

# **Improving Financial Health and Well-being in Global Supply Chains through Wage Digitalization**

Working Paper – July 2024

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## Foreword

Life as a garment worker can be hard as they can find it difficult to meet their financial needs, absorb financial shocks and pursue financial goals. Many are paid cash wages and lack access to relevant financial services, limiting their ability to save. In addition, women workers have less control over their income and often report that they hand over some or all their income to a family member.

Employers face the risk of theft or fraud during the transportation and distribution of cash wages. This method is inefficient, as workers often have to stand in line to receive their pay, cutting into their productive or personal time.

**Responsible wage digitalization, accompanied by gender responsive financial capability training, holds the potential to bring about both social and economic progress.** For millions of garment workers, it represents transparency in pay, the opportunity to open financial accounts, a safe place to save and with the right support, increased economic empowerment. Improving financial health opens up opportunities to build a better future and invest in children's education, among other.

Beyond these individual financial health benefits, wage digitalization can enhance efficiency and demonstrate wage compliance for factories, create new market segments for financial service providers, and contribute to broader economic stability and growth. This shift can help countries advance toward the UN's Sustainable Development Goals, fostering a more inclusive and resilient economy.

The [Mastercard Center for Inclusive Growth](#) and [RISE \(Reimagining Industry to Support Equality\)](#) have been working together since 2018 to catalize the scaling up of responsible wage digitalization in the garment industry that considers the needs of women workers. **Together, we have demonstrated the impact of wage digitalization combined with financial capability training for businesses and workers in Cambodia, Egypt and Bangladesh where we have supported 30 factories with 60,085 workers (63% women).**

In the garment industry, we have seen that the transition from cash to digital wages, when implemented in a gender-intentional manner alongside financial capability building, can improve financial health and wellbeing for women and men workers. Both women and men workers have developed confidence in using financial products and services which can help them better manage their finances and save more. Building their financial knowledge and skills means they can make more informed financial decisions, create stronger financial futures for themselves and their families and contribute to the development of thriving communities. There are strong benefits for business too with wage digitalization yielding significant payroll and production savings.

**The opportunity now lies in creating impact at scale. Partnerships will be crucial** in this effort, which is why the Mastercard Center for Inclusive Growth has become the anchor partner for RISE's Financial Health focus area, doubling down on its support for women workers in global garment supply chains. **We will seek to replicate and expand the benefits of responsible wage digitalization to reach more women workers and improve their financial health**, including expanding the program to two new markets in 2024, Indonesia and Guatemala, and will continue

to share learning and insights with key stakeholders including financial health practitioners and policy makers. This way, we seek to enable garment workers and their families to thrive, invest in their children's education, improve their living conditions and plan for the future.

**Payal Dalal**

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Executive Director for RISE (Reimagining Industry to Support Equality)

## Executive Summary

Some 165 million formal workers in global supply chains are paid in cash, and millions of others paid into financial accounts simply cash out their wages on payday. **Cash is more likely to be lost, stolen, taken, or spent and is difficult for both employees and employers to manage. Many employers are moving to a digital payroll to enhance efficiency and lower costs.** Employers may also benefit from increased worker productivity stemming from an improvement in their workers' financial health and well-being.

This working paper draws on the experience of HERproject which has worked to expand financial inclusion and resilience for garment workers since 2012 across seven countries and was brought into RISE when it launched in 2023.

It can be read alongside the UNSGSA (United Nations Secretary-General's Special Advocate for Inclusive Finance for Development) [publications](#) on Financial Health, targeting policy makers.

- This working paper considers **the barriers to financial health for women and men workers in the garment industry**, including family and community dynamics around financial decision-making.
- It sets out the **opportunity for financial health practitioners and policymakers to engage in supporting the expansion of financial health** and well-being through wage digitalization.
- This working paper considers **how wage digitalization, when implemented in a gender-intentional way and combined with workplace financial capability training, can contribute to financial inclusion**, to improved financial health for workers and to address gender norms in the community. Achieving this requires a cross-sector and cross-stakeholder approach.

Financial health and well-being are increasingly promoted as measures of how people manage their financial lives, building on and going beyond financial inclusion. They provide a framework for considering the key barriers to improving financial health and well-being for women and men garment workers, including:

- Limited skills and access to budgeting and money management tools,
- Lack of savings which limits financial resilience,
- Limited access to relevant, affordable financial products and services,
- Low degree of trust in financial service providers, and
- Lack of control over wages due to gender norms.

**Wage digitalization is a promising vehicle for improving financial health and well-being when designed and delivered with attention to the needs of both women and men workers. It should include financial capability training and consideration of financial decision-making at household level.** RISE has seen promising results from their programs in several areas:

- Improved management of everyday expenses,

- Increased resilience to financial shocks,
- Improved ability to plan for future goals, and
- Improved financial control and women's financial decision-making.

However, no single intervention or organization can address the complex challenges faced with expanding financial health and well-being globally. **Collaborative action between organizations working in different sectors is needed.** Given the breadth of the garment sector, where large numbers of workers, especially women, are concentrated, and the influence of the financial services industry in the digital economy, both industries present policymakers and practitioners with an exciting opportunity to accelerate change globally. RISE proposes three key actions for policymakers and financial health practitioners to accelerate financial health and well-being:

- **Partnering with financial service providers and local stakeholders** to support the design of relevant financial products and programs that promote financial health and meet the needs of low-income workers, especially women, in global supply chains.
- **Ensuring sufficient incentives exist for the growth and support of responsible digital payroll payments.** Such incentives could spur innovation to develop lower cost products and services for employers and workers, that also protect against increasing privacy and security risks.
- **Facilitating collaboration across key stakeholders** such as the garment industry, government, financial sector and civil society to scale gender-responsive wage digitalization that improves financial health and wellbeing in global supply chains.

