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for Decent Work



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## **Webinar:**

**Promoting responsible digital wage payments – Recent trends and lessons learnt from research**

**6<sup>th</sup> September 2023**

**14:00-15:00 (CEST)**

**[digitalwages.org](https://digitalwages.org)**





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**Webinar:**  
**Promoting responsible digital wage payments – Recent trends and lessons learnt from research**

**Speakers:**



Leora Klapper



Luis Rodrigo Morales



Evelyn Astor



Prerna Saxena

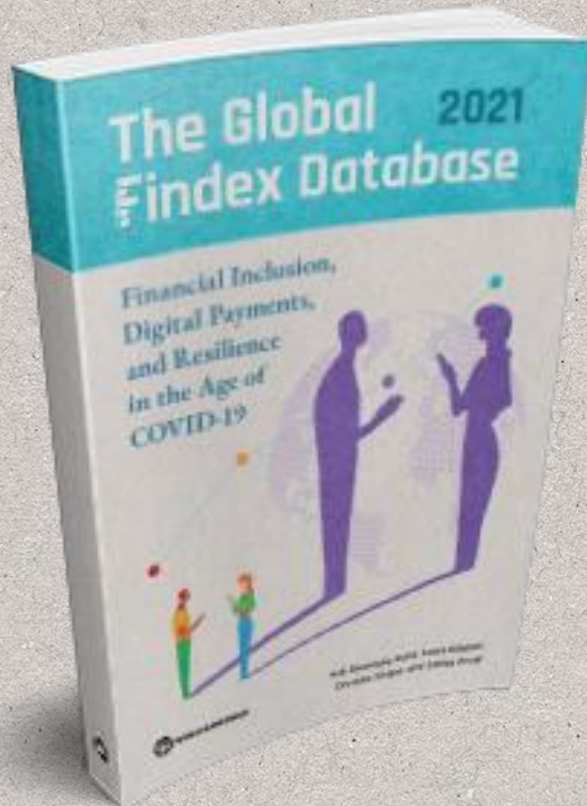


Valerie Breda



# The Global **Findex** Database 2021

Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19



2021-2022 Data Highlights

## Digitalization of Private Wages: Insights from the Global Findex Database



# Global Findex: Motivation & methodology

- Since 2011, the first and only comprehensive source of global demand-side data on financial inclusion
- Answers questions about how adults worldwide manage their money, make and receive payments, save, borrow, and manage financial risks
- Data collected in 2011, 2014, 2017, & 2021 track global policy and progress on improving financial inclusion
- Provides metrics on women, low-income households, rural residents, older and younger adults
- Encourages further research



