



Photo by Jeanette Thomas

Financial Services For Platform Workers

CGAP Webinar

June 7, 2022



Platforms are on the rise globally

Percentage of workers engaged in platform work

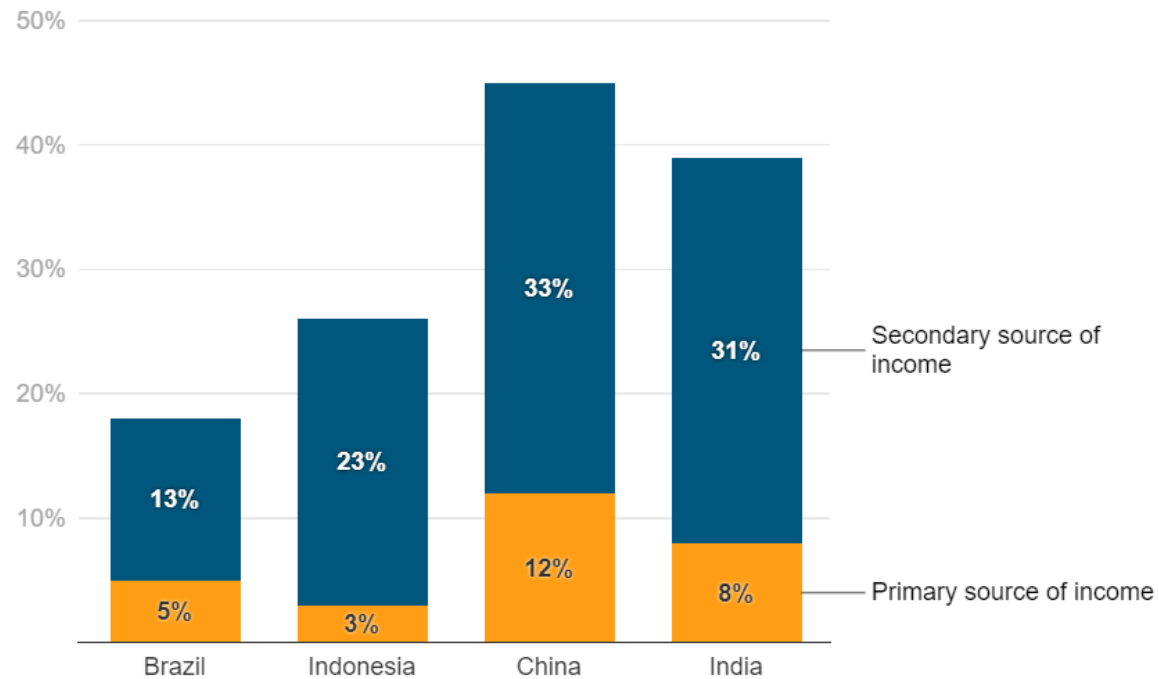


Chart: CGAP • Source: BCG Future of Work 2018 Worker Survey • [Embed this chart](#) • [Download image](#)



Platform Work

Workers Sell Labor and Services



Ride hailing



Deliveries



Personal and home services



E-lancing



Micro-tasking



Sellers Sell Goods & Assets



E-commerce by MSEs and farmers



Social commerce or informal online commerce by individual entrepreneurs



Some platform-livelihoods may be missing, such as gaming and asset-sharing. But they are excluded for not being relevant for work conducted by low-income communities

- Digital platforms that mediate the exchange of goods and services have been steadily growing across emerging markets, attracting a diverse group of individual workers and micro-businesses.
- Several verticals or types of work are becoming digitized.
- Small, but rapidly rising proportion of the labor force in most EMDEs.

Platforms are changing the nature of work for low-to lower-middle income communities

- To do platform work, workers and sellers must be digitally savvy, literate and possess smartphones and digital financial accounts. They
 - Work on platforms while retaining other income sources.
 - Join platform work real-time matching with demand portends better opportunities and access to larger customer base.
- Close to 75 percent of workers and sellers surveyed say they earn more on platforms than they used to; and close to 70 percent say they earn above the minimum wage.



Platform experience varies by work vertical; but is a mixed bag for most

- Platform experience depends on the platform work they do, which is **largely determined by their skillsets and access to capital.**
- Women's platform work is **influenced by prevailing gender norms**- they are mostly present in specific verticals like personal and home services, and a notable presence in ecommerce and elancing.
- Flexibility and autonomy are clear advantages, but declining incomes and ever-changing rules pose challenges.

