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Financial Inclusion in the Supply Chain

An Evaluation of the HERfinance Pilot in India

March 2015



OUR MISSION

To improve the financial capabilities of low-income workers, particularly women, working in global supply chains.

About this Report

This report is the culmination of two years of work piloting BSR's HERfinance program in garment factories in India. Launched in December 2012 with a founding grant from The Walt Disney Company, HERfinance has a mission to build the financial capability of low-income women and men working in global supply chains. The program achieves its mission by providing workplace-based financial education programs focused on the specific needs of low-income salaried workers, and by ensuring they can act on the information they receive to access and make best use of appropriate financial products and services.

From December 2012 to December 2014 BSR, along with our local NGO implementation partners in Delhi and Bangalore, implemented the HERfinance curriculum and methodology in 11 garment factories with a total worker population of approximately 10,000 people. As part of the monitoring and evaluation framework of the program, BSR's NGO partners conducted pre- and post-implementation surveys among a randomly chosen sample of people at each factory. These indicators aimed to measure the financial knowledge, attitudes, behaviors, challenges, and aspirations of factory workers. Results from the baseline surveys were compared with post-implementation surveys ("endline") and supplemented with focus groups, in-depth interviews, and mobile phone-based surveys to determine how HERfinance has improved the financial capability of low-income workers participating in the India pilot.

This report details the results of this pilot alongside qualitative case studies and a review of the challenges we faced and the lessons learned as we prepare to scale HERfinance in India and expand it to additional countries. We also highlight the importance of the low-income salaried worker population as employees, as targets for other workplace-based financial capability interventions, and as potential clients for formal financial products and services. As such, we hope that this report increases the general awareness of the needs of low-income working women and men, and provides insight into what makes workplace-based interventions successful.

Any errors that remain are those of the authors. Please direct comments or questions to Chhavi Ghuliani at cghuliani@bsr.org.

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Executive Summary

Since 2007, BSR's HERproject has been operating in factories and farms across the developing world to address a need for women's health-education partnerships in the manufacturing sector. Working with civil society organizations, multinational companies and their suppliers, and multiple health-care providers, HERproject has reached more than 280,000 women with workplace programs aimed at improving the health of female workers through greater health awareness and enhancements of existing factory and farm clinic resources. The program uses a peer-education methodology to create a team of health-education champions selected from within the workforce population who then train their peers in the workplace as well as members of their communities.

In 2012, BSR expanded the HERproject model to address another critical need of low-income working women: the need for greater financial literacy and appropriate access to financial products and services. In October 2012, BSR launched HERfinance with a pilot program in India and with the support from a grant from The Walt Disney Company. HERfinance's mission is to improve the financial capabilities of low-income workers, particularly women, working in global supply chains.

Over a two-year period, BSR piloted HERfinance at 11 garment factories in India to test the hypothesis that the HERproject model would translate well to critical topics beyond health. This report examines the results of the pilot to answer two key questions:

- » Has the HERfinance program improved financial knowledge and behaviors of low-income workers?
- » Has the HERfinance methodology led to workplace improvements and employer benefits?

Our analysis of the data collected before and after implementing HERfinance reveals that the program has had meaningful impacts in both areas.

A summary of key program impacts includes:

39%

Women were 39 percent **less likely** to say they needed help using a bank's ATM.



4x

Women were more than four-fold as likely to be **able to correctly define interest** as something both paid and earned.



23%

Women were 23 percent more likely to say they **decided what to do with their salaries**.



2x

Women were twice as likely to say they **discussed household spending decisions with a family member**.



44%

Women were 44 percent more likely to say they **saved some of their incomes for their own personal needs**.



3x

Both women and men were more than three times as likely to say they felt **they could meet their families' needs in the next two years with the same salary**, which could significantly impact their job satisfaction.





38%

Both women and men were 38 percent **more likely to save a portion of their salary in a formal bank account.**



91%

Ninety-one percent of all workers said they **saved a greater portion of their salary** after going through the training.



