

HERfinance Wage Digitization in Bangladesh: Applying a Gender Lens

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BSR's HERfinance—with support from the Bill & Melinda Gates Foundation—has piloted a Digital Wages Program in Bangladesh in which more than 100,400 workers have been paid digitally. As a large proportion of these workers are female, the program has highlighted the positive impact that digital wages can deliver for women, as well as potential risks that must be considered and addressed. This brief explains wage digitization and its potential to contribute to women's empowerment, presents learnings from HERfinance Digital Wages Program, and provides recommendations for employers and practitioners to ensure that wage digitization is gender responsive and that women fully benefit from the transition.

Digitizing Wages in Bangladesh: What Is the Impact on Female Workers?

Globally, 1.7 billion adults—the majority of whom are women—are unbanked and do not use formal financial services such as savings, remittances, credit, or insurance.¹ Such services can support investment in economic opportunities, build creditworthiness, provide for the future, and reduce risk. While the benefits of financial inclusion apply to both genders, women stand to gain disproportionately.

Financial inclusion is an enabler of women's economic empowerment.² A study in Bangladesh found that women with financial accounts were 12 percentage points more likely to report that they were somewhat or very involved in household spending decisions.³ In another study, digital financial accounts were shown to increase confidence in holding money in such accounts and to encourage increased saving habits.⁴ Such saving buffers reduce economic risk, and increased financial confidence is a source of empowerment.

¹ The Global Findex Database 2017 <https://globalfindex.worldbank.org/>

² UN High Level Panel on Women's Economic Empowerment Report 'Leave one Behind – a call to action for gender equality and women's economic empowerment' 2016

³ 2018 Intermedia study found that 32% of unbanked women reported being somewhat/very involved with household spending decisions compared to 44% of women with accounts - [http://finclusion.org/uploads/file/reports/fii-bangladesh-wave-6-2018-report\(2\).pdf](http://finclusion.org/uploads/file/reports/fii-bangladesh-wave-6-2018-report(2).pdf)

⁴ Breza, Emily, et al. "The Real Effects of Electronic Wage Payments: First Results." International Growth Centre, Mar. 2017, doi:F-31407-BGD-1.

Despite the benefits of financial inclusion, challenges persist in Bangladesh where women are more likely to be financially excluded than men due to a lack of access to resources, adverse gender norms, and limited financial literacy.⁵ In 2017, only 36% of Bangladeshi women had formal financial accounts, compared to 65% of men.⁶ In 2016, only 27% of mobile money account holders in Bangladesh were women, compared to 73% that were men.⁷

Employing 4 million people, the Bangladeshi ready-made garment industry is the second largest in the world. Around 60% of workers in the industry are women, and challenges to minimizing the financial inclusion gender gap are exacerbated by the fact that the majority of these workers are paid in cash. Cash-based payment systems can perpetuate gender imbalances and carry risks regarding women's safety, making them vulnerable to theft and economic violence whereby husbands take control of women's incomes.

Transitioning from paying wages in cash to a digital payroll system represents a unique opportunity to close the gender gap in financial inclusion—especially in the Bangladeshi ready-made garment industry, which has a high concentration of female workers.⁸ Wage digitization has the potential to increase women's financial inclusion by accelerating women's access to financial services, such as savings products and digital payments for sending remittances, which they may not have known how to access or use previously.

Findings from the HERfinance Digital Wages Program suggest that when wage digitization is completed alongside financial literacy training that considers the needs of women, there will be greater positive impacts for women. These impacts include improving women's level of engagement in household financial decisions and increasing women's confidence in their ability to provide for future family expenditures. Given the persistent gender gap in financial inclusion, particularly in developing economies, digital wages can be a strong tool for advancing women's economic empowerment through investing in women's access to financial products and services.