## Introduction

In an increasingly digital economy, **workers predominantly using cash are being left behind.** Some 165 million workers holding formal jobs in global supply chains still get paid in cash,<sup>1</sup> and millions of other workers paid digitally continue to withdraw most or all of their wages in cash on payday, especially women. They face the risk of their wages being lost, stolen, or taken by people they know, adding to the challenges of managing household budgets and building their savings.

**Cash wages reduce the opportunity for women and men workers to access financial products and services** that could help them manage expenses, pursue financial goals, and develop resilience to financial shocks. Cash wages can therefore be a barrier to improving the financial health and well-being of low-income workers, especially women.<sup>2</sup> Wage digitalization can also help further narrow gender gaps in financial inclusion, which was 6% in 2021 across developing economies.<sup>3</sup>

Cash payrolls are difficult for employers to manage.

They create a risk of loss or theft and are time-consuming to administer and distribute, resulting in production time losses on payday. These issues are prompting many employers to adopt digital payrolls to enhance efficiency. A strong case therefore exists for businesses to invest in responsible wage digitalization. Employers will also benefit from improving their workers' financial health, which has positive effects on mental well-being and physical health and may be linked to better worker productivity.

This working paper draws on the experience of RISE founding programme, HERproject, which has worked to expand financial inclusion and resilience for garment workers since 2012, supporting over 340,000 garment workers (57% women) working in 189 garment factories across seven countries.<sup>4</sup> The Mastercard Center for Inclusive Growth supported HERproject to develop and deliver the Digital Wages program in Bangladesh, Egypt and Cambodia.

RISE's experience helps to quantify the benefits of digital wages for both employers and employees, especially women. When wage digitalization is carried out in a gender-intentional way and accompanied by practical financial capability training that considers gender norms<sup>5</sup> and consideration of financial decision-making at the household level, it can lead to improved financial health and well-being for women and men workers, benefiting entire families.



For example, in Bangladesh, 70 garment factories were supported to digitalize their payroll, which led to an increase of 18 percentage points in the number of workers who saved regularly, keeping monies safe in their accounts rather than in cash at home, and a 24-percentage-point increase in the number of women reporting confidence about their ability to manage financial emergencies.<sup>6</sup> It also resulted in

<sup>1</sup> [The Global Findex Database](#), World Bank (2021).

<sup>2</sup> This working paper considers one definition for "financial health and well-being." It also uses the term "financial health" under the same definition.

<sup>3</sup> [The Global Findex Database](#), World Bank (2021).

<sup>4</sup> RISE (and formally HERproject) works with global brands and buyers (including M&S, H&M, Inditex, Target, Levi Strauss & Co., and Williams Sonoma), to support 189 factories to build the financial capability of 340,000 workers (57% of them women) in seven countries (Bangladesh, Cambodia, Egypt, Vietnam, India, China, and Indonesia) since 2012.

<sup>5</sup> Gender norms are societal expectations or "rules" about how girls and boys and women and men are expected to be and to act. They are an important part of financial well-being because they may impact women's participation and agency over financial decision-making.

<sup>6</sup> [Digital Wages Positive Impact for Women and Business Report](#). HERproject, March 2020.

factories decreasing their time spent on payroll administration by over half, making it a sustainable and scalable intervention.<sup>7</sup>

Aimed at financial health practitioners and policymakers, this working paper considers the barriers to improved worker financial health and well-being and sets out the opportunity for them to leverage the private sector in supporting the expansion of financial health and well-being for their workforces. It shares recommendations on how best to scale up progress on financial health and well-being and how RISE and Mastercard will work with women garments workers going forward to improve their financial well-being.

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<sup>7</sup> [Within Reach Digital Wages Bangladesh Report](#) HERproject, November 2021.



## Improving the Financial Health and Well-being of Garment Workers

Looking at the financial health and well-being of garment workers provides a fresh lens with which to consider workers’ financial lives, their needs and goals, and whether interventions in this space are in fact improving their lives.<sup>8</sup> Financial health and well-being is increasingly being promoted and contributes toward the Sustainable Development Goals. The United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA) outlines four key elements that shape financial health and well-being<sup>9</sup>:

-  (i) **Everyday spending**—having smooth short-term finances to meet financial obligations and consumption needs
-  (ii) **Financial resilience**—having the capacity to absorb financial shocks
-  (iii) **Financial goals**—being on track to reach future goals
-  (iv) **Confidence**—feeling secure and in control of finances

### Gender-intentional financial health and well-being

Given prevalent gender norms’ impact on the financial choices women can and cannot make, the degree of control they have over their financial lives and the ensuing risk of widening the gap between men and women, it is critical to ensure that gender is considered at all times.

This is particularly important because the global garment supply chain is highly feminized and structured in such a way that women workers, more often than not, occupy lowest status roles. Financial health is one among several gendered barriers for garment workers and RISE has a singular focus on ensuring that efforts on financial health and wellbeing contribute to overall gender equality and empowerment of women in the global garment supply chain.