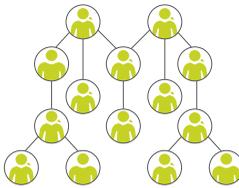
97%

Ninety-seven percent of workers said **their perception of their employer improved** because of their support for the HERfinance program.



91%

While only 17 percent of survey respondents were peer educators for the HERfinance program, 91 percent of all respondents said **they shared what they learned in the training with others**, indicating that the peer educator model is effective for passing on financial education messages.



While the results are encouraging, the program faced a number of challenges. Given tight margins in ready-made garment factories, production managers are often reluctant to allow employees to leave production lines to attend training. This can lead to significant delays that can reduce the impact of the program. In addition, the peer educator model—although proven to be effective in this context—requires the development of confidence and communication skills among the peer educators to have the greatest impact.

In conclusion, the data collected from the HERfinance pilot indicates that HERfinance has had meaningful impacts on the financial capability of low-income workers, and addresses particular needs among low-income working women. The program has also had positive impacts on the workplace itself, improving worker perceptions of their employer, and increasing workers' ability to meet their families' needs with the salaries they earn. While more research is needed to establish a robust evidence base, the initial results are promising and should encourage more companies, civil society organizations, and donors to prioritize and support programs focused on low-income salaried workers across the developing world.

Ensuring the poor, particularly women, have proper knowledge, skills, and attitudes toward financial management, and making sure they are able to participate in the formal financial sector can help them save, build credit worthiness, invest in economic opportunities, and reduce risks related to illness or loss of employment.

2.5 billion

adults do not use formal financial services

39%

Women in India are 39% less likely than men to have a bank account

90%

Women invest the majority of their income on health, nutrition and education for their families



Financial Inclusion: A Moral and Business Imperative

More than 2.5 billion adults do not use formal financial services to save or borrow money, and the vast majority of them live in the developing world.¹ Women are also far more unlikely to have a bank account than men, despite making up the majority of the export manufacturing and agriculture labor force globally. Ensuring the poor—particularly women—have the proper knowledge, skills, and attitudes toward financial management, and making sure they are able to participate in the formal financial sector can help them save, build creditworthiness, invest in economic opportunities, and reduce risks related to illness or loss of employment.

Recent studies and global commitments show that widespread financial inclusion—which includes access to as well as utilization of a range of financial products and services—can spur economic growth, reduce income inequality, and help lift households out of poverty.² Lower transaction costs and a better distribution of capital and risk across the economy supports economic growth, and broader access to bank deposits can support financial stability on a macro level.³ For these reasons, the G20 in 2010 recognized financial inclusion as one of the nine key pillars of the global development agenda.⁴

Financial inclusion also drives social development. Households with better savings patterns are in a better position to support their family's health and education, are less vulnerable to disasters, and are able to make better use of scarce resources. Sound financial management helps people smooth consumption when their income fluctuates and prevents them from slipping back into poverty as a result of unexpected shocks such as illness, unemployment, or death.⁵

While the benefits of financial inclusion apply to both genders, women stand to gain disproportionately from full financial inclusion. Women who have greater financial independence have more bargaining power at home and influence over family decisions. And when women are given increased financial means they typically invest 90 percent back into the health, nutrition, and education of their families, as opposed to 30 to 40 percent for men,⁶ thereby creating a virtuous cycle that leads to long-term prosperity.



Financial inclusion in india

Recognizing the importance of financial inclusion to achieving development outcomes, the government of India and its central bank have long since made financial inclusion a national priority. In 2005, the Reserve Bank of India introduced a number of regulations to enable greater banking penetration. Know-Your-Customer (KYC) requirements were eased, so that banks could open no-frills savings accounts with reduced documentation requirements. Business correspondents were permitted, allowing banks to partner with third-party service providers, mostly technology solutions, to take their banking services to the doorsteps of remote households without the need to establish new brick-and-mortar outlets.⁷

Despite these efforts, the World Bank estimates only about 35 percent of India's adult population had a bank account in 2011, and women were 39 percent less likely than men to have an account at a formal financial institution. Just over one-fifth of Indian adults said they saved any money at all, and only half of those kept it at a financial institution.⁸

