



BSR®

The Business of a Better World

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

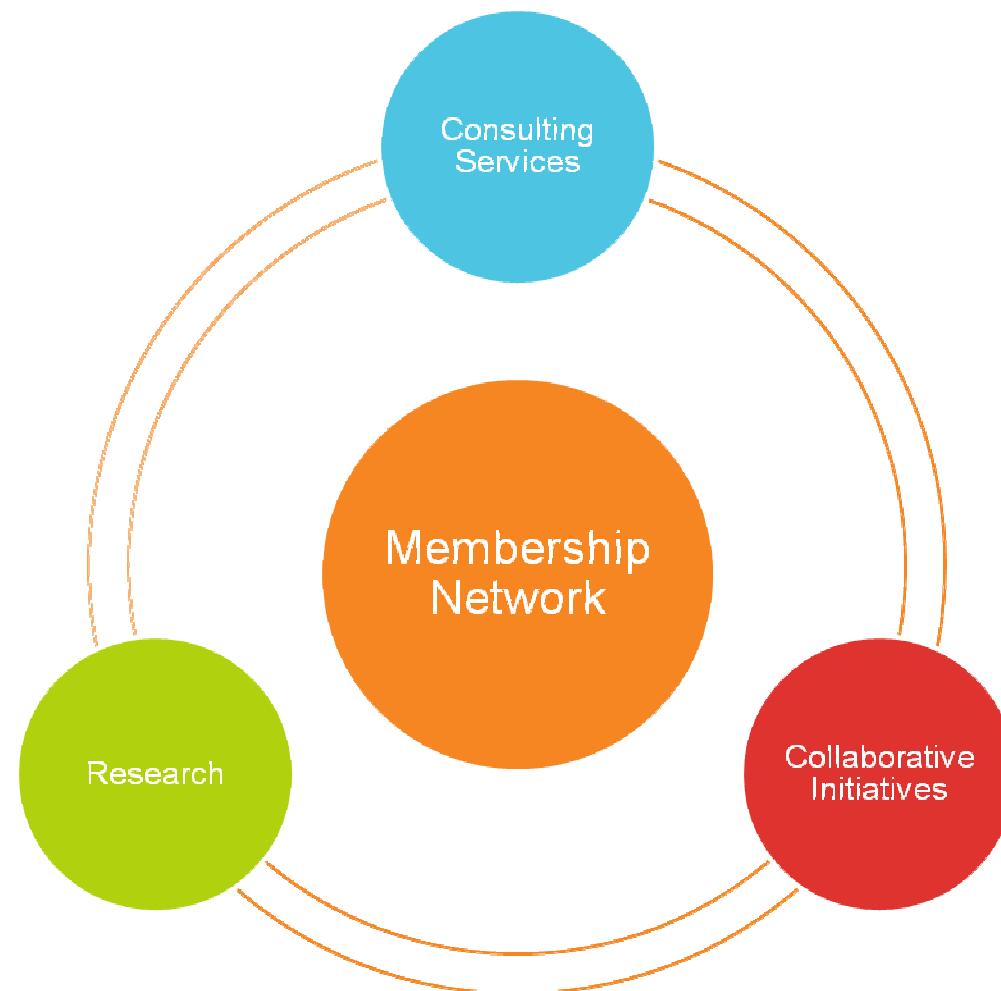
Citi-FT Financial Education Summit
December 2013

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.

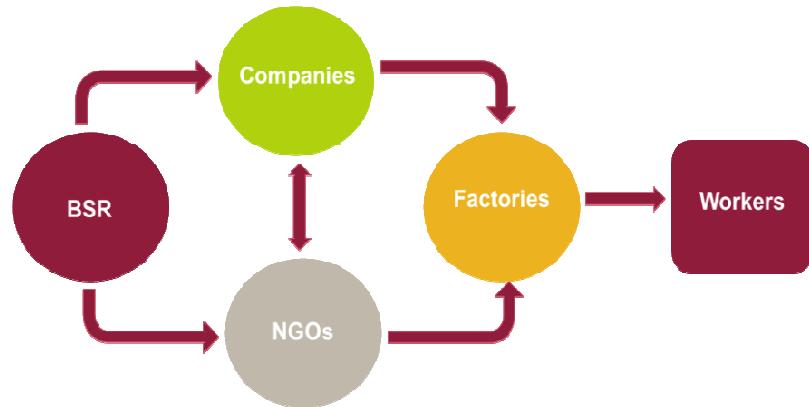
- HERfinance launched as a pilot in India in 2012 to expand HERproject from health to other essential topics
- Currently operating in 6 factories in Bangalore and 5 in Delhi
- Reaching 10,000 factory employees, most of whom are women
- Expanding in 2014 to Indonesia, Brazil and Mexico
- Brands currently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

Funders:



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.