Focusing on strengthening all components that contribute to workers’ financial health and well-being is therefore crucial, including financial capability, financial inclusion, worker trust in financial service providers, financial decision-making, and overall financial well-being.

### Financial Health and Well-being Definitions

**Financial Capability**<sup>10</sup> is the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one’s life, within an enabling environment that includes, but is not limited to, access to appropriate financial services.

**Financial Inclusion**<sup>11</sup> means individuals and businesses access and use of appropriately designed and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—delivered in a responsible and sustainable way.

**Financial Health and Well-being**<sup>12</sup> goes beyond financial inclusion and considers how a person manages their financial life and their feelings with regards to money. It is the measure of one’s ability to manage expenses, pursue financial goals, and absorb financial shocks that have an impact on financial well-being.

<sup>8</sup> Financial Health—UNCDF Financial Health Portal.

<sup>9</sup> Financial Service Providers and Financial Health, UN Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA) (2021).

<sup>10</sup> Building Women’s Financial Capability: A Path Toward Transformation, Center for Financial Inclusion.

<sup>11</sup> Financial Inclusion Overview, The World Bank Group (March 2022).

<sup>12</sup> Financial Health: An Introduction for Financial Sector Policymakers: UNSGSA Financial Health Working Group; UN Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA) (2021).

**Gender Norms** are societal expectations or 'rules' about how girls, boys, women, men and people of all genders are expected to be and to act.<sup>13</sup>

The global garment industry provides approximately 60 million workers with access to employment, of which 65-75% are women.<sup>14</sup> **While these jobs offer access to formal employment and regular income, there are several systemic barriers to improving financial health and well-being for garment workers, including unstable and low wages, inadequate working conditions, living in a cash-based ecosystem, financial service providers focusing on higher-income segments or poorly designed products for lower-income segments, as well as pervasive gender norms that lead to women having limited or no say in financial decision-making.** Garment workers are often paid minimum wages, and it is estimated the living wage gap for workers stands at 45% in major garment producing countries, meaning they are receiving just 55% of the pay they need to achieve a decent standard of living.<sup>15, 16</sup> Women are overrepresented in the garment sector among the lowest-paid workers.<sup>17</sup>

**RISE has identified four overarching barriers to improved financial health and well-being for garment workers.** With the growing importance of the digital economy, there is a huge need to address these barriers, requiring efforts from a range of initiatives and stakeholders along with gender-intentional wage digitalization and financial capability training.

1. **Limited financial capabilities and literacy skills:** Many garment workers, especially women, have only completed primary education and haven't developed the financial literacy skills needed for planning and budgeting. In Cambodia, worker surveys found that only 40% of women workers had completed up to primary education,<sup>18</sup> 32% of men and 27% of women were not confident in meeting expected future expenses, 84% of women and men garment workers don't track their expenses, and only half reported being on track to pay back their loans.<sup>19</sup>
2. **Lack of savings, low financial resilience, and limited capacity to manage unexpected expenses:** Having sufficient savings affords individuals a buffer to withstand financial shocks such as job loss or an unexpected bill; it is the foundation on which financial resilience is built. However, workers often feel they are too poor to save and so do not make a habit of putting money aside for the future, meaning that they would be unable to bounce back from a financial set back and unable to meet their goals, such as buying property. In Egypt, 51% of women and 46% of men reported that they rarely or never save,

<sup>13</sup> [UNICEF Technical Note Gender Norms](#)

<sup>14</sup> Beckert 2014:431 op. cit. International Trade Centre. (2015). Unlocking Markets for Women to Trade.

<sup>15</sup> [Garment Worker Pay at 45% Gap from Living Wage, Report Finds](#) Business of Fashion, February 2022

<sup>16</sup> RISE does not directly address wage standards and this project works alongside and is complementary to efforts on influencing wage standards.

<sup>17</sup> [How to achieve gender equality in global garment supply chains](#) ILO Infostories March 2023

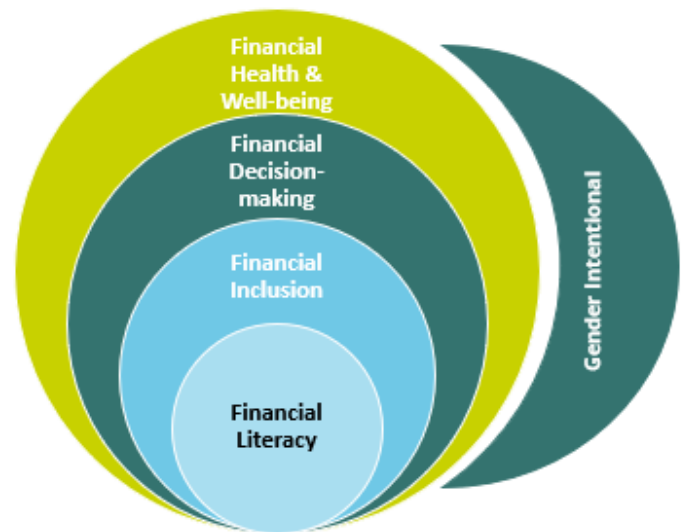
<sup>18</sup> HERproject Worker Survey Data Cambodia collected data from seven factories with a total of 20,538 workers. The sample of workers interviewed was 352 (51% women). Three percent of women reported they had no formal education, 40% had completed up to primary level, 41% had completed up to secondary level, and 17% had completed higher-level education.