“We decide our timeslots when we want to work. We can take care of our family and other personal things. Time flexibility is most important. So, we don't have to accept work at night, if you want to take a vacation, you can take it.”

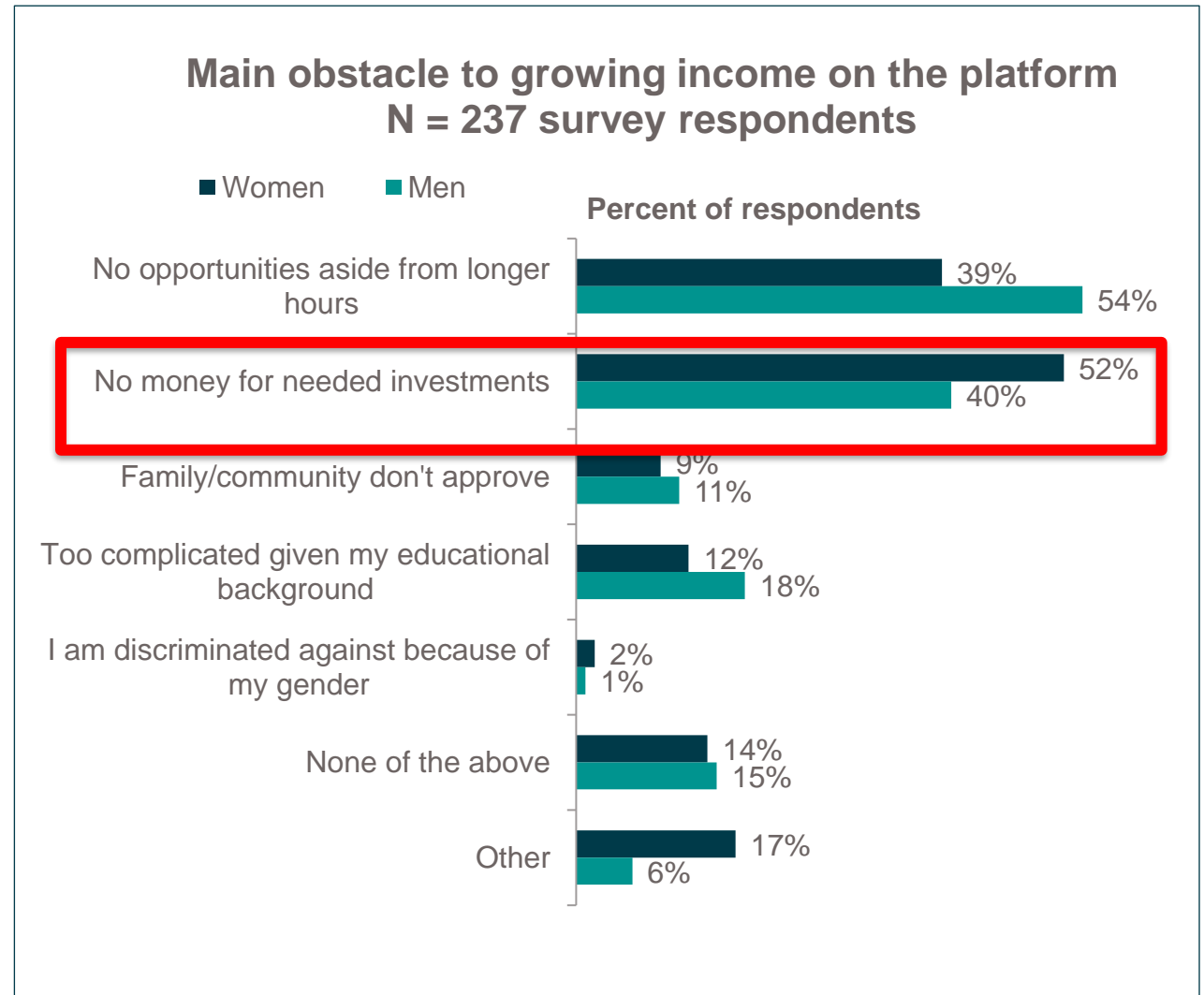
Personal and home services worker, India



Ibrahim works for Nouites Logistics, a delivery service in Lagos, Nigeria. Photo: Temilade Adelaja via Communication for Development Ltd.

