



© Gap Inc.

INCREASING SUPPLY CHAIN TRANSPARENCY THROUGH DIGITAL PAYMENTS

INDIA Gap Inc. has helped improve factory performance and promoted worker well-being by digitizing salaries for factory workers in India.

Since 2005, Gap Inc. has worked with 110 factories in India – accounting for approximately 150,000 workers – to transition worker payrolls from cash to bank transfers.

Cash payroll led to operational inefficiencies for factories. Officials often spent multiple days disbursing cash, and workers would spend up to an hour collecting their salaries.

Large numbers of factory workers were unbanked, limiting their ability to control finances and start savings accounts. Absenteeism would increase substantially the day after cash disbursement as many workers would take the day off to pay rent, buy groceries, and send remittances to family.

The company's efforts led to roughly 95 percent of its factory workers in India now being paid digitally.

BENEFITS OF SHIFTING TO DIGITAL PAYMENTS

IMPROVED EFFICIENCY

In India, digital payments have saved time:

- equivalent to **16 full-time workers on the production line every month**
- 10% time savings for the finance team
- 25% time savings for the HR team



GREATER TRANSPARENCY AND SECURITY

Digital payments was the solution to increasing transparency in worker payments, including overtime.

As factories were implementing the change, Gap Inc. saw a general

15-20% reduction in worker attrition and turnover.



CHAMPIONING THE SDGs

Today, roughly **95%** of the factory workers in India have a bank account to receive their salaries, thanks to the company efforts.

Women represent **60%** of the workers in India, and many reported gaining more control over their salaries through digital payment.



© Better Work

BUILDING BLOCKS FOR SUCCESS



Build the internal value proposition

Build digitization into existing roles and suppliers' programs.

Digitization was integrated into the Gap Inc. supplier improvement plans and was conceptualized and led by local teams.

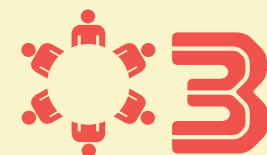


India has a double hourly rate in overtime. Back in 2002-3, we had a lot of issues from factories on these overtime payments.

Bank transfer was the systematic solution to increase supplier transparency on this topic.



GAP INC.



Contribute to local market environment

Encourage suppliers to leverage existing banking relationships. Gap Inc. suppliers leveraged existing corporate relationships with local financial service providers to open accounts for previously unbanked workers. Local banks aligned on fees and the operating models with factories and workers, bearing the costs of opening an account and worker onboarding. Workers incur the transaction charges associated with their bank accounts.



Engage and create value for supply chain partners

Provide support to workers beyond the initial transition to digital payments. Local banks provided ongoing support for workers through implementation – including trainings to use debit cards at ATMs, and checking account balances. They continue to provide formal banking services, such as credit and remittances, to participating workers.

Source: Data from company

More information on:
www.betterthancash.org

LEADING COMPANY

Gap Inc.