<sup>19</sup> HERproject Worker Baseline Survey Data Cambodia collected data from nine factories with a total of 12,436 workers. The sample of workers interviewed was 451 (53% women).

and that their main source of borrowing in an emergency is from family and friends.<sup>20</sup> In Cambodia, 50% of men and 37% of women are not confident handling unexpected costs.<sup>21</sup>

3. **Limited access to relevant, affordable financial products and services and low degree of trust in financial service providers:**

Most workers paid in cash are unbanked and without access to financial products and services, such as savings accounts, to help future planning and managing risk. In Cambodia, the Textile, Apparel, Footwear, and Travel Goods Association (TAFTAC)<sup>22</sup> reports that less than half of its members have a digital payroll<sup>23</sup> and the Global Findex found that only 31% of women and 34% of men in Cambodia have a financial institution account.<sup>24</sup> Some workers don't trust that their money will remain in their account, that they can access it when they need it, or that they won't be subject to unexpected bank fees. Only 25% of workers reported using their mobile device to make transactions, and only 23% of women reported having a savings account before the program.



4. **Lack of control over wages due to gender norms:** Traditional gender role expectations for women in some countries restrict their ability to take control of their financial decisions, impacting their ability to meet day-to-day expenses and goals. In Bangladesh, 35% of women in Bangladesh handed over their wages to a male family member to manage<sup>25</sup> and they typically do not participate in making decisions about how their wages are spent. Some women hide cash wages to cope, which could leave them vulnerable when switching to digital wages. Women also experience gender-based violence from partners in societies where there are strong gender stereotypes about men being breadwinners and expectations that women should stay at home. Fifty-three percent of women garment workers in Bangladesh reported experiencing spousal violence.<sup>26</sup>

**One way of addressing these barriers is gender-intentional wage digitalization that includes financial capability training.** Training should address country-specific gender norms, be designed to equip workers with the skills, attitude, and trust to benefit from digital wages, and foster behaviors that improve financial health.

<sup>20</sup> HERfinance Egypt Worker Surveys collected at baseline from nine factories with a total of 24,339 workers. The sample of workers interviewed was 467 (64% women)  
<sup>21</sup> HERproject Worker Baseline Survey Data Cambodia collected data from nine factories with a total of 12,436 workers. The sample of workers interviewed was 451 (53% women).  
<sup>22</sup> Textile, Apparel, Footwear and Travel Goods Association Cambodia.  
<sup>23</sup> As of May 2020, TAFTAC reported that 300 of their 698 members have a digital payroll.  
<sup>24</sup> [The Global Findex Database](#), World Bank (2021).  
<sup>25</sup> [Gender-Responsive Wage Digitization in the Garment Sector a Practical Guide](#), HERproject, October 2021.  
<sup>26</sup> [53% of Garment Workers Face Domestic Violence in Bangladesh](#), Thomson Reuters Foundation, January 2019

It is important to note that **financial capability training cannot happen in isolation**. To ensure lasting impact (i.e.: the development of a new financial habit), training needs to be rolled out in conjunction with a financial product that can immediately demonstrate real-world application and benefits.

Such training should consider family and community dynamics and how to engage family members that might be the sole financial decision makers such as husbands, fathers, brothers or mothers-in-law. This leads to men and women growing in confidence when it comes to joint household financial decision making. Using financial health as a lens to consider workers' financial lives builds on existing experience on financial literacy and capability, financial inclusion, and financial decision-making, adding an additional dimension to drive sustainable long-term impact for workers as shown in the diagram.

## How Gender-Intentional Wage Digitalization Can Improve Workers' Financial Health and Well-being

RISE's experience shows that when **global brands, buyers, suppliers, and financial service providers invest time and resources into wage digitalization, the result is financial inclusion as an entry point to additional financial products and services.** However, to reach that point, wage digitalization needs to be intentional, designed and delivered with the specific and different needs of men and women in mind. Furthermore, wage digitalization should be coupled with practical financial capability training centred on a financial product that yields immediate, tangible benefits to the user. The first experience of a digital financial product matters and is instrumental in whether newly acquired behaviours develop into longstanding, progressive financial habits. Finally, financial habits do not develop in a vacuum. It is important to consider gender and social norms alongside family and community dynamics to encourage shared financial decision making. This is demonstrated to have positive effects on women's financial health.

RISE identified financial capability as a key building block to financial health and well-being,<sup>27</sup> recognizing that financial education is important but having the ability, willingness, confidence, and opportunity to act on that education is paramount. Financial health also requires changes in financial behaviors fostered through the skills, attitudes, and trust built from financial capability training and a conducive digital ecosystem. RISE found that it is important to complete culturally-aware and -relevant training in conjunction with wage digitalization for workers to be able to use the financial products and services and apply the skills they are learning immediately. Previously, many workers would withdraw all of their wages on payday or hand over their ATM cards to others to withdraw cash on their behalf if they lacked the skills and confidence to conduct financial transactions, but these behaviors shifted after they had received digital wages for a period of time.