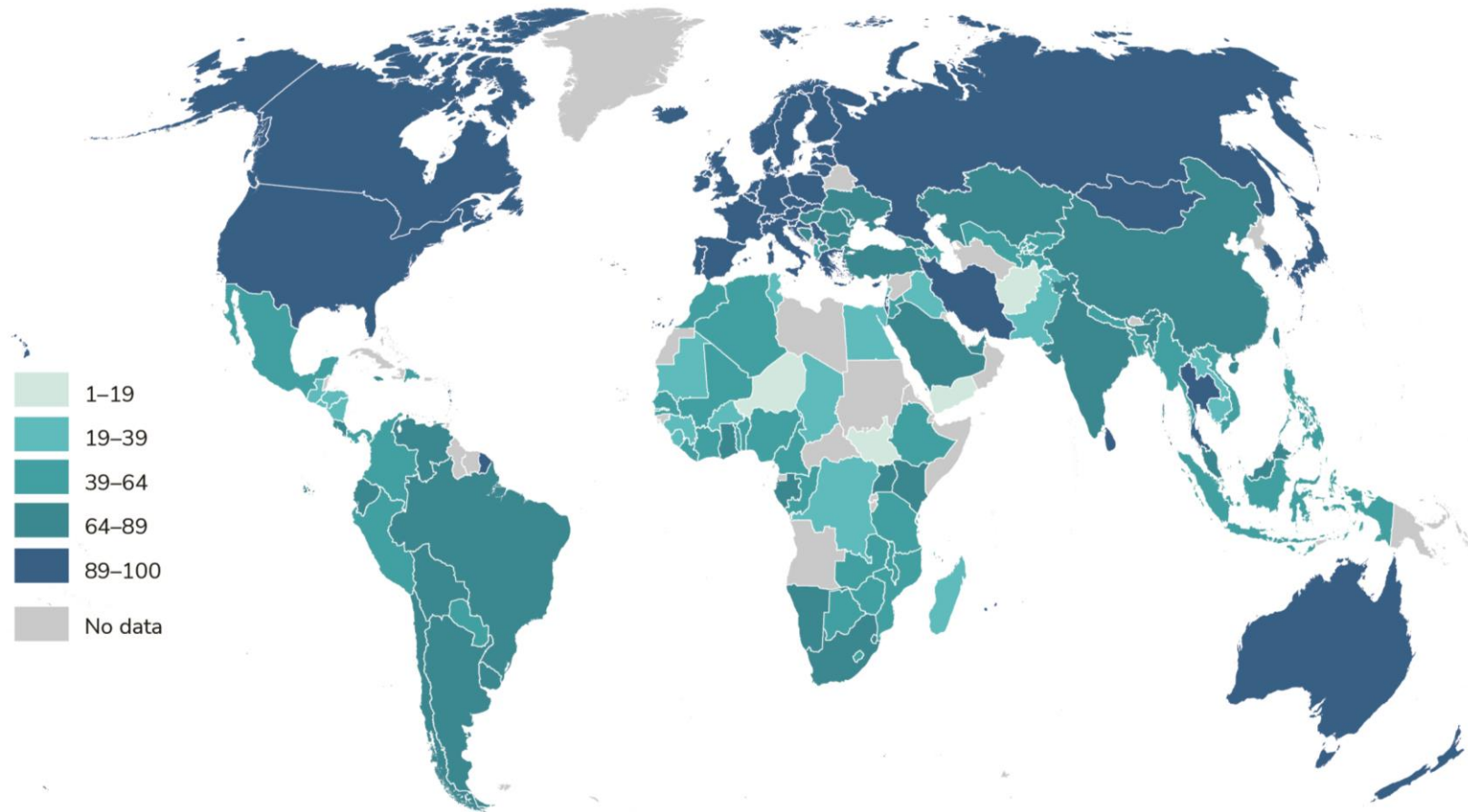
# Highlights

- **Digitalization of wages can drive financial access**
  - Nearly half of adults in developing economies with a financial institution account opened their first account to receive a wage payment – including over 40% of women and poor adults
- **Over 360 million unbanked adults in developing economies, including nearly 130 million women, received private sector wages in cash only**
  - This includes over 160 million unbanked workers, and over 200 million workers with an account
  - Over 300 million workers receiving wages in cash own a mobile phone
- **Financially inexperienced users may not be able to benefit from digitalization if they do not understand how to use financial services in a way that optimizes benefits and avoids consumer protection risks**
  - 1-in-5 adults in developing economies who received a wage payment digitally paid unexpected fees on the transaction.