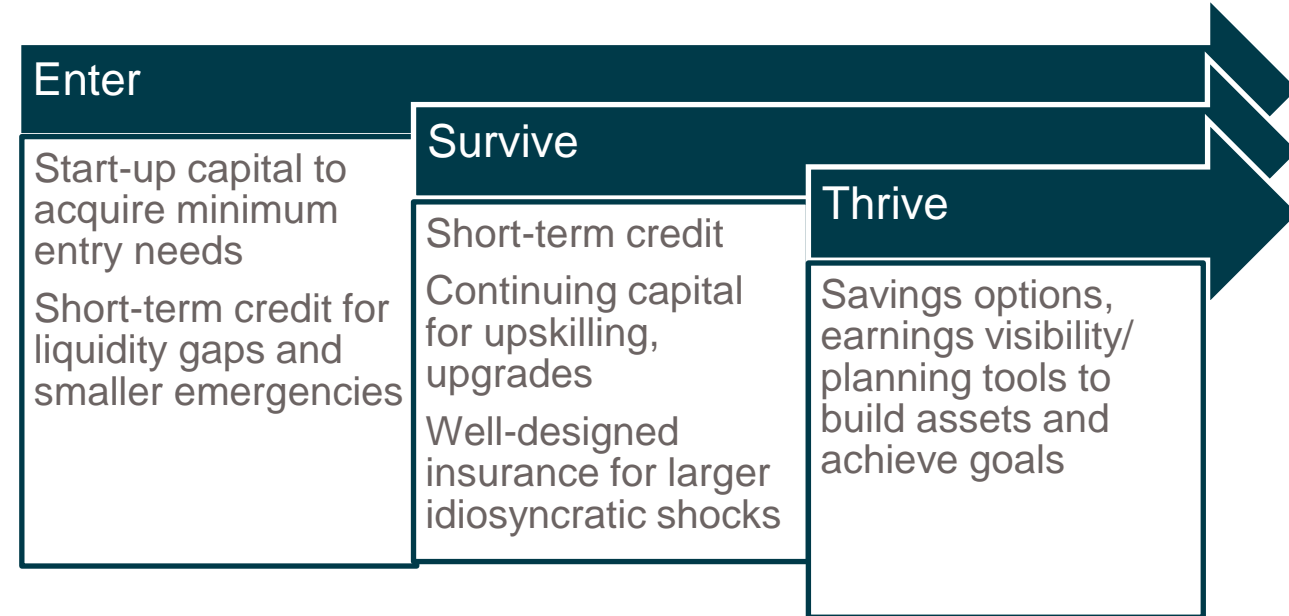
Without holistic financial inclusion, workers cannot access the opportunity or avoid the risks of platform work

- Beyond basic bank or mobile money accounts, most are financially excluded or underserved.
- Few relied on formal credit (16%) or insurance (12%), which they said are unavailable to them without a formal business or employment proof.
- Accessing capital and support is a bigger challenge for women.



Supportive financial service will address key worker financial management needs while leveraging platform ecosystem