Most recently, the Indian prime minister launched a bold new campaign—dubbed the People's Wealth Program—to give every household in India access to bank accounts and other financial services. The initiative mandates that both state-run and private-sector banks support the plan, which aims to cover 75 million households by 2018, each with at least two bank-account holders.⁹ Aligned with this plan, the Reserve Bank of India released legislation in November 2014 enabling the licensing of payments banks to expand financial inclusion of underserved populations by providing small savings accounts and payment/remittance services to migrant labor workforces and low-income households, among other populations.¹⁰



Financial inclusion and garment workers

The apparel sector in India provides direct employment to more than 35 million people¹¹—the majority of whom are women¹²—and is the second-largest provider of employment after agriculture. For many women, work in a garment factory is a unique opportunity to earn a formal, salaried wage with which they can contribute to the financial well-being of their households.¹³

Even though a variety of financial products and services are available to garment workers in India, surveys conducted by BSR show that a general lack of awareness of these products, uncertainty of their benefits, and little to no access to financial education are all keeping garment workers from fully benefitting from these financial products and maximizing their economic potential. In addition, despite earning their own incomes, employed women are still less likely than men to make decisions on how those incomes are allocated.¹⁴

In an effort to close the financial inclusion gap among low-income women and men working in global supply chains, BSR developed the HERfinance program in 2012 as a pilot in India. The program brings financial education programs to garment-factory workers in their place of work. Conducting training in the workplace is a cost-effective way to reach large numbers of people with critical information that they otherwise may not have access to. Workplace-based programs also make the workplace an effective demand-generation point for products and services that are essential to their livelihoods, thereby mobilizing the private sector to offer more relevant goods. And with the majority of the workforce in manufacturing and agriculture made up of women, supply chain programs can be especially critical for enabling them to participate more equally in the economy.

The apparel sector in India provides direct employment to more than 35 million people—the majority of whom are women. For many women, work in a garment factory is a unique opportunity to earn a formal, salaried wage with which they can contribute to the financial well-being of their households. However, this requires widespread access to and utilization of financial services to help women and men reach their full economic potential.

35 million

people, mostly women, are employed in India's apparel sector

17%

India's apparel industry contributes 17 percent to the country's export earnings

\$223 billion

India's apparel sector is expected to reach US \$223 billion by 2021.



Financial Inclusion in the Supply Chain: The Case for HERfinance

The apparel sector is important to India's overall growth and development and India will continue to grow as a strategic sourcing region for global clothing retailers. The total industry (domestic and exports) was estimated to be US\$89 billion in 2011. By 2021, the industry has the potential to grow at a compound annual growth rate of 9.5 percent to reach US\$223 billion.¹⁵ The apparel industry contributes about 14 percent to industry production, 4 percent to the GDP, and 17 percent to the country's export earnings. India currently accounts for 4.5 percent of the world's apparel exports, a number expected to rise to 8 percent by 2020, for a total value of US\$82 billion, due to an increasing shift in apparel and textile production to Asian nations and the deteriorating export-competitiveness of China.¹⁶

The apparel sector in India also provides direct employment to more than 35 million people¹⁷—the majority of whom are women.¹⁸ For many women, work in a garment factory is a unique opportunity to earn a formal, salaried wage with which they can contribute to the financial well-being of their households. However, this requires widespread access to and utilization of financial services to help women and men reach their full economic potential.

One of the primary barriers to the utilization of financial services among this population is a lack of financial education. According to our research, approximately 90 percent of both women and men working in garment factories had never received any financial literacy training before participating in HERfinance, and almost two-thirds of women said they needed help to use an ATM. As a result, many may be either unaware of the formal products and services available to them, don't see the benefits of utilizing them over informal alternatives, or lack confidence to use these services. For example, despite garment workers being active savers¹⁹ when it comes to their children's education, saving for emergencies, or just planning for the future in general, they too-frequently rely on informal mechanisms such as saving cash at home, investing in riskier assets such as jewelry or livestock, or relying on informal group-savings mechanisms.