# Financial inclusion continues to rise globally

Adults with an account (%), 2021-2022



# Millions of adults opened their first account to receive a wage payment

Adults with an account at a bank or similar financial institution (%), 2021-2022





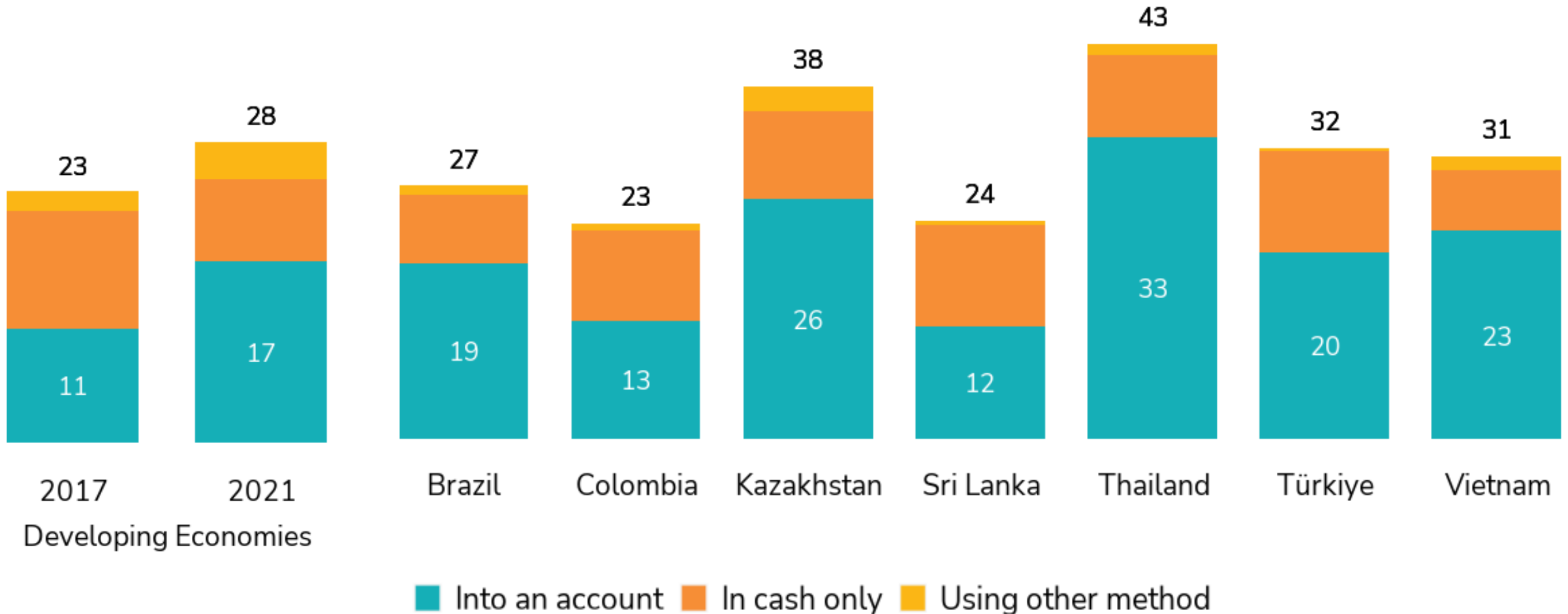
# Big Potential for Digitizing Wage Payments in Cambodia's Garment Factories – BSR's HERproject & IFC/ILO Better Works partnership

- Digitizing wages in the Cambodian garment sector has the potential to drive efficiency in the supply chain, while bringing large numbers of unbanked workers, especially women, into the formal financial system
  - Digital payments can lower costs for factory owners: large factories can save at least \$1,700 per month
  - Workers can benefit from an increased use of digital financial services
  - Cambodia has a solid technological infrastructure base for financial service providers to offer digital wages



# Private sector wage payments were mostly paid into accounts

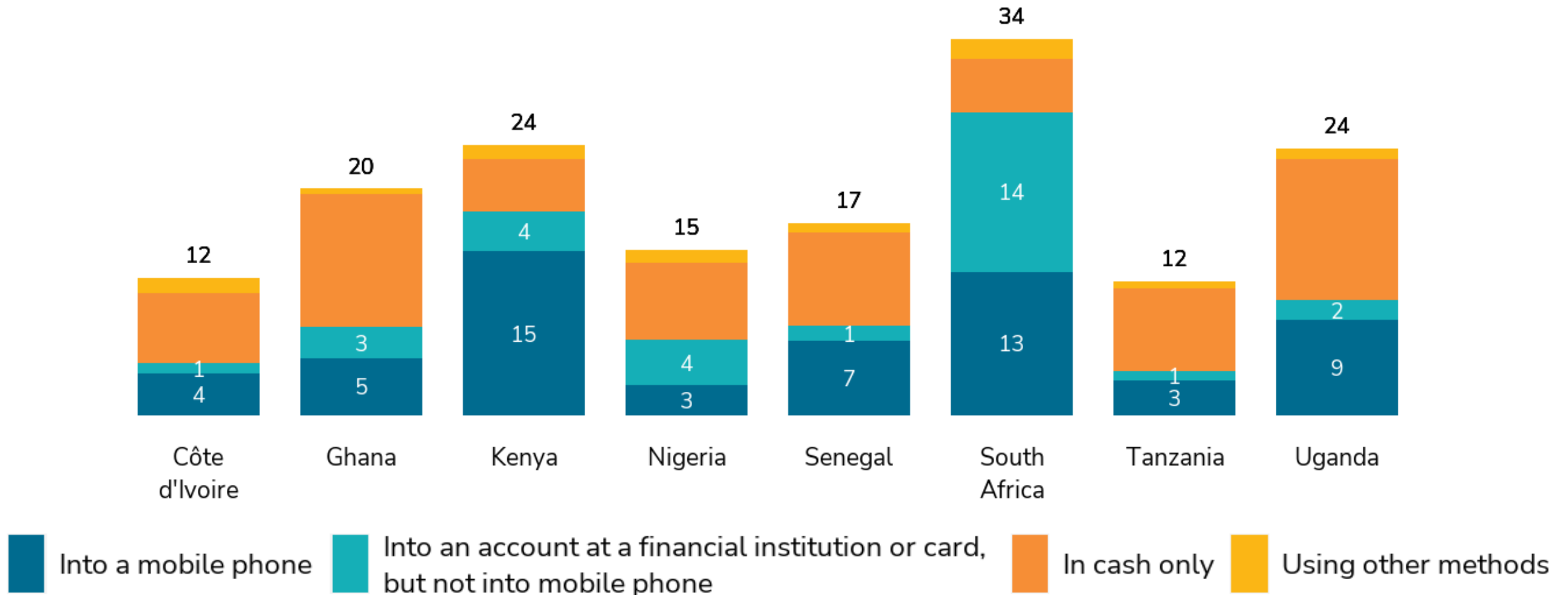
Adults receiving private sector wages in the past year (%), 2021-2022