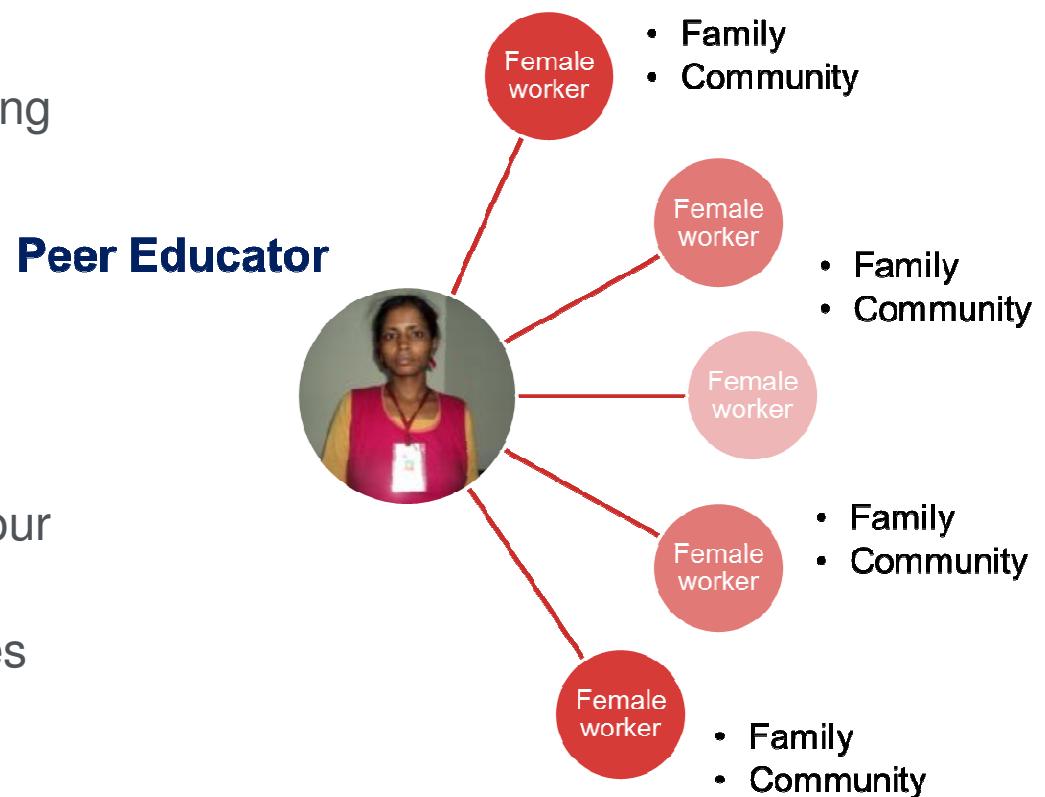
- 1 Using existing supply chain network reduces setup time and infrastructure cost for accessing large numbers of low-income workers
- 2 Digital payroll encourages savings immediately on payday and can help assure that salaries are distributed accurately and on-time
- 3 Financial literacy and education 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