### RISE Transform Financial Health workplace program

This one-year program provides support to employers and workers, giving advice to managers on wage digitalization and training to workers on access, use, and benefits of digital accounts, including improving money management skills. Training modules include:

- Intro to Digital Payroll
- Using Financial Products and Services
- Financial Planning and Managing Your Money
- Budgeting
- Savings and Borrowing Responsibly
- Talking about Finances with Your Family

### Why a gender lens is important when designing and delivering wage digitalization programs?

Industries with predominantly women workers, such as the garment sector, require a gender-intentional and intersectional approach that considers the most vulnerable social groups. When designing programs and products, it is vital to consider the specific barriers women workers face and their needs. Wage digitalization must be coupled with financial capability training that supports women to use services and addresses social norms around financial decision-making. Training must be delivered in a way that engages women and provides a safe space to ask questions and share concerns, otherwise, women may

<sup>27</sup> [What's Financial Health Got to do with it?](#) CGAP, January 2019

Drawing on 11 years' experience<sup>28</sup> working with global brands and buyers to support wage digitalization and delivering financial capability training through programs<sup>29</sup> in several countries, including Bangladesh, Cambodia, and Egypt, RISE is seeing promising results that are important for financial health and well-being:



### Improved management of everyday expenses

Garment workers have numerous conflicting financial obligations for their daily needs, including rent, groceries, transport, school fees, and supporting dependents.



RISE project experience in Cambodia found that 60% of workers started to track their monthly expenses after participating in training.<sup>30</sup> Being able to make digital payments rather than using cash, which is harder to track, helped workers manage their money better. RISE found that 90% of workers made digital payments through their mobile money accounts (up from 35%) — including for merchant payments, sending remittances, topping up airtime, and paying bills — helping them manage how they spend their wages. We also found an increase of 10 percentage points in the number of women reporting to be on track to meet their loan repayments, which is significant given the high levels of indebtedness in Cambodia.<sup>31</sup>

“[Following wage digitalization], I know when my salary is coming in. I can pay utility bills, I can easily transfer money to my parents, I can make a loan payment through my account, and I can withdraw and deposit cash whenever I want.”

VORN, GARMENT WORKER, CAMBODIA



### Increased resilience to financial shocks

If workers can raise funds in an emergency or access savings easily, they can better manage financial shocks such as a job loss or a medical emergency.



In Egypt, RISE found that 73% of women workers who had taken part in the program reported that having a bank account helped them during the COVID-19 crisis because it allowed them to control and manage their wages more easily.<sup>32</sup> In addition, 86% of women interviewed reported that savings and budgeting skills helped them when the factory was temporarily closed during the COVID-19 lockdown.

<sup>28</sup> RISE (and formally HERproject) has worked with global brands and buyers (including M&S, H&M, Inditex, Target, Levi Strauss & Co., and Williams Sonoma), to support 189 factories to build the financial capability of 340,000 workers (57% women) in seven countries (Bangladesh, Cambodia, Egypt, Vietnam, India, China, and Indonesia) since 2012.

<sup>29</sup> Transform Financial Health included training on financial planning, budgeting, saving and financial decision-making, as well as the technical aspects of how to use their new payroll accounts and associated financial services.

<sup>30</sup> 78% of workers are now tracking their monthly expenses compared to only 14% at the start of the program. HERproject interviewed 352 workers (51% women) in seven factories that took part in HERfinance Cambodia.

<sup>31</sup> 61% of women reported being on track to meet their loan repayments at the end of the program, compared to 51% at the start.

<sup>32</sup> [Wage Digitization in Egypt's Garment Sector: Impact for Business and Women Workers at Lotus Garments Group](#) HERproject and Mastercard Center for Inclusive Growth, November 2021



## Improved ability to plan for future goals



Women workers in Cambodia reported that their main reason for wanting to save is to buy a house or land, or to put money aside in case of unexpected emergencies.<sup>33</sup>

The RISE program appears to have a positive impact on workers' ability to pursue specific goals:

- 84% of women reported saving regularly (up from 46%) after taking part in the program,<sup>34</sup> and
- 81% of women reported having a savings account (up from 23%) to keep their money in.<sup>35</sup>

*“If I receive my salary in my bank account, I don't worry about loss and theft. If the cash is in my pocket, it is more likely to be spent. Now I'm tracking my income and expenses and I am saving for a new house.”*

OAK, GARMENT WORKER, CAMBODIA



## Improved financial control and women's financial decision-making

Cultural or social norms often mean that women have limited or no input on how wages are spent or saved, making them more vulnerable to financial shocks. RISE has found that women workers rarely have full control over their income; they often hand over part or all their earnings to their husband, father, or mother-in-law.



In Cambodia, there is a gender split in financial decision-making, with women making decisions about household items such as groceries but men making decisions on more expensive purchases such as a motorbike. The RISE Transform Financial Health<sup>36</sup> program includes a module on talking about finances with family members, to help both women and men workers make joint decisions about their wages. Following the program, we saw an increase of 24 percentage points in the number of women making spending decisions with their family, and an increase of 12 percentage points in the number of men agreeing that financial decisions should be made jointly.<sup>37</sup>

*“I learned how to prepare a budget from HERfinance training, but my husband was skeptical. After receiving training, I learned that I could be tactful in convincing my husband of the benefits of a having, and spending with, a budget.”*

SHANTONA KHATUN, 24 YEARS OLD

<sup>33</sup> [Improving Financial Health in Cambodia's Garment Sector through Wage Digitalization](#) RISE and Mastercard, November 2023

<sup>34</sup> 84% of women reported saving regularly compared to 46% of women saying that they never save at baseline.