# In Sub-Saharan Africa, 22% of adults with a mobile money account use it to receive wage payments

Adults receiving private sector wages in the past year (%), 2021



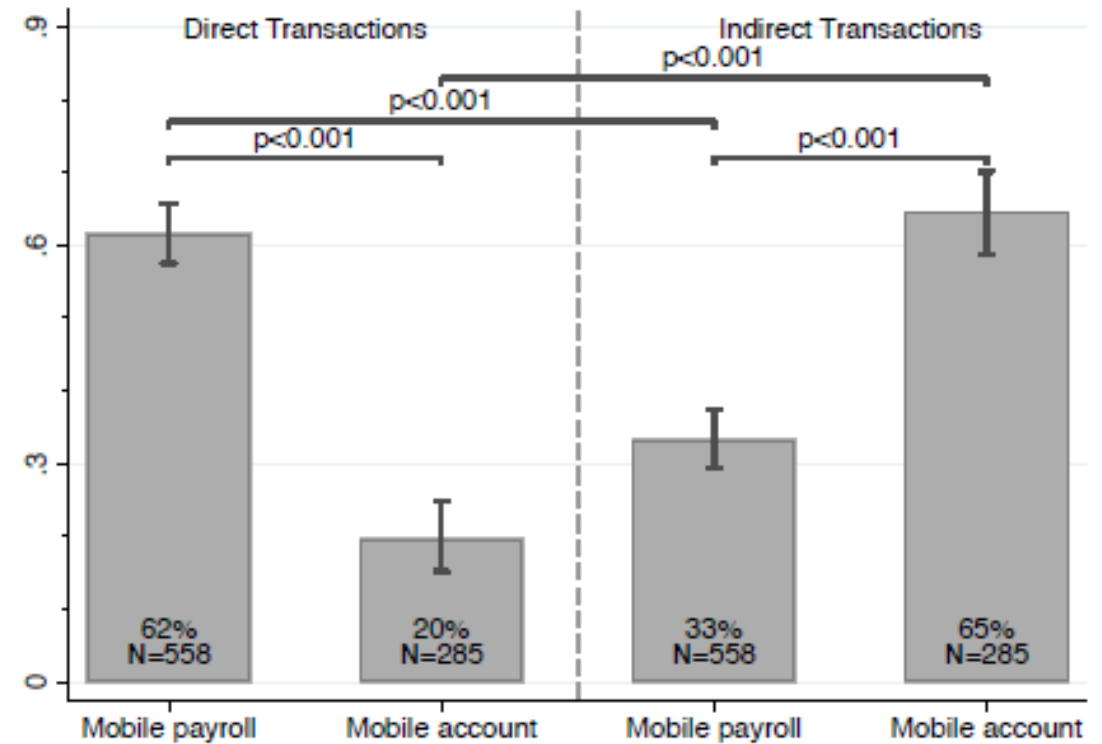
Source: Global Findex Database 2021.

