants, and the future researchers.

MoneyGram Money Transfer provided by Pósturinn in Iceland. Based on the experience of the participants in this study, the services of MoneyGram by Pósturinn, could provide a personal service adviser in all their branches, that will take care of providing information and answering every inquiry and complaints if problems arise during and after the transaction made by the customer. The consistency and convenience given to their customers are very important. Considering that Filipino immigrants are acquiring information about remittances mostly through a word of mouth can greatly affect the customers' behavior and the likely impact the business.

Western Union Money Transfer by Landsbankinn. Charges and fees for transacting Western Union money transfer are much higher compared to, money transfer provider like MoneyGram and banks. Landsbankinn could provide information and guidelines to their loyal customers on how to use the price list to understand the increment and bracket of charges. This will help the customer to use the service wisely and save money every time they send remittances to their family.

Another concern is the time consuming wait to be served. Landsbankinn could provide a separate service not limited to tellers, but also the participation of personal service advisers to help processing with the money transfer. In this way, the customer will have the chance to inquire about other services of the bank and vice versa. The personal adviser can inform the customer about the services they offer because not all Western Union customers are Landsbankinn depositors.

To Arion Banki, Íslandsbanki, Landsbanki, MP Bank and Sparisjóður. Banks could provide tools to inform and educate their customers by sending brochures, conduct seminars and lectures, newspaper advertisements, easy access of information on the company website. They could provide reviews and updates on the current status of impending rules and regulations of Central Banks on the limitations of cross border movement of capital as this is an important information that concern the immigrants more so the Filipino community in Iceland.

To the participants. It is very important to familiarized and be informed about the services of every available money transfer either by banks or non-bank providers in Iceland. The researcher being a Filipino immigrant and a regular remitter has realized the importance of acquiring information about the money transfer services from the banks either from their website and more effectively to visit the depository bank and ask for a bank service adviser to lay out the service needed like money transfer concern. This way, the banks learn more about the remitters needs and wants, the bank will be able to improve their product and services and this will have a big impact on influencing other competitors to do the same.

To the future researcher. This research study could widen by comparing the Filipino immigrants in Iceland and Finland. The population of the Filipino immigrants is much higher in Finland, but the Iceland remits more than Finland (see table 2.6.1). The researcher finds it interesting to evaluate the remittance behavior of this two representing countries.

Limitations. The researcher only considers a small sample (51 participants) that represent the Filipino immigrants in Iceland. Better results could achieve if sampling reaches more than 100 participants. The researcher conducted the sampling survey in December 12, 2014 until January 14, 2015 a busy time approaching the Christmas holiday. Sending survey questionnaires, links through Facebook and email gathered limited responses as selected participants were very busy approaching the holiday season. Could rather choose the survey late in January, 2015. Time consuming and rather costly to conduct interviews by phone, sending text messages and printed questionnaires to send to the participants in their home and work addresses. Limit survey questions not more than 10, it takes a lot of work such as analyzing the data.

The researcher intends to conduct a lecture for the Filipino community through the combined help and assistance of all the listed Filipino organizations in Iceland for the purpose of informing the Filipino remitter about their choice of money transfer services in Iceland. Secondly, to evaluate their choices and concerns about the charges and the available services of the banks and the existence of the foreign currency limitations. Through this project, more information will surface that will be another basis for more research to come.

## **8 Conclusion**

The determinants of remittance behavior among the Filipino immigrants in Iceland strongly point to the concern and obligation towards the families not only for the daily needs and consumptions of the recipients, related to health and safety as well as in an emergency situation. In spite of the ongoing limitation and tight control on the cross border movement of capital, imposed by the banks, the regular remittance among the Filipino immigrants in Iceland continues without disruption, although it has affected the size and frequency to remit. The satisfaction level of the participants is highlighted, and positive indication of the service providers in Iceland particularly the use of the MoneyGram and Western Union money transfer. The researcher believes that Iceland is one of the countries that value service at its best.

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# Appendices

## Appendix 1 Research Questionnaire

### Remittance Behavior of Filipino Immigrants in Iceland

Dear Participants,

You are invited to participate in a research study being conducted by myself, Priscela Ycot Sigurðsson, originally from the Philippines but now a citizen of Iceland. This study is my final thesis as a BS Marketing student at the University of Iceland.

The purpose of this research is to determine the money transfer/remittance practices of Filipino migrants in Iceland. Approximately 50 people will participate in this study.

Your participation is completely voluntary. You may decline altogether, or leave blank any questions you don't wish to answer. There are no known risks to participate beyond those encountered in everyday life. Your responses will be confidential and data from this research will be reported only as collective combined total. No one other than me will know your individual answers to this questionnaire.