We also found that even though garment workers receive their wages through direct deposit to a bank account, many of them often immediately withdraw the full amount in cash on payday for short-term consumption or to send the wages to their families in villages back home, who are largely operating in a cash economy.²⁰ Understanding why it's important to save, budget, and plan for the future is just as important as having access to the financial products that actually allow a person to do so.

On the other hand, access remains a challenge as well for a number of reasons. Men and women who work in garment factories in India work eight to 10 hour shifts, six days per week, and can have long commutes. They may prefer to keep their salaries in cash because making a trip to the bank to conduct each financial transaction is inconvenient, especially among those who do not fully understand the risks of keeping their salaries in cash, or those who save so little that a bank seems unnecessary.

A lack of proper documentation also makes it difficult for garment workers—who are largely migrant workers with rural roots—to access financial products. This is especially true in the Delhi area, where according to our surveys, approximately 80 percent of factory workers are migrant men. Nearly half of these men live in rented rooms near the factory and have lived in the area for fewer than five years. Their migrant status often means that they do not have proper documentation to open traditional bank accounts.

Finally, women in particular face certain social and cultural norms that limit their full financial participation. Despite earning their own incomes,

women often have less control and decision-making influence over how their salaries are allocated than men, and are often given an allowance by the head of their household with which they must manage all household expenses. According to our surveys, women are also far less likely than men to have ever visited a bank branch, or used an ATM. This lack of familiarity and comfort with banking is one of the reasons women don't use formal financial services, or allow others to access or control their salaries and accounts.²¹

HERfinance aims to address these challenges by providing financial education and improving access to financial services for low-income workers—and women in particular—in their place of work.

HERfinance was developed on the premise that workplace-based financial education programs are effective because they:

- » Use the workplace setting to deliver financial education to large numbers of people cost effectively.
- » Turn the workplace into an access and demand generation point for critical financial products and services.
- » Contribute to improved conditions for women and men in the workplace and in the home, and make the case for supporting worker well-being more broadly by demonstrating the business benefits of doing so.

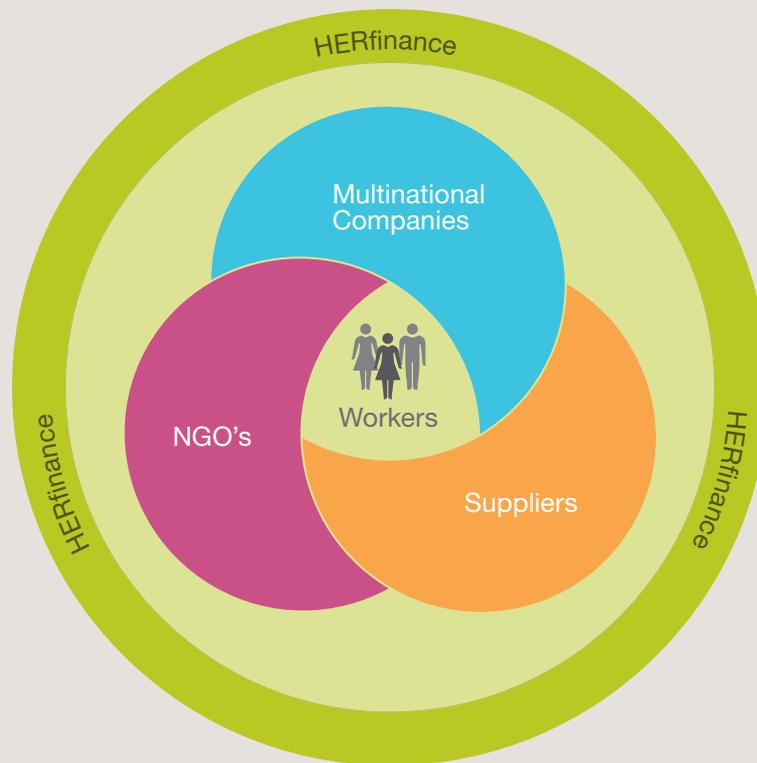
Results from the HERfinance pilot in India support this hypothesis and are outlined in the Outcomes section of this report.