# “Learning to Navigate a New Financial Technology: Evidence from Payroll Accounts”

Emily Breza, Martin Kanz & Leora F. Klapper



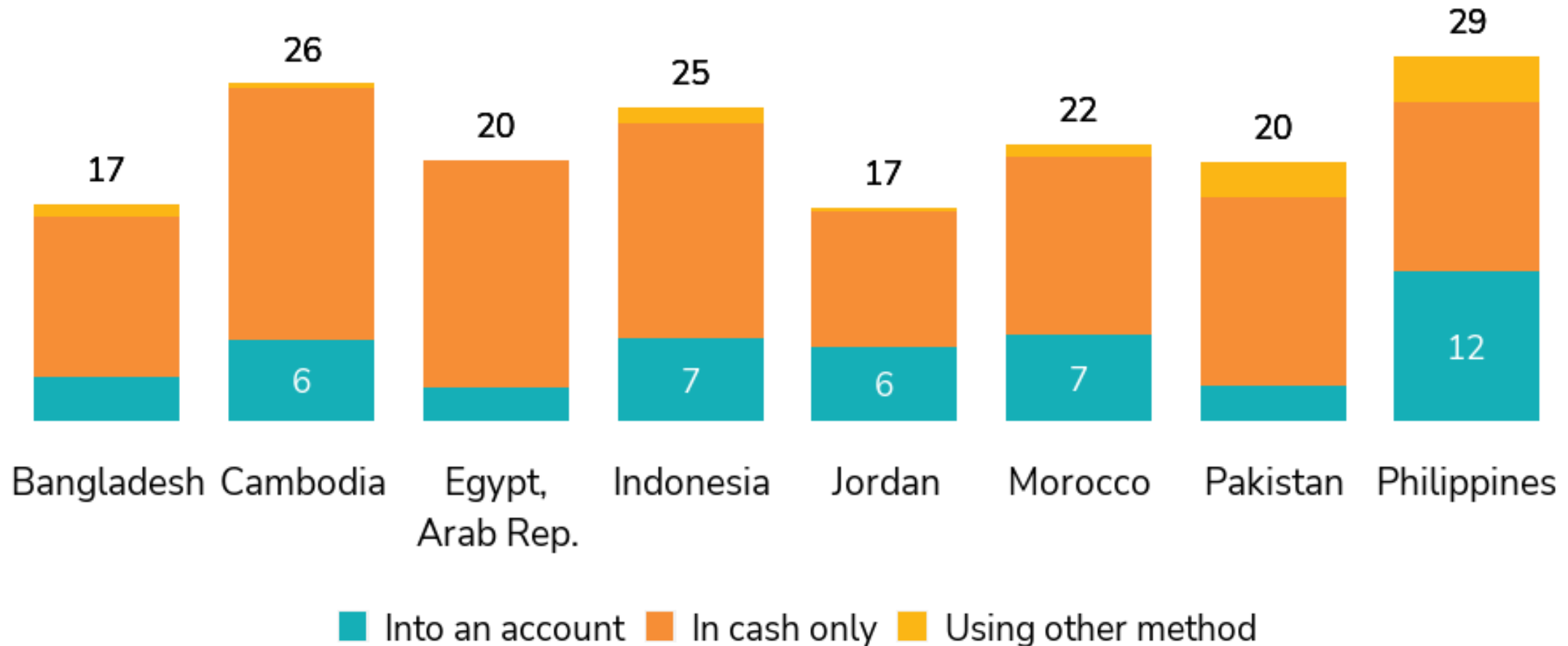
### Learning: Direct versus Indirect Transactions





# Yet opportunities to digitalize wage payments remain in many countries

Adults receiving private sector wages in the past year (%), 2021



Over 160 million unbanked adults in developing economies, including nearly 50 million women, received private sector wages in cash only