If you are a Filipino migrant in Iceland and agree to participate, please answer the questions on the questionnaire as best you can. It should take approximately 5-10 minutes to complete. If you have any questions, feel free to contact me at Mobile Number +354-6631971 or email me at pycot34@gmail.com.

Thank you for your assistance in this endeavor.

Sincerely yours,

Priscela Ycot Sigurðsson

**Age\***

**Status\***

- ☐ Single
- ☐ Married
- ☐ Separated
- ☐ Cohabiting (live-in relationship / sambuð)
- ☐ Other:

**Gender**

- ☐ Male
- ☐ Female

**If married or cohabiting, your spouse/partner is\***

☐ Filipino

☐ Icelandic

☐ Other:

**Occupation**

**Post Code \***

**Highest Educational Attainment**

☐ Elementary (Basic Education)

☐ High School/Upper Secondary (includes 2 year vocational courses)

☐ College/University (4 year or more degree courses)

☐ Post Graduate (Master's)

☐ Post Graduate (Doctorate)

☐ Other:

**1. What year did you move to Iceland?\***

**2. What is your migrant status?**

☐ Permanent Resident

☐ Temporary Resident

☐ Naturalized Icelandic Citizen

☐ Dual Citizen (citizens of two countries)

☐ Other:

**3. What is your employment status?**

☐ Employed

☐ Unemployed

☐ Self-employed (own business)

☐ Other:

**4. Average disposable income per month in Icelandic kronur.\***

☐ Below 200 thousand

☐ 201 to 400 thousand

☐ 401 to 600 thousand

☐ More than 600 thousand

5. How much do you usually send to the Philippines in Icelandic kronur?\*

6. Approximately what percentage is it of your monthly income?\*

- ☐ less than 10%
- ☐ 11 to 20%
- ☐ 21 to 50%
- ☐ more than 50%
- ☐ Other:

7. Where are you in the birth hierarchy?

- ☐ Eldest
- ☐ Middle Child ( neither the eldest or youngest )
- ☐ Youngest
- ☐ Only Child

8. To where do you send money?\*

- ☐ Philippines
- ☐ United States of America
- ☐ Kingdom of Saudi Arabia
- ☐ Canada
- ☐ United Arab Emirates
- ☐ Australia
- ☐ Malaysia
- ☐ Japan
- ☐ United Kingdom
- ☐ Hong Kong
- ☐ Kuwait
- ☐ Other Areas
- ☐ Other:

9. Who is the primary recipient of your money remittance?\*

- ☐ Parent ( Mother or Father )
- ☐ Spouse ( Husband or Wife )
- ☐ Own Child / Children
- ☐ Siblings ( brother, sister )
- ☐ Other:

**10. What is the main reason for your money remittances?\***

- ☐ Daily needs and expenses ( food, rent, transportation, utilities, etc. )
- ☐ School Tuition
- ☐ Buying or renovating a house
- ☐ Business investment
- ☐ Loan payments
- ☐ Other:

**11. How often do you send money?**

- ☐ Only when necessary
- ☐ Only when I want to (gifts, etc.)
- ☐ Monthly
- ☐ Other:

**12. Do you recall an instance when you needed to send money apart from regular remittances? What was it for?**

**13. What money transfer service do you use?\***

- ☐ Bank to Bank
- ☐ Moneygram ( through the post office here in Iceland )
- ☐ Western Union Money Transfer ( through Landsbankinn in Iceland )
- ☐ Online remittance service ( Paypal, Worldremit, Xoom, etc. )
- ☐ Handcarried by family and friends
- ☐ Other:

**14. Why did you choose the above mode of money transfer?**

You may check more than one (1) answer.

- ☐ Availability
- ☐ Cheaper charges
- ☐ Convenience
- ☐ Faster service
- ☐ Security (you trust the service)
- ☐ Other:

**15. How satisfied are you with your choice of money transfer service?**

- ☐ Very satisfied
- ☐ Satisfied
- ☐ Neither satisfied or unsatisfied
- ☐ Unsatisfied
- ☐ Very unsatisfied

**16. Where do you obtain information about money transfer services?\***

- ☐ Internet ( online ads, internet search )
- ☐ Mainstream media ( newspaper, TV, radio )
- ☐ Social media (ex. Facebook, Twitter , etc )
- ☐ Family & friends

**17. How long have you been sending money?**

**18. What Icelandic bank do you patronize?**

- ☐ Arion Banki
- ☐ Íslandsbanki
- ☐ Landsbankinn
- ☐ MP Bank
- ☐ Local savings cooperative (Sparisjóður)
- ☐ I don't have a bank account
- ☐ Other:

**19. Did the 2008 financial crisis affect your remittance behavior?**


- ☐ Yes
- ☐ No

**20. If YES, how did the 2008 financial crisis affect your money sending habits?**

- ☐ Bank regulations became stricter making it more difficult to send money
- ☐ I had to increase the amount of money sent because of the exchange rate
- ☐ I had to stop sending money because of hard times here in Iceland
- ☐ I had to reduce the frequency (how many times) I sent money
- ☐ Other:

## Appendix 2 Arion Banki Application for Currency

# APPLICATION FOR CURRENCY



Please write in capital letters

**APPLICANT:**

Name \_\_\_\_\_ ID. no. \_\_\_\_\_

e-mail address \_\_\_\_\_ Phone / Mobile phone \_\_\_\_\_

**RECIPIENT:**

Name \_\_\_\_\_ ID. no. \_\_\_\_\_

Address \_\_\_\_\_ City/State \_\_\_\_\_

Country \_\_\_\_\_

Branch No. \_\_\_\_\_ Formal confirmation by e-mail/fax number (fee according to Bank's fee list). \_\_\_\_\_ Employee's name \_\_\_\_\_

☐ Collection
 ☐ Cheques (send by 10100)
 ☐ SWIFT transfer
 ☐ Other

Currency	Foreign amount	Islands amount	Exchange rate

**RECIPIENT'S BANK**

Bank \_\_\_\_\_ Address \_\_\_\_\_

City/State \_\_\_\_\_ Country \_\_\_\_\_

Account number of recipient/bank no. \_\_\_\_\_ SWIFT / PIN / ABA / SIC / BIC \_\_\_\_\_

**CATEGORIES**

☐ 000 Trade in goods  
☐ 301 Travel currency  
☐ 303 Travel ag. services  
☐ 111 Education services  
☐ 360 Cultural and recreational serv  
☐ 407 Gifts, grants, etc  
☐ 421 Wages/salaries of temporary workers  
☐ 422 Remittances  
☐ 580 Foreign bank accounts -- A transfer by domestic parties into and from own bank accounts overseas which is not connected to foreign transactions

☐ 112 Health services  
☐ 251 For. life insurance  
☐ 302 Post and express delivery service  
☐ 305 Comp. & software  
☐ 331 Royalties & licence fees  
☐ 350 Misc. business serv.  
☐ 401 Taxes, child maintenance, etc

☐ 430 Migrants' transfers  
☐ 501 Real estate purchases abroad  
☐ 521 Int. equity investments  
☐ 551 Int. market securities, other.  
☐ 609 Short-term foreign loans < 1 yr  
☐ 611 Long-term foreign loans > 1 yr  
☐ 635 635 Interest payments on foreign loans

☐ Foreign bank charges are paid by the recipient. Except IPV. Fee according to Bank's fee list.

**PURPOSE OF TRANSACTION IN ENGLISH**

Remarks

Financial institutions that process the payment may be bound by legislation of the State where they are situated or by agreements concluded by them, to disclose information on the payer to authorities of EU Member States or States outside the EU.

I hereby confirm with my signature that this application is correctly filled out and agree to abide by the provisions of Act no. 87/1992 on Foreign Exchange, and rules established in accordance therewith. Furthermore, I grant Arion Bank M. reg. no. 582008-0130 full and unlimited power of attorney to withdraw from my account all costs of this transaction.

**Valuables:** A copy of the report shall be sent to the Central Bank of Iceland within a month of the foreign exchange transaction and movement of capital taking place, otherwise daily fines will be imposed. If the buyer neglects to do this, he shall be obliged to reverse the foreign exchange transaction and wire transfer, cf. Central Bank of Iceland's rules on foreign exchange. Arion Bank does not act as an intermediary in the delivery of these documents to the Central Bank of Iceland.

**Real estate:** Within a month of the drawing up of a deed of conveyance relating to the purchase of a property, and not later than 12 months after the foreign exchange transaction and movement of capital have taken place, a copy of the deed of conveyance shall be sent to the Central Bank of Iceland, otherwise daily fines will be imposed. If the buyer neglects to do this, he shall be obliged to reverse the foreign exchange transaction and wire transfer, cf. Central Bank of Iceland's rules on foreign exchange. Arion Bank does not act as an intermediary in the delivery of these documents to the Central Bank of Iceland.