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

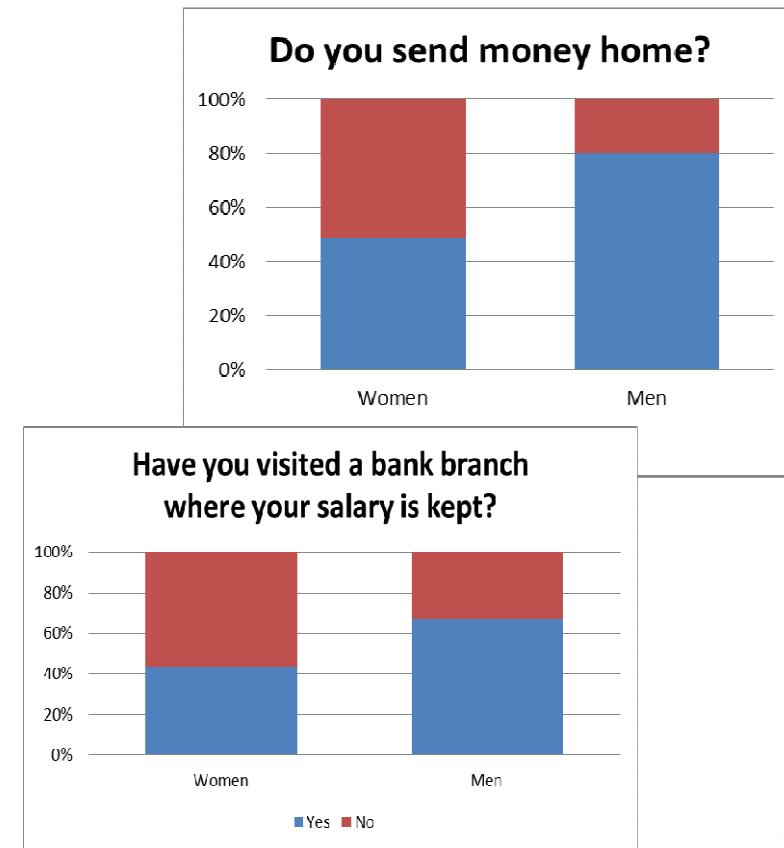
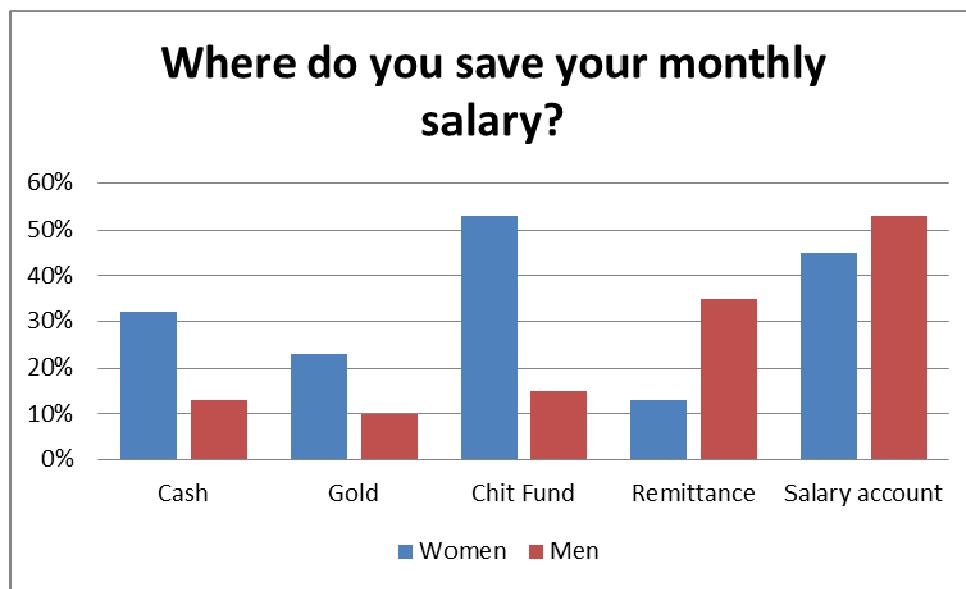
- 80% - 90% of employees are **women**
- Most live with husbands and children in Bangalore area
- Many are originally from villages in Karnataka with in-laws and parents still there