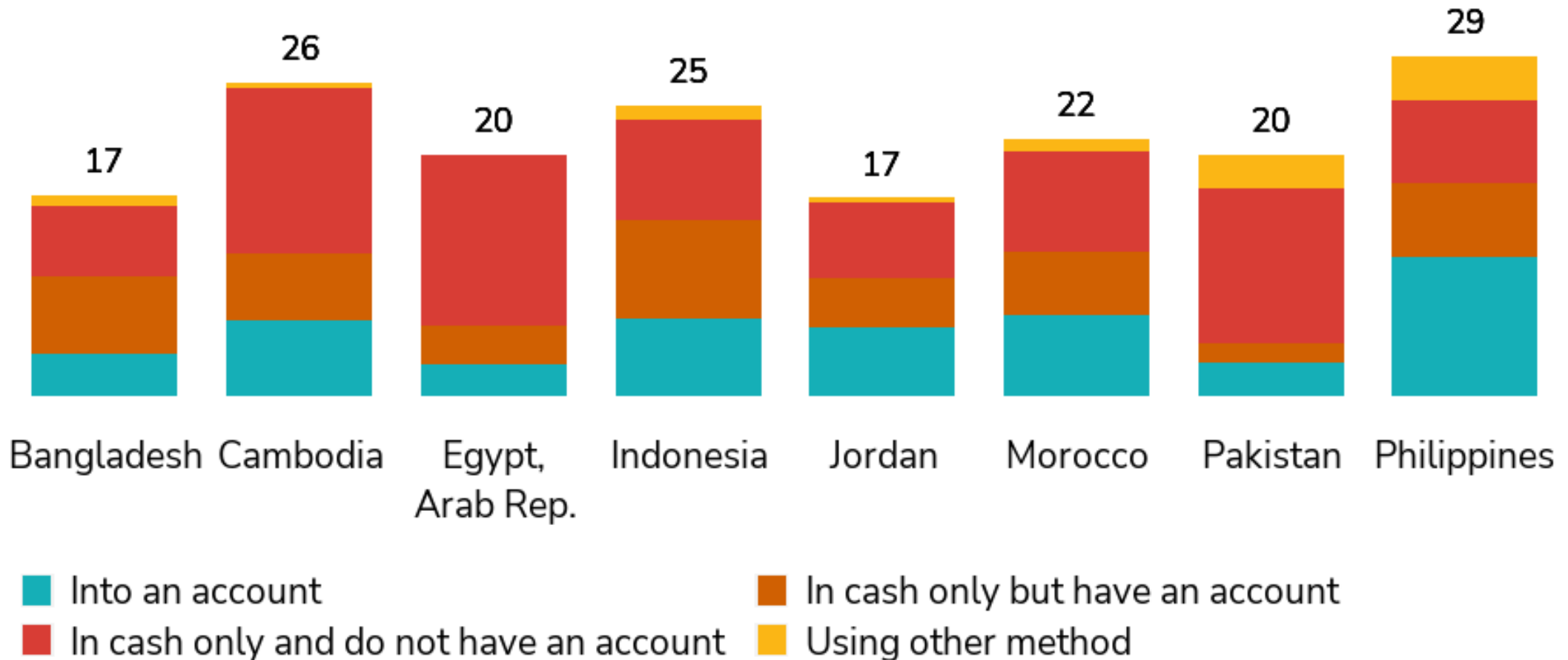
Adults without an account receiving private sector wages in the past year in cash only, 2021-2022





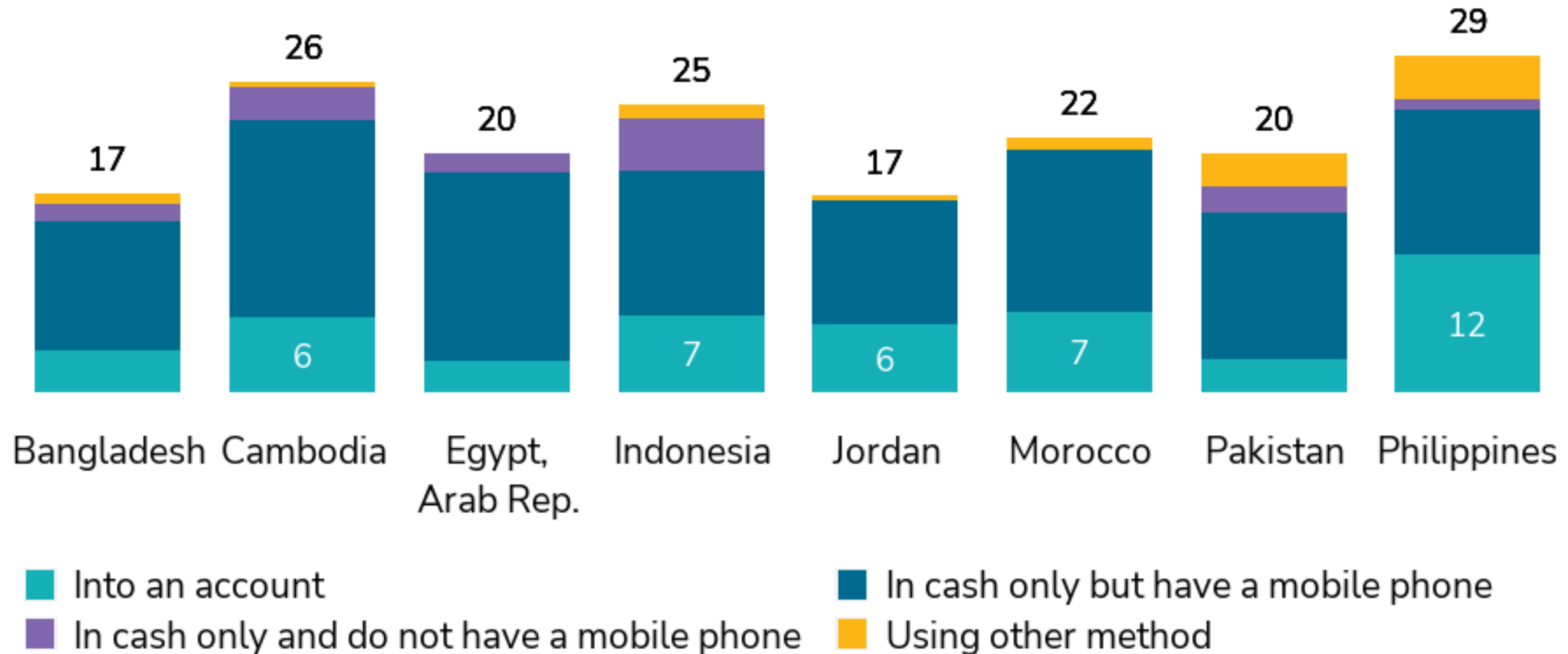
# Opportunities to digitalize wage payments remain among the banked and unbanked