<sup>35</sup> 81% of women reported having a savings account, compared to 23% before the program.

<sup>36</sup> RISE Transform Financial Health was previously known as HERfinance.

<sup>37</sup> [Gender-Responsive Wage Digitization in the Garment Sector a Practical Guide](#) HERproject, October 2021.

## Leveraging the Private Sector as a Catalyst to accelerate Financial Health and Well-being

Improving financial health and well-being for women and men in global supply chains at scale requires collaborative action by many entities at different **levels. The private sector is a key ally to policymakers in accelerating financial health globally and achieving transformational change in the financial well-being of workers.** Both the garment industry and the financial services industry are vital to this. Putting gender at the forefront of these efforts will be crucial to ensure that both men and women benefit equally, otherwise women may be left behind and the gender gap in financial health widened.

### Garment Industry

Wage digitalization is taking hold in the garment industry and is backed by a compelling business case that combines transparency and efficiency gains for factories with clear benefits for workers. This has led to several global buyers, including M&S, Inditex, Gap, H&M, PVH, and Target making commitments to support their suppliers to digitalize their wages. Fashion brands offer a clear route to hundreds of thousands of unbanked workers in their supply chain, making them valuable partners to policymakers and practitioners in the sector. It is important that strategies take a gender-intentional approach and focus on worker financial health and well-being.

“Digital payments are an important step in achieving global financial inclusion. This fully aligns with our ethical and responsible sourcing strategies and our holistic sustainability plan, especially in respect to human rights in our business and supply chains. Providing the opportunity for workers to be paid digitally creates economic opportunities for them and their families, advancing the Sustainable Development Goals on women’s equality and decent work.”

FIONA SADLER, GLOBAL HEAD OF ETHICAL TRADING AND RESPONSIBLE SOURCING, MARKS & SPENCER

The garment industry has long-standing commitments to investing in workers, offering a solid footing for policymakers and practitioners to promote further progress on worker financial health. Some brands that have centered investments on worker well-being and financial health, with a focus on women— such as PVH’s Forward Fashion strategy which aims to provide professional and life skills development programs and services to 500,000 women in their supply chain by 2030.<sup>38</sup>

There is an exciting opportunity to significantly expand the financial health and well-being of low-income workers across the garment sector globally, where large numbers of workers are concentrated in specific locations, making them easy to access. A compelling business case is already emerging that shows investing in workers in the garment sector to expand their financial

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<sup>38</sup> [PVH Partnerships Promote Digital Wages & Advance Forward Fashion Strategy](#) PVH, May 2022



health and well-being also has business benefits, so the prospect of leveraging this further to deepen impact and ensure long-term benefits for workers is ripe.

RISE considers the following progress with wage digitalization in the garment sector important for policymakers to pursue further to accelerate the financial health and well-being of workers:

- **Enhancing social and labor compliance through responsible wage digitalization**

Wage digitalization with a focus on financial health and well-being can enhance compliance with social and labor requirements and shape long-term global commitments to suppliers, further accelerating and supporting workers’ financial well-being.



In Bangladesh, 71% of global buyers surveyed said wage digitalization will be very important for their sourcing and purchasing strategies in the next 10 years due to increased transparency of payments through more accurate records of working hours and payments. Furthermore, 79% of global buyers surveyed believe that digital wages are helpful in meeting their social and labor compliance requirements and demonstrating commitments to the Sustainable Development Goals (SDGs) and ethical sourcing commitments.<sup>39</sup>

- **Factory cost savings drive the switch to wage digitalization. Investments in training ensure its success and ensuing benefits to workers.**

To succeed, wage digitalization must benefit both factories and workers. Factories have experienced significant cost savings and increased worker productivity from fully digitizing their wages.



In Egypt, RISE saw a 42% reduction in factory administration costs dedicated to preparing and disbursing payroll. There was also a saving of three minutes of production time per worker—a total savings of 400 hours of production time each payday across the workforce.<sup>40</sup>

“Digital payments have become a key tool for promoting financial inclusion in Egypt. As one of the largest garment factories with a workforce of more than 10,000 employees, we took the initiative to digitalize wage payments and teach our employees to use their new payroll accounts. Working in cooperation with our business partners made this transition smoother for us.”

TAMER EL-DESSOUKY, FORMER SUSTAINABILITY MANAGER,  
LOTUS GARMENTS GROUP

<sup>39</sup> [Garment Sector Wage Digitization—A Practical Guide for Global Brands and Buyers](#). HERproject, October 2021

<sup>40</sup> [Wage Digitization in Egypt’s Garment Sector: Impact for Business and Women Workers at Lotus Garments Group](#). HERproject and Mastercard Center for Inclusive Growth, November 2021



In Cambodia, workers reported that they no longer have to take time off<sup>41</sup> to withdraw money, pay bills, and send remittances because it is easy to conduct financial transactions digitally from their mobile account. If they do need to withdraw some cash, there are usually ATMs close to where they live.

Cost savings and increases in productivity have only been possible by training managers and workers to recognize the benefits of having an account and accepting the change to digital wages.



In Egypt, only 25% of workers preferred to be paid into accounts at the start of the wage digitalization initiative because they were used to spending money in cash and some were skeptical about whether their money would really be in their account. This increased to 96% following participation in financial capability training.