HERfinance Digital Wages Approach

HERproject and the Bill & Melinda Gates Foundation have been working together since 2015 to support factories and workers to digitize in the garment sector in Bangladesh. HERfinance Digital Wages works directly with employers to support their transition from cash to digital payroll, allowing workers to receive their wages efficiently and transparently into a formal account. HERfinance Digital Wages also provides factory management and workers with training based on HERfinance methodology to facilitate their transition to digital wages to support them in accessing, using and benefitting from their new payroll accounts, especially for female workers.

As part of the program, HERfinance Digital Wages collects baseline and endline data by surveying 100 random workers as well as two managers per factory.⁹ The survey questions focus on knowledge, access, and behavior related to financial inclusion. Furthermore, HERfinance Digital Wages assesses the level of self-efficacy and self-esteem that women feel in and out of the workplace. This brief seeks to outline the key findings for women's empowerment that emerged from the wage digitization process and gender-sensitive financial literacy training. In the next section we summarize the benefits for women, as well as considerations for programming in light of the challenges faced.

⁵ "Solotaroff, Jennifer L.; Kotikula, Aphichoke; Lonnberg, Tara; Ali, Snigdha; Pande, Rohini P.; Jahan, Ferdous. 2019. Voices to Choices: Bangladesh's Journey in Women's Economic Empowerment. International Development in Focus. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/30881> License: CC BY 3.0 IGO."

⁶ The Global Findex Database 2017 <https://globalfindex.worldbank.org/>

⁷ Intermedia, Financial Inclusion Insights, 2017, "Bangladesh, Wave 4 Report, FII Tracker Survey, Financial Inclusion Insights, 2017" http://finclusion.org/uploads/file/Bangladesh%20Wave%204%20Report_20_Sept%202017.pdf

⁸ Dhaka Tribune <https://www.dhakatribune.com/business/2018/03/03/womens-participation-rmg-workforce-declines/>

⁹ In each workplace, HERproject surveyed up to 100 randomly selected workers (male and female), as well as two factory managers, at the beginning and end of the program. It collected 4,076 baseline surveys and 3,200 end-line surveys by August 2019, which were analysed by research partner Microfinance Opportunities in January 2020.

Benefits for Women

HERfinance training, in tandem with the digitizing of wages, led to notable benefits for women workers.¹⁰

Increased financial inclusion	
Although women are initially concerned, they prefer digital wages once they begin receiving wages in this way	The number of women reporting a preference for being paid into a mobile money account increased by 43 percentage points following participation in the HERfinance program.
Wage digitization increases women's access to mobile money accounts	On average, women demonstrated a 50 percentage point increase in mobile money account ownership.
Women actively use their accounts	Women conduct eight transactions a month on average, including cashing out an average of 27 percent of their wages on payday, and sending another 17 percent of their wages in remittances at the same time.
Female workers started saving regularly	One in five workers (both male and female) reported that they started saving regularly.
The adoption of digital wages combined with financial literacy training improves women's access to other formal financial services	There was a 46 percentage point increase in the number of women reporting that they send remittances through their mobile money accounts.
Workers share the benefits of mobile money with their neighbors	Female non-garment workers living in communities surrounding digitized garment factories became active mobile money account users at a higher rate than in areas around factories still paying cash wages (a 13 percent increase in active users versus six percent increase in non-digitized areas). ¹¹
Increased sense of confidence, control, and independence	
Women started making joint decisions about the use of their salary	There was a 19 percentage point increase in the share of women reporting that they discuss matters with others before making a joint decision on how to use their salary. This was true for men too, with women moving away significantly from allowing other members of their family to control their salary, while men moved away from making decisions on their own.
Women have more of a say in decisions related to spending on health and their children's education	HERfinance Digital Wages observed an increase in women's participation in financial decision-making for their own health (six percentage point increase) and children's education (three percentage point increase).
Women stopped handing their salary over to others	The share of women reporting that they hand their salary to someone else to decide how to use it decreased by 10 percentage points.
Women expressed an increase in confidence to meet expected expenses	After entering the program, women were 17 percentage points more likely to report that they are confident they will be able to meet their family's expected future expenses in the next two years.
Women feel safer and more secure with digital wages than cash	In the endline assessment, female garment workers reported feeling safer receiving their wages in a mobile money account rather than in cash, and also felt that their money was more secure in an account.
Women report greater control over their mobility	During HERfinance Digital Wages Program, women reported an increase in the ability to decide about their mobility with their family and a decrease in someone else deciding for them.
Mobile Financial Services enable women to save time and money	Female workers who were paid digitally reported that they saved time and money by sending remittances and topping up mobile accounts through their phones, which was more convenient and cheaper than visiting an agent.