**Debit account**

Bank	Ledger	Account number

**If charges taken from different account**

Bank	Ledger	Account number

Date \_\_\_\_\_

Signature \_\_\_\_\_

PNO 16.3.2.9 / PIN 16 / 160000

## Appendix 3 Íslandsbanki Currency Exchange


  
**Íslandsbanki**

### Currency Exchange

Currency	Type	Amount in foreign currency	Exchange rate	Amount in ISK	Time

Sender / Applicant

☐ 5 Payment by wire      ☐ 7 Cross-border collection

Name:	Id.No.:
Address:	Telephone:
Place:	e-mail:
Country:	Charge to account:
Is the sender the verified owner of the transferred funds? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Recipient of payment

Name:	Account Number (IBAN):
Address:	<input type="checkbox"/> Confirm by Telephone
Place:	Fax no.:
Country:	
What is the connection between the sender and the recipient?	

Recipient's bank

Name:	Branch:
Address:	SWIFT No.
Place:	<input type="checkbox"/> Bill of exchange with maturity date
Country:	

Details of payment

Reason for payment

099 Trade in goods 101 Travel Currency 102 Travel agency services 111 Education services 112 Health services 201 Air transport operation 202 Air transport service 211 Sea transport operation 214 Sea transport services 251 Foreign life insurance 252 Other foreign insurance 265 Domestic insurance companies 312 Foreign embassies and consulates 321 Construction abroad 322 Construction in Iceland	331 Licences and royalties 341 Financial services 350 Misc. business services 360 Cultural and recreational services 401 Taxes, child maintenance etc. 402 Gifts, grants etc. 430 Migrant transfers 421 Wages and salaries of temporary workers 501 Real estate abroad 502 Real estate in Iceland 505 Income from real estate 511 Direct investments abroad 521 Equity investment abroad 522 Equity investment in Iceland 525 Dividend on investment	551 Foreign market securities, other 552 Icelandic market securities, other 555 Return on other market securities 580 Bank accounts abroad 601 Payments on imports credits 609 Short-term foreign loans 611 Long-term foreign loans 641 Financial lease 801 Payment of domestic credit card comp. 821 Domestic bank transfer 891 IC deposits domestic parties 893 IC deposits foreign parties 895 ISK deposits foreign parties .... Other
--	--	--

I hereby undertake to comply in all respects with the provisions of Act No. 87/1992 on Foreign Exchange and government regulations issued on the basis of that Act.

\_\_\_\_\_

Place and date

\_\_\_\_\_

Applicant's signature

## Appendix 4 Landsbankinn Foreign currency

Foreign currency				Landsbankinn	
Application					
<b>Applicant</b>					
Name of applicant in full				Id. No. of applicant	
Legal domicile	Postal code	City / Town / Village		Home telephone	
Address (if other than legal domicile)	Postal code	City / Town / Village		Tel./Mobile	
Nationality	E-mail address			Workplace / School	
<b>Type and currency</b>					
Type	Currency	Foreign amount	ISK amount	Exchange rate	
<input type="checkbox"/> Cheque					
<input type="checkbox"/> Wire transfer					
<b>Account for debit</b>					
Bank	Ledger	Account number	<input type="checkbox"/> Applicant pays the recipient bank's charges		
<b>Classification code</b>					
<input type="checkbox"/> 010 Unclassified < ISK 700,000	<input type="checkbox"/> 099 Other goods transactions	<input type="checkbox"/> 112 Medical expenses	<input type="checkbox"/> 211 Shipping operations		
<input type="checkbox"/> 090 Trade in goods	<input type="checkbox"/> 100 Travel and accommodation expenses	<input type="checkbox"/> 123 Foreign credit cards	<input type="checkbox"/> 214 Vessel services and charter vessels		
<input type="checkbox"/> 091 Vessels and aircraft	<input type="checkbox"/> 101 For exchange for travellers	<input type="checkbox"/> 203 Communications and insurance	<input type="checkbox"/> 251 Life insurance abroad		
<input type="checkbox"/> 092 Repatriation of vessels and aircraft	<input type="checkbox"/> 103 Travel industry	<input type="checkbox"/> 201 Aviation operators	<input type="checkbox"/> 300 Misc. business services		
<input type="checkbox"/> 094 Goods in transit	<input type="checkbox"/> 111 Study expenses	<input type="checkbox"/> 202 Aviation services and charter flights	<input checked="" type="checkbox"/> Other <b>Yes</b>		
<b>Notes</b>					
<b>Wire transfer</b>					
Recipient of payment			Recipient's bank		
Address			Address		
City or town / Province or state / Region			City or town / Province or state / Region		
Country			Country		
Confirmation sent to e-mail address			Recipient's account number / IBAN number		
Message from applicant to recipient			Code for recipient's bank (BIC, rSC, rFW, etc.)		
<b>Cheque</b>					
Recipient of payment			Receiver if other than recipient		
Address			Address		
City or town / Province or state / Region			City or town / Province or state / Region		
Country			Country		
Confirmation sent to e-mail address			Confirmation sent to e-mail address		
I hereby pledge to fully comply with all provisions of Act No. 67/1992, on Arrangements for Foreign Currency and Trade, together with rules pursuant to this Act.					
Date			Signature of applicant		
According to Act No. 64/2006, on Measures to Prevent Money Laundering and Terrorist Financing, the applicant is required to complete <b>Questionnaire on domestic and foreign transactions (form 0621)</b> , when carrying out a transaction, or a series of connected transactions, amounting to over EUR 1,000 or the equivalent in another currency.					
Financial institutions intermediating in money transfers may, in accordance with the legislation of specific countries or due to contractual obligation, be obliged to disclose information about the applicant to authorities in EEA states, as well as other countries.					
<div> <div>0503-710</div> <div> Landsbankinn hf., Reg. No. 471393-0280, Austurstræti 11, 105 Reykjavík, is a registered limited liability company licensed to operate and regulated by the Financial Supervisory Authority, Iceland. </div> <div> Umsókn vistað með daggjörðum </div> </div>					


