

8 DECENT WORK AND ECONOMIC GROWTH



February 2023

More jobs and economic growth through DIGITAL FINANCIAL INCLUSION

To absorb the growing global workforce, 600 million new jobs^{1,2} will be needed by 2030, and more than two-thirds of employment opportunities worldwide are provided by micro, small and medium-sized businesses (MSMEs).³ Closing the finance gap of almost \$5.2 trillion every year is especially pressing in emerging markets, where MSMEs account for 70% of job opportunities.⁴

OPPORTUNITY

Digital payments are a key enabler of financial inclusion by driving account ownership and usage, and reducing the gender gap.⁵ Through wage digitization, workers can access value-added financial services to pay bills, make purchases, send money abroad, build a credit history, and save.⁶ Women in particular are able to have more control over their earnings and more access to other financial services.⁷ Digital payments can also contribute to a living income by providing more income transparency as well as with creation of data footprints.⁸

CHALLENGES

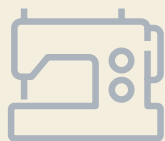
- Globally, about **165 million unbanked adults received private-sector wages in cash.**⁹ This is inefficient for employers, and risky and disempowering for workers, particularly women workers.¹⁰
- Just over **50% of women participate in the labor force globally**, compared with 80% of men. Because they are less likely to work in the formal sector, they have fewer opportunities for business growth.¹²
- Despite many low-income workers in emerging markets incorporating platform work¹⁵ into their livelihoods, **limited growth prospects persist.** A recent survey revealed that 45% believed they did not have access to the capital they needed to improve their skills and thus their income.¹⁶

SOLUTIONS

- Shifting from cash to digital wage payments has the potential to **improve payroll service efficiency, labor rights compliance, and workers' financial inclusion.**¹¹
- By increasing access to finance, digital financial services can **increase women's financial autonomy**, support their labor participation, and improve business performance.^{13,14}
- Financial services can **help platform workers at every stage**, including the financing they often need at the outset (e.g., to invest in tools) and during unforeseen events (e.g., climate, health).¹⁷

JORDAN

When three Jordanian garment companies paid wages digitally, the time taken to make the payments fell by 66% for direct deposits to bank accounts, and by 70% for direct payments to e-wallets. Nearly three-quarters of Jordan's garment workers are women.¹⁸



BANGLADESH

As a result of wage digitization in the garment industry, the percentage of both male and female workers who regularly save rose by 21 percentage points. The percentage of women who said they were more confident in their ability to handle unforeseen financial shocks rose by 19 percentage points.¹⁹

INDIA

After digitizing wage payments, Gap reported time savings equivalent to adding 16 more full-time workers per month to the production lines. This also led to a **20% cut in the annual employee turnover**.²⁰



KENYA

ImaliPay, an artificial intelligence-powered embedded finance solution for Africa's gig economy, provides PayGo financing, savings, and credit-building for productive purposes such as fuel, repairs, or a smartphone. ImaliPay generated a 100% rise in revenue per worker in Kenya in the first 12 weeks of its partnership with SafeBoda.^{21,22}



ARGENTINA

Cuenta DNI is the first digital wallet designed to be interoperable using shared QR codes, and was introduced during COVID-19 for MSMEs.²³ It supported 4.6 million transactions between April 2020 and March 2021, and reached 58 million transactions and 5 million subscribers in 2022.²⁴



INDONESIA

Gojek used digital payments to enhance logistics and payments for MSMEs, contributing to 1.6% of Indonesia's GDP in 2020.²⁵ The Government of Indonesia and Gojek have jointly committed to an **ambitious target of digitizing 30 million MSMEs by 2024**.²⁶

CHINA

MYbank uses artificial intelligence, computing, and risk management technologies to boost the speed of loan approvals and improve customer service. It gave loans to over 7 million women-owned businesses between 2015 and 2020, totaling \$43.8 billion, and provided women-owned businesses interest relief totaling more than \$21.1 million.²⁷



1. World Bank, no date. 2. ILO, no date. 3. ILO, 2019. 4. Safran, 2022. 5. BTCA, 2022a. 6. BTCA, 2021a. 7. BTCA, 2022b. 8. IDH, no date. 9. World Bank, 2021. 10. ILO, 2021. 11. Ibid. 12. World Bank, 2022. 13. Global Partnership for Financial Inclusion, 2020. 14. BTCA, 2021b. 15. Platform workers sell a wide array of services—from ride-hailing to freelance marketing services—while platform sellers offer goods via e-commerce sites and social media platforms (Roest and Bin-Humam, 2021). 16. Murthy and Deshpande, 2022. 17. Roest and Bin-Humam, 2021. 18. BTCA, 2021a. 19. Mastercard Center for Inclusive Growth, 2020. 20. BTCA, 2021b. 21. Murthy and Deshpande, 2022. 22. Mercy Corps Ventures, 2021. 23. IFC and SME Finance Forum for the G20 Global Partnership for Financial Inclusion, 2021. 24. Bancoprovincia, 2022. 25. GoJek, 2022. 26. Nurhaliza and Adji, 2021. 27. IFC and EC, 2020.