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

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



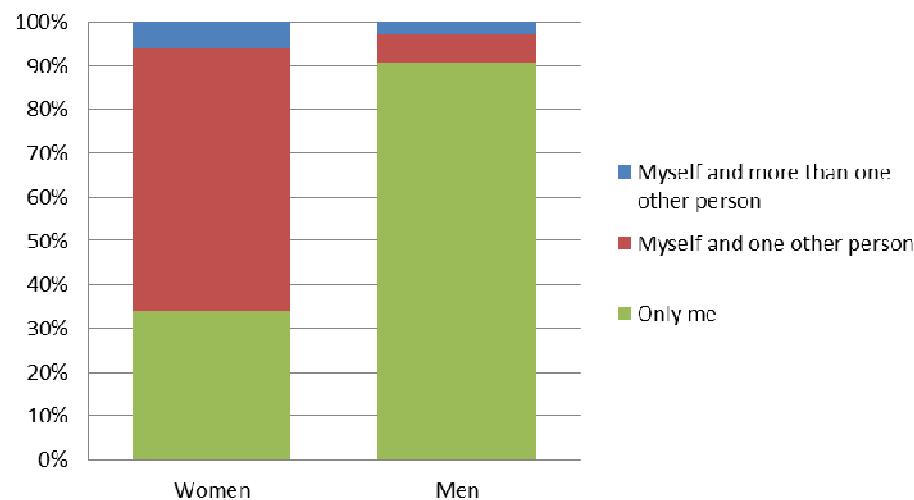
Limited control over salaries for women

- 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

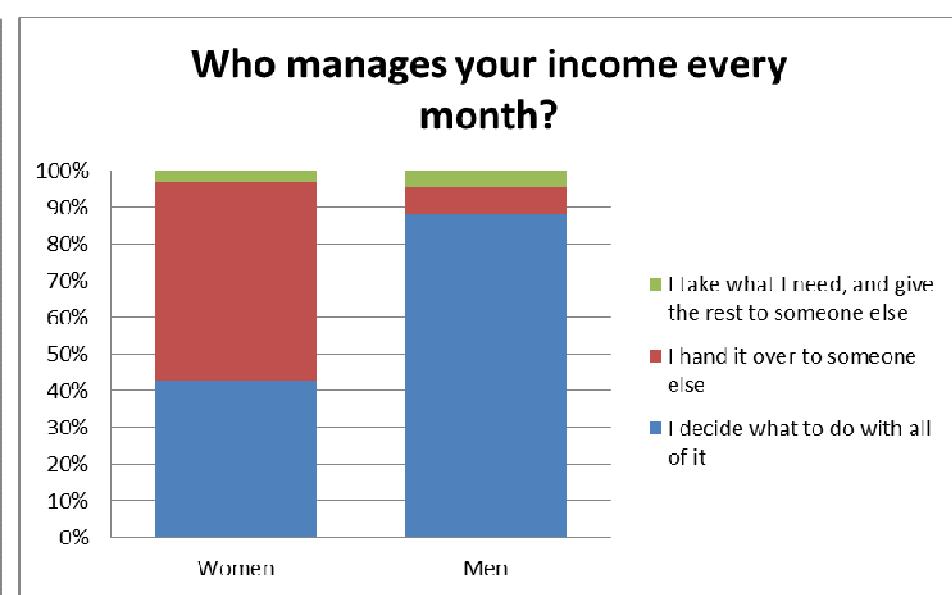
34% of women have sole ownership of their accounts, compared to **91%** of men.

57% of women hand their incomes over to someone else, compared to **12%** of men.

How many people withdraw from your salary account?



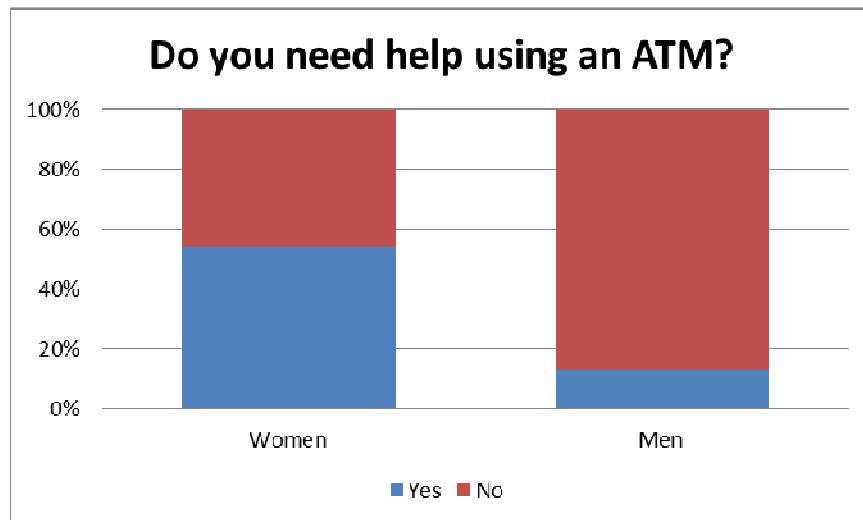
Who manages your income every month?



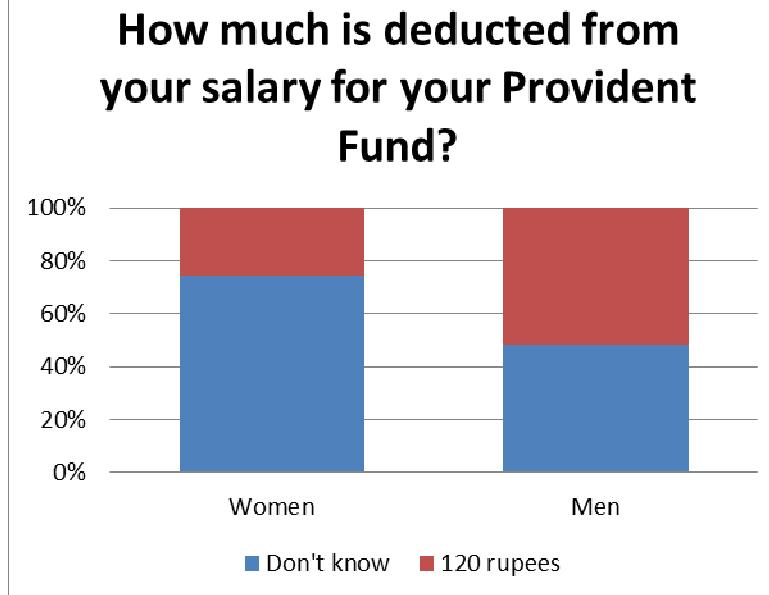
Need for basic financial information

- 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



HERproject
Making her work empowering