## Appendix 5 MP Bank for Transferring Currency

mpbanki		Application for Buying/Transferring Currency	
<b>Type of Currency</b>			
Currency	Foreign amount	Currency Rate	Icelandic amount
<b>Sender of Currency</b>			
Name		Residence	
Home Tel	Work Tel	Mobile	Email
Address		City/Town	Country
<b>Account no. of Applicant / Sender</b>			
Bank	mpbanki	Account No.	
<b>Receiver of Payment</b>			
Name		Country	
City / State		Address	
Bank's Name		Bank's Address	
IBAN no.		SWIFT no.	
<b>Explanation of Payment</b>		<b>Attachment with Application</b>	
		<input type="checkbox"/> Flight Ticket <input type="checkbox"/> Copy of Invoice	
		Other, what:	
<b>Foreign Banking Cost Is Paid By:</b>			
<input type="checkbox"/> Sender		<input type="checkbox"/> Receiver	
<b>Reason for Payment</b>			
<input type="checkbox"/> 010 Unclassified <input type="checkbox"/> 305 Computer Services <input type="checkbox"/> 430 Asset Transfer due to Migration <input type="checkbox"/> 099 Product Transaction <input type="checkbox"/> 331 Patent/Franchise <input type="checkbox"/> 501 Foreign Real Estates <input type="checkbox"/> 101 Travel Currency <input type="checkbox"/> 341 Financial Service <input type="checkbox"/> 611 Long Foreign Loans <input type="checkbox"/> 103 Travel Cost <input type="checkbox"/> 350 Various Busin.Serv. <input type="checkbox"/> 635 Interest Income/Foreign Loan Fees <input type="checkbox"/> 111 Study Cost <input type="checkbox"/> 401 Taxes/Alimony <input type="checkbox"/> 112 Medical Cost <input type="checkbox"/> 407 Gifts <input type="checkbox"/> 251 Foreign Lifeinsurance <input type="checkbox"/> 421 Wage w/o Migration <input type="checkbox"/> Other:			
<b>Statement and Signature</b>			
I hereby confirm with my signature that this application is filled out correctly and I also confirm that I will obey all clauses of law no. 87/1992 regarding terms of currency and business and rules concerning them. I also give MP Bank full and undisclosed licence to withdraw from my banking account all cost for this transaction.			
_____		_____	
Place and Date		Applicant's Signature	

## Appendix 6 Money Gram money transfer Send Money

[illegible]