¹⁰ Based on HERfinance Digital Wages survey data collected from 64 factories through 4,076 baseline surveys and 3,200 endline surveys; transaction data provided by bKash, from 651 workers in 6 factories collected 6 months after digitization. All data analyzed by Microfinance Opportunities

¹¹ InterMedia Impact of Wage Digitization Study http://finclusion.org/uploads/file/bangladesh-gws-endline_final.pdf

Case Study



Moshrefa Banu – Quality Inspector and Peer Educator.

It is much safer to use mobile money. It's convenient and it saves time. I used to be worried about walking with cash, especially on payday, and when sending money, I felt uncomfortable going to the agent and waiting in line because there were men there. I would get 'Eve teased.' Sometimes I received disturbing calls at night because people in the line would overhear my number when I told the agent. I had to pay an extra 20 taka to send the money; now it is free.

I didn't know how to use mobile money until we had the HERfinance training. Through this, we were able to learn how to use our account—cash out, top up air time—and about savings. Before, on payday, when I had cash in my pocket, I wanted to buy things on the way home. I won't be tempted now. Instead, I can save some of my wages in my mobile money account and can earn interest. My dream is to have my own house, and I am now saving for it. *(Photo Credit: Kamrul Hasan)*

Considerations for Programming

As explained above, wage digitization can deliver strong women's empowerment outcomes—but practitioners must apply a gender lens to their programming and adapt to women's needs. Our experience highlighted that women face the following constraints, which must be considered in program design.

- **Lower levels of education.** 36 percent of the female workers in the HERfinance baseline had completed secondary level or above, compared to 57 percent of male workers. As a result, women need more support and time to be able to build confidence in and use the new digital payroll systems.
- **Lack of access to resources needed to open digital payroll accounts.** There is a significant gender gap in phone and SIM card ownership, mostly tied to social norms. Frequently families are not supportive of women's phone ownership, encompassing obstacles of privacy and control. Women may need to borrow a phone or get permission from their family to buy a mobile phone. Lack of experience with mobile phones may also mean women need time to feel confident using them. These factors mean that women are less likely to be able to manage their money in a private and secure manner.
- **Mobility constraints.** Traveling alone to visit ATMs or agents, or conducting transactions when surrounded by men, may not be seen as acceptable or safe, so women may need to be accompanied. Additionally, women may feel uncomfortable visiting male agents outside of working hours.
- **Time poverty.** Female garment workers are typically responsible for housework and childcare at home. A World Bank study found that, on average, married women in Bangladesh spend more than 22 hours per week on care work (cooking, cleaning, washing, and childcare), while married men spend only six hours per week (shopping for the household).¹² As a result, married women in particular have less time and energy to learn how to use new financial products and services or go to ATMs. They may therefore prefer to leave household financial management to their husbands or feel that cash is more convenient.
- **Risk of economic and/or domestic violence.** In Bangladesh, women are often expected to hand over part or all of their earnings to a family member and do not participate in making decisions about how their wages are spent.¹³ Furthermore, societal roles can lead to husbands or mothers-in-law perpetuating violence against wage-earning women, as their paid work outside the home is not consistent with traditional gender norms. Such societal factors can mean that women feel the need to hide a portion of their wages for their own use or to send to their families in their villages. Hiding money is risky for women and can lead to conflict or domestic violence if their families find out. Female

¹² "Solotaroff, Jennifer L.; Kotikula, Aphichoke; Lonngberg, Tara; Ali, Snigdha; Pande, Rohini P.; Jahan, Ferdous. 2019. Voices to Choices : Bangladesh's Journey in Women's Economic Empowerment. International Development in Focus;. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/30881> License: CC BY 3.0 IGO."