Adults receiving private sector wages in the past year (%), 2021



# Over 300 million workers receiving wages in cash have a mobile phone

Adults receiving private sector wages in the past year (%), 2021





# In developing economies, 1-in-5 adults who received wages into an account reported paying unexpected fees

Adults receiving a wage payment into a bank or similar financial institution account (%), 2021-2022





# The Global **Find**ex Database 2021

Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19

# Thank you

## REPORT ON THE WEB

<https://www.worldbank.org/en/publication/globalindex>

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# **Promoting responsible digital wage payments**

Global Centre on Digital Wages for Decent Work

Valerie Breda



# 5 issues to consider when promoting responsible digital wage payments based on studies, principles and guidelines, standards


**International Labour Organization** | Global Centre on Digital Wages for Decent Work 

**▶ Research Brief**

*Indonesia, Peru, Mexico, Kenya*

**From Cash to Digital Wage Payments in the Philippines**  
 Win-Win for Enterprises & Women Employees  
 Nithyarsi Sharma and Ker Thao  
 March 2021

**THE POTENTIAL GAINS OF DIGITIZING GARMENT SECTOR WAGES IN CAMBODIA**  
 FINDINGS & RECOMMENDATIONS  
 MAY 2022




**UN Principles for Responsible Digital Payments**  
 Building trust, mitigating risks & driving inclusive economies  
 BETTER THAN CASH ALLIANCE  
 UPDATED EDITION, OCTOBER 2023




May 2020

**Driving wages digitization in Jordan's garment sector**  
 Promoting decent work through digitizing payroll



**SHIP TO SHORE RIGHTS**  
 Moving to Electronic Payment in the Thai Fishing Industry



BSR | HERproject   

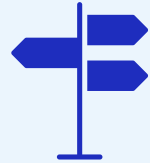
**ASSESSMENT REPORT**  
 ASSESSMENT OF THE WAGE PROTECTION SYSTEM IN QATAR  
 ILO Project Office for the State of Qatar



**C095 - Protection of Wages Convention**



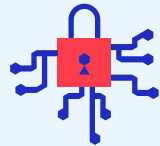
## 5 issues to consider when promoting responsible digital wage payments



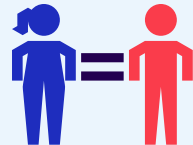
Choice



Accessibility and security of income and assets



Transparency and privacy

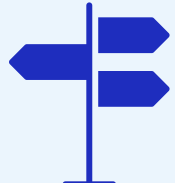


Fair opportunities and treatment



Enabling conditions

## 5 issues to consider when promoting responsible digital wage payments



Choice

Choice of method of payment

Choice of financial service provider

Choice of financial products and services





## 5 issues to consider when promoting responsible digital wage payments



Accessibility and security of income and assets



Form, adequacy, timeliness and fullness of digital wage payments

Suitability of financial services to the needs of employers and workers

Protection against fraud, misuse and insolvency



## 5 issues to consider when promoting responsible digital wage payments



Transparency and privacy

Appropriateness and understandability of information for workers on their wages

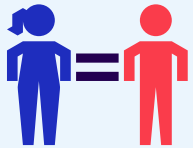
Completeness, accuracy and non-deceptiveness of information on financial services