## Appendix 7 Money Gram money transfer Receive Money

MÓTTAKA PENINGA RECEIVE MONEY		 <b>MoneyGram.</b> money transfer	
<p><b>VINSAMLEGAST FYLTTU ÚT ÞETTA EYÐUBLAÐ MÍÐ HÁSTÖFUM / PLEASE COMPLETE THIS FORM IN CAPITAL LETTERS</b></p> <p><b>TILVÍSUNARNÚMÉR MONEYGRAM-MILLIFÆRSLU ÞINNAR.</b></p> <p>Þetta er númerið sem þú færð frá SENDANDA.</p> <p><b>YOUR MONEYGRAM TRANSACTION REFERENCE NUMBER.</b></p> <p>This is the number you received from the SENDER.</p>			
		<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; justify-content: space-between;"> <span></span> <span></span> <span></span> <span></span> <span></span> <span></span> <span></span> </div>	
<p><b>1 ÞÍNAR UPPLÝSINGAR / YOUR DETAILS</b></p> <p>Skíma- og millinám / First and Second Names _____</p> <p>Eftirnám / Aftername _____</p> <p>Surname / Family Name _____</p> <p>Heimilisfang / Address _____</p> <p>Bætur / Town/City _____ Land / Country _____</p> <p>Íslensk kennitala (ef við á) / Icelandic personal ID-number (if applicable) _____</p> <p>Símanúmer / Telephone Number _____ Póstnúmer / Postal Code _____</p> <p><input type="checkbox"/> Merkið hér við ef peningar sem þú færð eru frá öðrum aðila eða aðraðri stöðun. Vinsamlega fylltu íka inn kaflann "Þriðji aðili" ofan á því að þú ert að taka þessa eyðublað sem aðilað er <b>umboðsfulltrúa</b>. Tick here if you are receiving money on behalf of someone else or for an organisation. Please also complete the Third Party section on the reverse of the <b>Agent</b> copy of this form.</p>			
<p><b>2 UPPLÝSINGAR SENDANDA / SENDER'S DETAILS</b></p> <p>Skíma- og millinám / First and Second Names _____</p> <p>Eftirnám / Aftername _____</p> <p>Surname / Family Name _____</p>			
<p><b>3 STAÐFESTING MÓTTÓKU / ACKNOWLEDGEMENT OF RECEIPT</b></p> <p>Þetta er staðfesting viðskiptisamningur okkar sem við hyggjumst hafa til grundvallar. Til að vernda þína eigin hagsmuni ættirðu að lesa vandlega skilmálin sem eiga við þín viðskipti og er að finna ofan á eyðublaðinu <a href="http://dour.es.bo.stofar.unp.is">dour.es.bo.stofar.unp.is</a>. Ef þú skilur ekki eitthvert atriði skaltu biðja um frekari upplýsingar. Ég votta fyrir móttöku MoneyGram-yfirfærslunnar eins og kveðið er á um hér að framan. This is our standard form client agreement upon which we intend to rely. For your own benefit and protection, you should read the terms and conditions which apply to your transaction on the reverse of the form carefully before signing below. If you do not understand any point please ask for further information. I acknowledge receipt of the MoneyGram transfer as provided above.</p> <p>Undirrita hér / Sign Here _____</p> <p>Móttökudagur, millifærsla / Date Transfer Received _____</p>			
<p><b>4 AÐEINS FYRIR UMBOÐSMANN MONEYGRAM / MONEYGRAM AGENT USE ONLY</b></p> <p>Gjald upphæð og gjaldmíðil / Amount Paid &amp; Currency _____</p> <p>Atvinna móttakanda (Valfrjálst) / Receiver's Occupation (Optional) _____</p> <p>Vas þóttspurningu rétt svarað? / Was a test question answered correctly? <span style="margin-left: 20px;">Já / Yes <input type="checkbox"/></span> <span style="margin-left: 20px;">Nei / No <input type="checkbox"/></span></p> <p>Fæðingardagur og -staður / Date and Place of Birth _____</p> <p>Auðkenni móttakanda / Receiver's Identification _____</p> <p>Legund skilja og númer / Type of ID and Number _____</p> <p>Gildir til / Date of Expiry _____</p> <p>Þjóðerni / Nationality _____</p> <p>Útgáfustaður / Land / Issuing Jurisdiction/Country _____</p> <p style="color: red;">Upplýsingar um meðferð okkar á kvörtunum er að finna ofan á þessu blaði For our complaints handling procedure, see reverse</p>			

## Appendix 8 Western Union money transfer To Send money

### To send money

PLEASE COMPLETE THIS FORM IN CAPITAL LETTERS AND PRESENT WITH YOUR VALID ID.

## WESTERN UNION

yes!

### SENDER

**FIRST NAME(S)**

**LAST NAME(S)**

**ADDRESS**

**POSTCODE**

**TELEPHONE NUMBER**

**MOBILE (OPTIONAL)**

**E-MAIL (OPTIONAL)**

If you choose to provide details of your landline/mobile phone and/or your e-mail in the optional entries above you also expressly consent to receipt of such commercial communications in the indicated medium (telephone/SMS/MSG/e-mail), to being notified of transfer collection by SMS and agree that any charges imposed by the provider of such services are your sole responsibility.

### RECEIVER

**CURRENCY / AMOUNT**

**DESTINATION COUNTRY**

**DESTINATION CITY (REQUIRED FOR CERTAIN COUNTRIES)**

**FIRST NAME(S)**

**LAST NAME(S)**

Will the receiver have valid ID? ☐ Yes ☐ No

A test question is required for transactions to certain countries.

**TEST QUESTION (MAX. 4 WORDS)**

**ANSWER**

Check your money transfer status online at [www.westernunion.com](http://www.westernunion.com) and find your nearest Western Union agent.