¹³ https://workerdiaries.org/wp-content/uploads/2019/04/Cluster_Analysis.pdf

workers are a vulnerable population who already face a high prevalence of violence at home; a transition like wage digitization, which exposes hiding cash wages, can exacerbate these risks.

Recommendations

For digital wages to have the greatest positive impact on female workers, all stakeholders involved in developing and implementing the program—including suppliers, buyers, and financial service providers—must consider women’s unique needs when it comes to accessing, using, and benefiting from payroll accounts. The following information summarizes the challenges that prevent women from accessing and benefiting from digital wages, and includes recommendations to address them.

Challenges	Recommendations for factory managers
Challenge 1: Lack of access to resources needed to open digital payroll accounts.	Reinforce the new payroll policy and the importance of women having their own phones to get wages.
	Help women get SIM cards and mobile phones by promoting mobile phone sharing groups or by helping women buy their own phones.
	Use training to promote the benefits of mobile phones and to help women become comfortable with mobile accounts.
Challenge 2: Limited use of payroll accounts, due to time and mobility constraints and to lower levels of financial and digital literacy.	Consider women’s needs when selecting a financial service provider, including the location and service hours of cash-out points.
	Give women time on payday to visit cash-out points, and arrange group visits to help women (especially those vulnerable to domestic violence) feel secure.
	Review a map of cash-out points with employees, especially women.
	Arrange for mobile ATM booths, or invite agents inside the factory to support workers during the first few paydays following the digital payroll launch.
Challenge 3: Limited benefit from payroll accounts, due to lack of control and decision-making over wages.	During the planning process, consider whether some groups of women have specific needs.
	Set up a support group to be run by the welfare officer to create a safe space for female workers to share concerns and identify ways to cope with them.
	Identify women who may be vulnerable to domestic violence, and set up a specific discussion group.
	If female workers report issues at home linked to payroll digitization, invite their families to meet with a counselor from human resources.

Conclusion

The transition from cash to digital wages in Bangladesh's garment sector represents an opportunity to close the financial inclusion gender gap. By improving access to formal financial accounts, increasing uptake of Mobile Financial Services and Products through adequate training, and giving women more control over their wages, digital wages can be a powerful engine for women's empowerment. However, a successful transition to digital wages requires all stakeholders—employers, training partners, and MFS providers—to consider women's unique needs and concerns, as well any unintended consequences that may result from women's increased financial independence and control.

This brief viewed the digitizing of wages through a gender lens in order to highlight HERproject findings from HERfinance Digital Wages Program in factories in Bangladesh. The aim is to promote engagement among practitioners to understand the possibilities and complexities of such programming. Honoring the needs of female workers during the wage digitization process involves thoughtful, pragmatic responses to the unique challenges faced by women. The HERfinance wage digitization learnings revealed project impact on several indicators. Such indicators suggest the economic and empowerment opportunities available through digitizing wages and providing financial literacy training. The recommendations section, in turn, provides tools to pursue such programming with a gender-sensitive lens. Doing so has the potential to lead to increased financial inclusion and expanded economic opportunity for individual women—both within their families and in their workplaces.

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ABOUT HERPROJECT

BSR's HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject™ drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality. Since its inception in 2007, HERproject™ has worked in more than 850 workplaces across 14 countries and has increased the well-being, confidence, and economic potential of more than 1,000,000 women and 450,000 men. For more information about HERfinance Digital Wages and questions, please e-mail getinvolved@herproject.org.