Garment factories provide an access point to millions of workers in the global supply chain who would gain significantly from improved financial health and well-being. Securing benefits to both factories and workers from wage digitalization through investments in training ensure success, yielding transformational improvements in the lives of women workers.

*“After completing the financial capability training, workers have greater knowledge of social protections available to them from the workplace and government. From this, workers are less likely to change workplaces for minor wage increases. As a result, our factory could reduce turnover rates and the cost to enroll and train new workers. Moreover, the factory can retain the experienced and high-skilled workers who are more productive and able to produce a wider range of products.”*

MS. HONGHA, EVALUATION DEPARTMENT MANAGER,  
SONG HONG 2, VIETNAM

## Financial Service Sector

Many countries dominant in the garment sector have a strong technological infrastructure for financial service providers to offer digital wages. Some providers are starting to move into lower-income segments where there is huge potential to tap into the market of garment workers through wage digitalization. Banks and financial service providers have an opportunity to increase revenue by at least US\$700 billion globally by providing financial services to women.<sup>42</sup>

It is therefore vital for policymakers to engage the financial services sector in any strategy to improve financial health and well-being in the digital economy for the millions of men and women working in global supply chains. The financial services sector holds the key to building digital ecosystems that offer relevant financial products and services for workers, ensure merchant acceptance of digital payments, and provide conveniently located ATMs with cash reliably available—in short, the things that are crucial to accelerating workers’ financial well-being.

RISE considers the following opportunities important for policymakers to pursue further with financial service providers to accelerate the financial health and well-being of workers:

<sup>41</sup> RISE’s experience shows that when workers are paid in cash they usually take at least one day off work per month to withdraw money and sort out their finances. This is costly for both workers and the factory.

<sup>42</sup> [Leaving Money on the Table: There’s Nothing Micro About a Billion Women Excerpt](#) Women’s World Banking, July 2022.

- **Designing relevant financial products and services for low-income workers, especially women, and supporting them to be active users**

When workers have access to products that are easy to use and understand, they become active users. In Bangladesh, following wage digitalization with financial capability training, women garment workers were conducting an average of eight transactions a month, and men garment workers, 13.<sup>43</sup> This included cash in, cash out, airtime top up, and remittances. Women sent an average of US\$54 per month in digital remittances. If all four million garment workers in Bangladesh were paid into accounts, a potential total of US\$199 million (17.4 billion Taka) could be sent each month in remittances,<sup>44</sup> increasing financial service providers' customer base and income.



Well-designed, worker-centered products that emphasize privacy and security have the potential to shift financial behavior, such as encouraging better expense management and saving habits. Financially healthy customers also cost financial service providers less to serve and provide more opportunities to offer other products, thus highlighting the business case for workers' financial health.<sup>45</sup>

- **Developing the financial ecosystem to build trust and foster usage amongst workers**

For workers to benefit from their financial accounts and improve their financial well-being, they must be able to trust the service providers and the ecosystem in which they operate. With a conducive ecosystem and good customer service, workers will increase their use of accounts, become active customers, and take greater control over their finances.



In Egypt, a lack of trust between workers and financial service providers has been a persistent issue, with problems over accounts, card issuance, withdrawals, unexpected fees, and digital payments. Consequently, many workers have chosen to change providers or revert back to cash because of the inconveniences.



In Cambodia, QR codes introduced by mobile banking apps became hugely popular for merchant payments, making it easy for both the merchant and the customer. This led the National Bank of Cambodia to introduce a standardized QR code payment system for retail payments.

<sup>43</sup> [Garment Sector Wage Digitization: A practical guide for Financial Service Providers](#) HERproject and Mastercard, August 2021.

<sup>44</sup> [Within Reach: How Digital Wages that work for women can support Bangladesh's Economic Future](#) HERproject, October 2021.

<sup>45</sup> [Financial Service Providers and Financial Health](#), UNGSA (2021).

## Conclusion

Wage digitalization offers the potential to expand financial health and well-being for workers in global supply chains, enabling them to manage everyday expenses, withstand financial emergencies, and plan for the future. It is important to strengthen all components of financial health, from financial literacy to overall financial well-being, and programming requires a cross-sector and cross-stakeholder approach to address multiple systemic barriers.

No single intervention or organization can fully address the complex challenges that stand in the way of improved financial health and well-being. However, convening key stakeholders to share insights and find solutions together offers the best opportunity to overcome these systemic barriers. It is crucial to engage specific industries, such as the garment sector, and convince them of the efficiency and long-term gains for workers that can result from the expansion of workers' financial health and well-being. Ensuring equal benefits for all requires a gender-intentional approach with intersectionality<sup>46</sup> at the forefront.

RISE proposes three key actions for financial health policymakers and practitioners to accelerate financial health and well-being:

1. Partner with financial service providers and local stakeholders to support the design of relevant financial products and programs that promote financial health and meet the needs of low-income workers, especially women, in global supply chains.
2. Ensure sufficient incentives for the growth and support of responsible digital payroll payments, such as lower fees for employers and workers and high-quality interoperable mobile acceptance solutions that provide user privacy and security.
3. Facilitate collaboration across key stakeholders such as the garment industry, government, financial sector and civil society to scale gender-responsive wage digitalization that improves financial health and wellbeing while supporting transparency and ethical labor practices in global supply chains.