Protection of employers' and workers' data and privacy





## 5 issues to consider when promoting responsible digital wage payments



Fair opportunities and treatment

Equality of opportunity and treatment for all workers

Equality of access and treatment of employers and workers as financial consumers

Effectiveness of dispute prevention and resolution systems



**ILO lauds Jordan for protecting private school teacher wages through digital payments**

## 5 issues to consider when promoting responsible digital wage payments



Enabling conditions

Conduciveness or the policy, legal, regulatory and supervisory environment and reliance on social dialogue

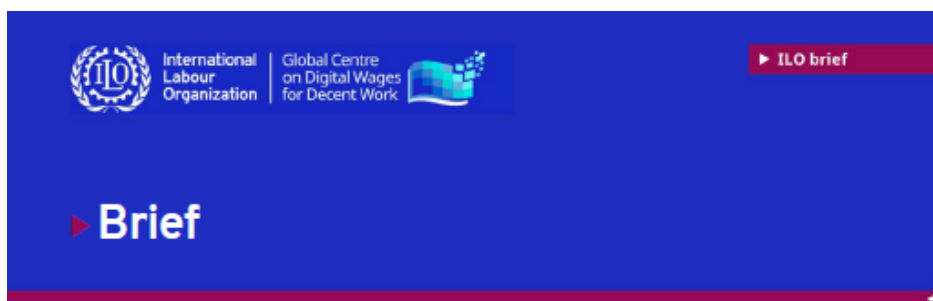
Infrastructure readiness

Capacity of enterprises and workers on responsible digital wage payments





# Promoting responsible digital wage payments



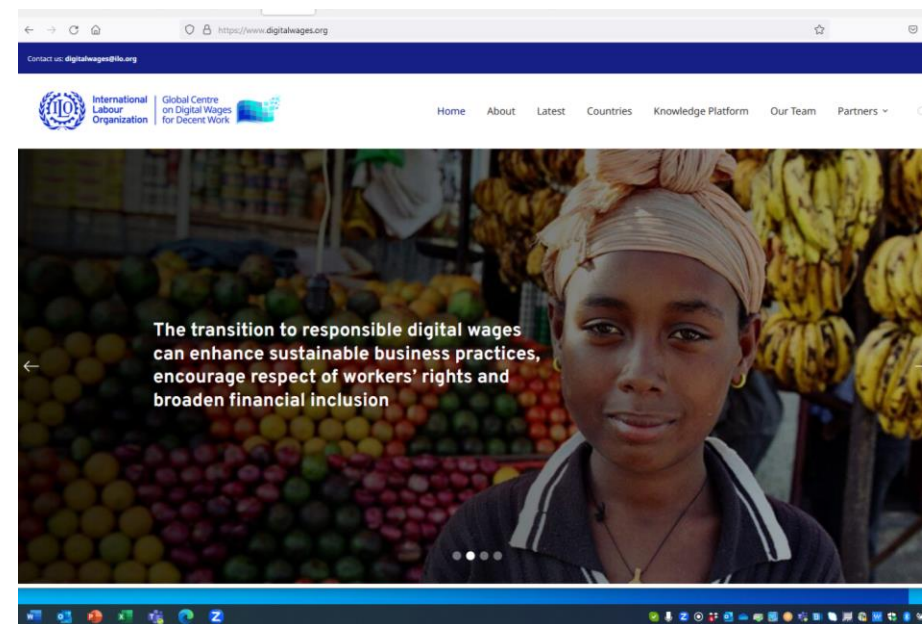
March 2023

## Promoting responsible digital wage payments

### Key points

- ▶ This issue brief overviews why and how to promote responsible digital wage payments.
- ▶ Most wage earners in the world receive their wages digitally – into a financial institution account, a prepaid or payroll card, or a mobile money account. However, millions of women and men workers still lack access to digital wage payments. Moreover, workers paid digitally may not benefit fully from the transition.
- ▶ Digital wage payments bring benefits to workers, employers, and governments, when they are designed and implemented responsibly. Responsible digital wage payments contribute to sustainable enterprises and to the well-being of women and men workers.
- ▶ Wage payments, whether digital or otherwise, should comply with applicable national laws and regulations, and all actors involved should respect the fundamental principles and rights at work, other human rights, and the principles of relevant international labour standards.
- ▶ In the case of digital wage payments, they should also respect relevant principles and guidelines, notably concerning responsible digital payments, financial inclusion, and consumer protection.
- ▶ To harness the fullest potential of digital wage payments, the issues to consider include: choice, accessibility and security of income and assets, transparency and privacy, fair opportunities and treatment, and enabling conditions.

## Dedicated website with a knowledge platform





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**THANK YOU FOR PARTICIPATING!**

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