### OPTIONAL SERVICE (AVAILABLE IN CERTAIN COUNTRIES)

Please note, an additional fee may apply

**MESSAGE TO BE SENT**

**TELEPHONE THE RECEIVER (TEL NO)**

**HOME CHECK/DELIVERY (PLEASE FILL IN RECEIVER'S ADDRESS)**

**DO NOT WRITE BELOW**

**ID TYPE**

**NUMBER**

**DATE OF ISSUE**

**DATE OF EXPIRY**

**ISSUED BY**

**DATE OF BIRTH**

**PLACE/COUNTRY OF BIRTH**

**MTCN**

**DATE/TIME**

**AMOUNT**

**RATE**

**CHARGE**

**PROFIT AMOUNT/CURRENCY**

**ADDITIONAL SERVICE**

**OPERATOR NUMBER**

**TOTAL AMOUNT**

**AGENT SIGNATURE**

**Risk Prevention**

Are you sending money to a stranger to pay for goods/services prior to their receipt, to secure a lease on a residential dwelling you have not seen, or to facilitate a lottery or sweepstakes win?

Yes ☐ No ☐

If YES, please add to a Fraud Prevention form and send to the addressee.

**CONSUMER FRAUD ALERT:** Sending money to an individual you do not personally know or paying for goods or services purchased via the internet could leave you vulnerable to consumer fraud. In most countries the Money Transfer Control Number (MTCN) is not required for payment, country specific exceptions apply. The Western Union branded money transfer service is designed for sending funds to those you know and trust. **NEITHER WESTERN UNION NOR LANDSBANKINN IS RESPONSIBLE FOR THE SATISFACTORY RECEIPT OF GOODS OR SERVICES YOU MAY BE PURCHASING.** With my signature, I hereby confirm that I have read, understood and accepted the contents of this alert and that I am satisfied with the identity and whereabouts of the named receiver, and that the named receiver(s) in the destination country awaiting payment. **DO NOT PROVIDE DETAILS OF THIS TRANSACTION TO PEOPLE YOU DON'T KNOW.**

**CUSTOMER SIGNATURE \***

X

**\* By signing this form I:**

- Expressly consent to the transfer of my personal data entered above to WU Affiliates located outside the European Economic Area, including to the U.S. for the purpose of providing the money transfer service to me and undertaking the additional data processing activities specified in the Data Protection section of the terms and conditions. I have the right to withdraw my consent at any time.
- Expressly consent to the carrying out of profiling activities and marketing communications.
- Confirm that the information I have provided is correct and that I have read and accepted the terms and conditions of the service offered and the loyalty program terms if applicable.

**IMPORTANT NOTICE**

THE TERMS AND CONDITIONS ON WHICH THE SERVICE IS PROVIDED ARE SET FORTH ON THE REVERSE OF THIS FORM. YOU ARE ADVISED TO READ THESE TERMS AND CONDITIONS, ESPECIALLY THOSE RESTRICTING LIABILITY AND DATA PROTECTION, BEFORE SIGNING THIS FORM. IN ADDITION TO THE TRANSFER FEE, WESTERN UNION AND ITS AGENTS ALSO HAVE MONEY FROM THE EXCHANGE OF CURRENCIES. PLEASE SEE FURTHER IMPORTANT INFORMATION REGARDING CURRENCY EXCHANGE AND LEGAL RESTRICTIONS THAT MAY DELAY THE TRANSACTION SET FORTH ON THE BACK OF THIS FORM.

**PROTECT YOURSELF FROM CONSUMER FRAUD. BE CAREFUL WHEN A STRANGER ASKS YOU TO SEND MONEY.**

## Appendix 9 Western Union money transfer To Receive money

### Móttaka peninga (To receive money)

FYLTAU ÞETTA EYDBLÁÐ MEÐ HASTÓFUM OG LÖGGÐU ÞÁÐ FRÁH ASAMT GJÖLUM SKILKJUM.  
(COMPLETE THIS FORM AND PRESENT WITH VALID ID)

### WESTERN UNION | yes!

## VIÐTAKANDI (Receiver)

☐ Ph. (Mó.) ☐ Fni. (Mó.) ☐ Fk. (Mó.)