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<sup>46</sup> Considering the intersectionality of workers and their different needs is important. For example, the skills and confidence of older married women will be different than those of younger single women.

## Annex 1: How RISE Supports the Financial Health of Women and Men Garment Workers in Global Supply Chains

RISE: Reimagining Industry to Support Equality is based on the premise that an empowered workforce where women workers can reach their full potential is good for all workers and for business. RISE focuses on three interconnected priorities with the potential to create transformational improvements in the lives of women workers and support improved business outcomes— including Financial Health, Prevention of Gender-Based Violence and Harassment, and Women’s Advancement and Leadership.

RISE supports women and men to improve their financial health through:

- **Worker and Manager Capacity Building**—RISE works with local partners to provide workplace training on financial planning, budgeting, and savings to improve resilience to financial shocks and enable workers to access and use a range of formal financial services, including payroll accounts. RISE Financial Health training and tools consider the needs of women workers and include skills and confidence-building to enable women to take control of their finances
- **Market Transformation**—RISE works with global buyers, suppliers and financial service providers to make the case for improving financial health of women employees and customers and sharing insights to improve services, such as merchant acceptance and trust in the system.
- **Influence**—RISE collaborates with ecosystem actors, including policymakers and practitioners, to scale responsible wage digitalization and drive opportunities to benefit from financial services, including savings, remittances, and merchant payments. RISE leverages the founding partners’ existing relationships and identifies opportunities to work in partnership to influence employer/company/factory policies, programs, and budgets, as well as government policies that can improve workers’ financial health.
- **Data, evidence, learning**—RISE collects insights and data to evaluate and strengthen the business and social case for improving programming and engaging stakeholders.
- **Women's Voice**—Women are at the center of everything RISE does. We work to ensure that women workers better understand their financial needs and opportunities. We also make recommendations to address any obstacles to improving their financial health and collect feedback on what financial health means to them.

## Annex 2: Resources

### Practical Guides:

- [Wage Digitalization Toolkit for Employers](#)—This toolkit helps managers plan, prepare, and deliver wage digitalization (in Arabic, Bangla, English, Khmer, and Simplified Chinese).
- [A Practical Guide for Global Brands and Buyers](#)—This guide offers global brands and buyers practical advice and covers four stages for ensuring sustainable wage digitalization to benefit both business and workers: (i) Securing internal company buy-in; (ii) Supporting suppliers with wage digitalization; (iii) Identifying resources to enable women workers to benefit from digital payroll accounts; and (iv) Monitoring the quality of wage digitalization.
- [A Practical Guide for Financial Service Providers](#)—Developed with Mastercard, this guide offers financial service providers practical advice for developing the digital wage segment, including acquisition, driving usage of financial services, and retention of new customers.
- [Gender-Responsive Wage Digitalization in the Garment Sector a Practical Guide](#)—This guide offers development and financial inclusion practitioners practical advice for developing and delivering wage digitalization programs that can lead to better final health for women. It covers three key lessons: (i) Designing gender-responsive wage digitalization programs; (ii) Building financial capability for women garment workers; and (iii) Tackling gender norms to increase control over wages.

### Training Resources

- [RISE Digital Wages Tech Learning Tool for Workers](#)—This gamified tech learning tool uses engaging films, quizzes, and animation to help workers increase their financial health and benefit from digital wages. The learning tool includes six training modules, each 15-20 minutes long, based on the HERfinance Digital Wages training curriculum (see next page for details). Available in Arabic, Bangla, Khmer, and Vietnamese.
- [RISE Digital Wages Videos and Animation for Workers](#)—The training videos and animations in the tech learning tool are available on the RISE YouTube channel for easy access, and can be watched as standalone pieces, for example, in the factory canteen. The videos and animations cover topics from across the HERfinance curriculum, and are available in Bangla, Khmer, Arabic and Vietnamese.
- [RISE Posters](#)—A set of six posters that provide information to workers based on the six digital wages modules. They are available in Arabic, Bangla, Khmer, English, Hindi, Gujarati, Kannada, Tamil, and Vietnamese.
- [RISE Audio Messages](#)—A four-minute informational song about financial services and money management is available in Bangla, Assamese, Gujarati, Hindi, Kannada, Tamil, Vietnamese, and Urdu. A series of 5 audio messages about financial services and money management are available in Khmer and in development in Arabic.

**RISE: Reimagining Industry to Support Equality** is an initiative to support collaborative industry action at scale to advance gender equality in global garment, footwear, and home textiles supply chains. RISE brings together the fashion industry's four largest women's empowerment programs—BSR's HERproject, GAP Inc. P.A.C.E, CARE, and Better Work, which each have more than 15 years' experience in implementing women's empowerment programs in global supply chains—to build from proven approaches. RISE focuses on three interconnected priorities with the potential to create transformational improvements in the lives of women workers and support improved business outcomes—Financial Health, Prevention of Gender Based-Violence and Harassment, and Women's Advancement and Leadership.

**The Mastercard Center for Inclusive Growth** advances equitable and sustainable economic growth and financial inclusion around the world. The Center leverages the company's core assets and competencies, including data insights, expertise, and technology, while administering the philanthropic Mastercard Impact Fund, to produce independent research, scale global programs, and empower a community of thinkers, leaders, and doers on the front lines of inclusive growth. For more information and to receive its latest insights, follow the Center on LinkedIn and Instagram and subscribe to its newsletter.