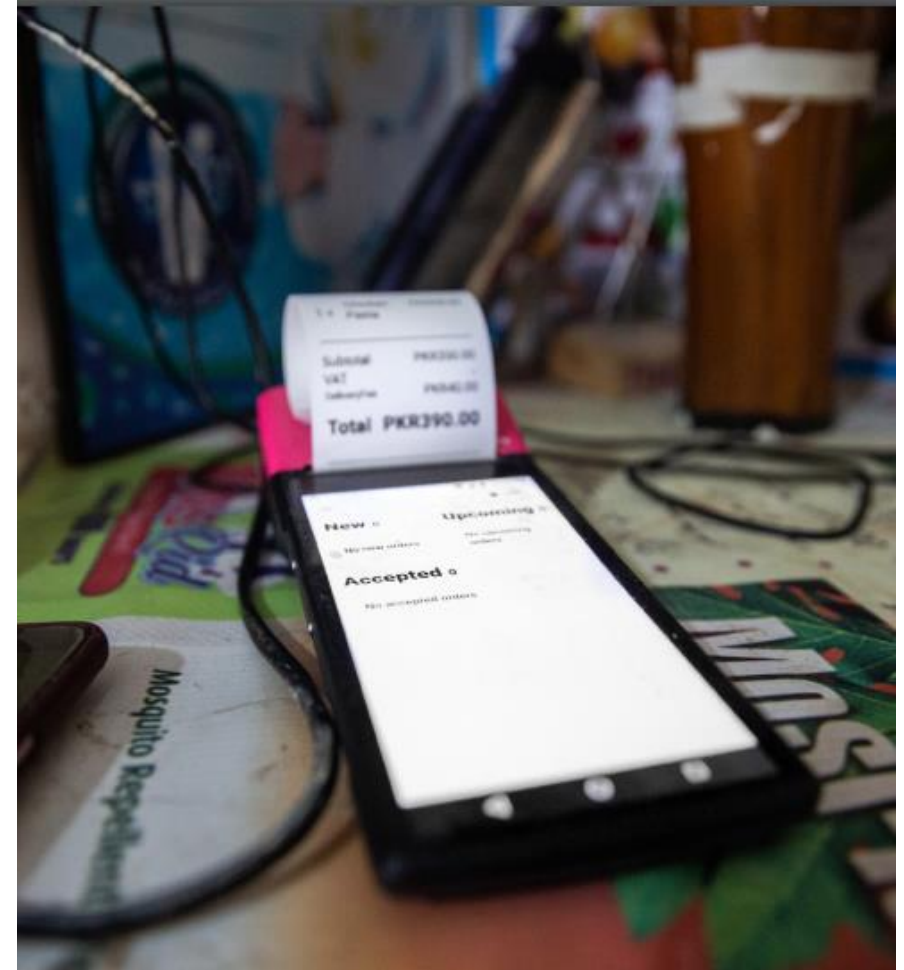
- Platform workers have similar financial needs as other low-income/informal workers
- The potential lies in appropriate, seamless services embedded into platforms, in an environment of high worker trust.
- Women will be harder-to-reach because they occupy niche areas of this ecosystem;



“We form together as a group to pre-order [with other businesses]. That's what we do for businesses that have minimum quantities. This group is online and I am the brain behind it. I post online, ‘join my preorder group if you're interested in ordering items from China’.”
- E-commerce vendor in Nigeria

Today, financial services on platforms are nascent, with room to expand benefits

- Most offers are **yet to fully take advantage of the data** offered by platform work.
- Most providers are still experimenting with financial service for platform workers and **only a small proportion of workers have availed of the products.**
- Mature digital payments systems are key for the viability of embedded financial services. But **local regulations prevent full integrations and automations.**
- Tailoring to platform workers' particular needs is basic; there is **room to go much farther.**



Future success depends on.....

- **Platforms and financial institutions** innovate around:
 - Products that are seamless, simple and appropriate
 - Close partnerships with deep data integration
 - Investing in worker trust
- **Policymakers** promote policies supporting
 - the broader wellbeing of workers and
 - new rules and rails to pave the way for embedded services.
- **Funders** support the promotion of
 - fair work policies and
 - build market confidence in financial services for workers by sharing lessons that define the value of platform data and platforms as a delivery channel



New CGAP Pilots Aim to Improve Platform Worker Livelihoods

CGAP aims to support and test innovative financial services for platform workers in emerging markets

- **ABALOBI**, a digital seafood market platform in South Africa
 - test flexible, digital savings to help turn fishers' lumpy income into assets for the future.
- **Britam**, an insurance provider, and **Little Cabs**, a ride-hailing platforms in Kenya
 - test investment and insurance products for drivers to help smooth income and begin to save.
- **Jumia**, an e-commerce platform in Africa
 - test the impact of healthcare benefits on the wellbeing and performance of delivery riders, sellers, and sales team.
- **KarmaLife**, a fintech that serves platform gig workers in India through platform partnerships
 - test and validate platform data- based credit scoring models to support the design of more meaningful and viable credit products.
- **SafeBoda**, a community-based urban transportation network in Africa
 - test the influence of app integrated savings wallet on the savings behavior of platform workers and their impact on platform worker engagement.

CGAP is also participating in **GoTo's Sustainability Advisory Council** and providing inputs on the development of next-generation financial services for its drivers and merchants.

Thank you

To learn more, please visit

www.cgap.org/platform-workers

