HERfinance: Building the Financial Capability of Low-Income Salaried Workers

Citi-FT Financial Education Summit
December 2013
BSR’s Mission and Strategy

**Our mission:** We work with business to create a just and sustainable world.

**Our strategy:** We develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration with our global network of over 250 member companies.

- Insights gained from our research feed our consulting work.
- Our real-world experience working closely with member companies informs our research.
- Our cross-sector collaborative initiatives build on our extensive network of members and stakeholders.
HERfinance: A BSR Collaborative Initiative

**HERfinance Mission:**

*Build the financial capability of low-income employees in global supply chains by delivering workplace-based financial education programs and connecting factory employees to appropriate financial services.*

**Objective 1:** Improve financial literacy of low-income (especially women) workers along global supply chains.

**Objective 2:** Increase uptake of financial services products where they exist and/or introduce new financial products where needed.

**Objective 3:** Grow the capacity of locally-based community organizations to implement effective financial literacy trainings in the workplace.

**Objective 4:** Partner with the private sector to ensure scale of HERfinance and increased financial inclusion for low-income workers.
HERfinance leverages the HERproject model

HERfinance is an extension of BSR’s successful HERproject, which focuses on women’s health and has been running since 2007. HERproject has reached over 250,000 women over 200 factories and farms in 9 countries.

- HERfinance launched as a pilot in India in 2012 to expand HERproject from health to other essential topics
- Currently operating in 6 factories in Bangalore and 5 in Delhi
- Reaching 10,000 factory employees, most of whom are women
- Expanding in 2014 to Indonesia, Brazil and Mexico
- Brands currently participating in India pilot: Timberland, Primark, Levi Strauss, Ann Taylor, Nordstrom and Li & Fung
- Globally, 30 brands participate in HERproject programs

Funders:

The Walt Disney Company

GE Foundation

BSR

LI & FUNG LIMITED

PRIMARK

Sida

LEVI STRAUSS FOUNDATION

+finance
Targeting low-income salaried workers

Through their supply chains, companies indirectly support the employment of millions of low-income workers, especially women, who are underserved by formal financial institutions.

1. Using existing supply chain network reduces setup time and infrastructure cost for accessing large numbers of low-income workers.

2. Digital payroll encourages savings immediately on payday and can help assure that salaries are distributed accurately and on-time.

3. Financial literacy and education can be incorporated into existing training, and enable workers to better manage their incomes.

An estimated 40 million people work in garment factories worldwide, and 60%-80% of them are women – mostly between the ages of 16-35.
The HERfinance Curriculum is a collection of training guides on eight financial literacy topics most relevant to low-income salaried workers. Trainings are interactive, activity based, and delivered using a Peer Education model.

- Introduction to Financial Planning
- Basic Numeracy
- Introduction to Interest
- Budgeting
- Savings
- Borrowing Responsibility
- Talking about Finances with Your Family
- Financial Products and Services (country specific)
Demographics of factory workers in India

Greater Delhi Area
• 70% - 80% of employees are **migrant men** from villages in neighboring states
• Wives, children, in-laws and parents remain in the village
• Lack community of support

Bangalore
• 80% - 90% of employees are **women**
• Most live with husbands and children in Bangalore area
• Many are originally from villages in Karnataka with in-laws and parents still there

Research Completed by HERfinance in India
• 12 qualitative focus groups conducted in partnership with researchers from Womens World Banking
• Over 400 quantitative face-to-face interviews completed
• Over 1100 mobile phone-based surveys completed using Labor Link platform

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In transition to formal financial services

- Salary accounts are often employee’s first access to formal financial services, but only half use accounts to save.
- Families back home in villages still operate in a cash economy, so income is quickly withdrawn and spent, saved, or remitted in cash.
- Financial education can help ease their transition to the formal financial sector, and link them to safe, reliable savings and remittance services.

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<tr>
<th>Where do you save your monthly salary?</th>
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<tbody>
<tr>
<td>Cash</td>
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<td>Women</td>
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<th>Do you send money home?</th>
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<td>Women</td>
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<tr>
<th>Have you visited a bank branch where your salary is kept?</th>
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<tr>
<td>Women</td>
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Limited control over salaries for women

- Despite earning their own incomes, women report having far less input into financial decision making
- Generally, women hand over their salaries to the male head of household
- Ownership over savings accounts known to lead to greater influence over household spending
- Financial education can help women in particular become more comfortable talking about finances at home

34% of women have sole ownership of their accounts, compared to 91% of men.

57% of women hand their incomes over to someone else, compared to 12% of men.
Need for basic financial information

• **Over 80%** of both men and women never received financial education in the past
• Factory employees expressed doubts about basic financial issues, including understanding their own pay slips
• Women have a larger knowledge gap
• Activity-based financial education can help factory employees **understand and track their income and expenses**

54% of women need help to use an ATM, compared to 13% of men.

74% of women do not understand deductions made to their monthly salaries, compared to 48% of men.
Timely, relevant financial education has impact

HERfinance training takes place in the workplace, and covers topics most relevant to low-income, salaried workers. Mobile-phone based surveys obtained through the Labor Link platform from one factory in Delhi show the following results:

- **92%** felt the HERfinance training was relevant to their needs
- **78%** expressed interest in receiving more training
- **77%** shared what they learned in the training with family
- **68%** saved more of their salaries after receiving training
- **31%** of women started using a bank account for the first time after attending a HERfinance training