FORNAFN (FORNÖFN) (First name(s))

EFTIRNAFN (EFTIRNÖFN) (Last name(s))

HEIMILISFANG (Address)

POSTNÚMÉR (Postcode)

SÍMANÚMÉR (val) (Telephone number (opt))

FARSÍMÍ (val) (Mobile (opt))

NETFANG (val) (E-mail (opt))

Ef þú skilvirðir að veita upplýsingar um heimta/farsíma og/ella netfang samþykkir þú (þú með að þú) þá sendir upplýsingar með tilgreindu staði (i.e. sama SMS/MMS/ með tölvupósti), að tilkynningum með SMS um að peningagjafingarátt hafi verið sýnt og samþykkir að skilvirðir gjöld sem verndað slókar (þjálfu) kann að endurhenta eru á þínu ábyrgð.

If you choose to provide details of your landline/mobile phone and/or your e-mail in the optional entries above you also expressly consent to receipt of such commercial communications in the indicated medium (telephone/SMS/MMS/e-mail), to being notified of transfer collection by SMS and agree that any charges imposed by the provider of such services are your sole responsibility.

## SENDANDI (Sender)

FORNAFN (FORNÖFN) (First name(s))

EFTIRNAFN (EFTIRNÖFN) (Last name(s))

SENDINGARNÚMÉR (MTCN)

VENTANLEG UPPHÆÐ OG GJALDMÖLL  
(Expected amount and currency)

PENINGAR SENDIR FRÁ: (Money sent from)

LAND (Country)

BORG/FYKI (City/state)

## EKKI SKRIFA HÉR FYRIR NEÐAN (Do not write below)

TEGUND SKILKJIS Á.D. TYPET

NÚMÉR (Number)

ÚTGÁFUÐAGUR (Date of issue)

GALDIR TIL (Date of expiry)

ÚTGEFID AF (Issued by)

FÆÐINGARDAGUR OG ÁR (Date of birth)

FÆÐINGARSTADUR/LAND (Place/Country of birth)

SENDINGARNÚMÉR (MTCN)

UPPHÆÐ / AMOUNT      Gengi / RATE

DAGSETNING / TÍMI

SKILABOD (Message)

NÚMÉR STARFSMANNS (Operator No.)

UNDIRSKRIFT UMBOÐSADILA (Agent's signature)

\*Hafi undirtekt þessa eydblaðs:

- Samþykki ég beirðis að persónuupplýsingar mínar hafi að slátt verið sendar til tengda aðila Western Union slátt netþjónu afhafingardisins, þar með talið til Landsbankins, í þeim tilgangi að veita mér peningagjafingarátt og til þess að tryggja minni senn tilgreindar em í kallnum um upplýsingar um skilvirðis og skilvirðis. Ég hef eitt til að afhakka samþykki minni hvern um senn.
- Samþykki ég að peningum hafi komið og mér sendir upplýsingar.
- Staðfesti ég að upplýsingar sem ég hef veitt eru réttar og að ég hafi lesið og samþykki skilabod og skilvirðisgjafingardisins.

UNDIRSKRIFT VIÐSKIPTAVINAR\* (Customer signature\*)

X

\*By signing this form:

- I expressly consent to the transfer of my personal data entered above to WU Affiliates located outside the European Economic Area, including to the U.S. for the purpose of providing the money transfer service to me and undertaking the additional data processing activities specified in the Data Protection section of the terms and conditions. I have the right to withdraw my consent at any time.
- I expressly consent to the carrying out of profiling activities and marketing communications.
- I confirm that the information I have provided is correct and that I have read and accepted the terms and conditions of the service offered and the loyalty program terms if applicable.

NIKULIÞING ORÐSENINGA:

SKILABOD OG SKILVIRÐI FYRIR AÐ VETTA HESSA HÖNULU ER AÐ FINNA Á BAKHÖND EYDBLAÐSINS. RÁÐLAGT ER AÐ LESA HESSA SKILABOD OG SKILVIRÐI, ENNVIÐ HÁU SEM TAVANNAKKA ABHÖND OG UM UPPFANGINGARINN AÐUR ER EYDBLAÐIÐ ER UNDRITTAÐ. AUK FÆRISLUGALIS, HAGAST WESTERN UNION OG UMBOÐSADILAR HESS A GENGJAFIN MÖLLU GJALDMÖLLA. KENNIR ÞESSUR HÖNULIÞINGAR UPPFANGINGARINN GENG OG LAGALISAR TAVANNAKKA SEM GETA TAFED FYRIR FÆRISLU OG ERU KYNSTAR Á BAKHÖND EYDBLAÐSINS. VÆST FÆRISLU, GÆTID AÐ OF ÖRNULUGUR ERU UM PENINGAGJAFINGARINN.

BEKI LATA MINNA ADILA Í TÍ UPPFANGINGARINN UM HESSA FÆRISLU.

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PROTECT YOURSELF FROM CONSUMER FRAUD. BE CAREFUL WHEN A STRANGER ASKS YOU TO SEND MONEY.