HERfinance Model

HERfinance works by linking multinational buyers, their suppliers in developing countries that employ large numbers of low-income people, and locally based organizations to develop and deliver workplace-based financial education programs. Buyers nominate their suppliers to participate in HERfinance programs, suppliers provide access to their workforce, and the community organizations localize and deliver the HERfinance curriculum in a culturally relevant manner through a series of brief workshops.

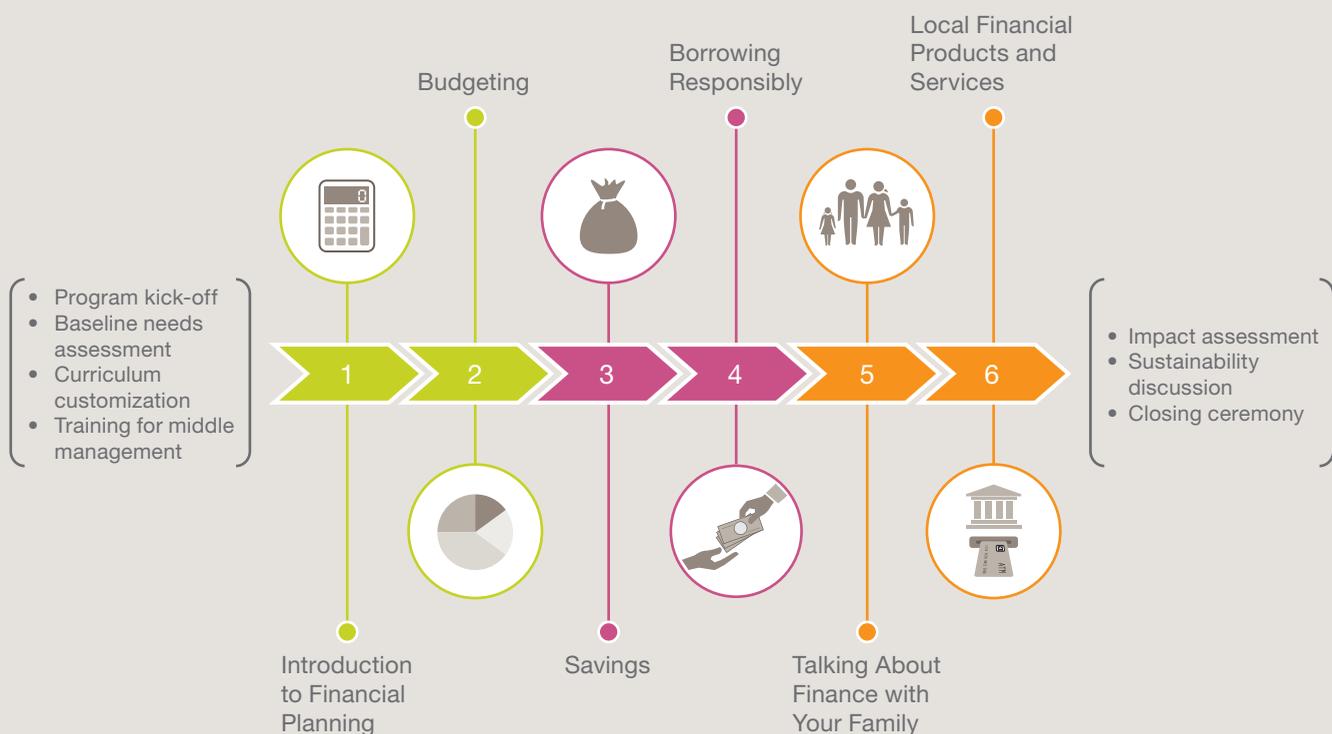
The eight-month training program uses a train-the-trainer model to deliver financial education in the workplace. Approximately 5 percent of the workforce, referred to as HERfinance peer educators, is chosen to participate in monthly training sessions that last between two and three hours each. Factory management nominate participants based on each employee's tenure, interest level, and communication skills, but participation is voluntary.



The HERfinance curriculum—designed to address the greatest needs of the target population—contains modules on financial planning, budgeting, saving, borrowing responsibly, talking about finances with your family, and linking to local financial products and services. The six modules build on each other to form a comprehensive training on financial management.

After each training, these peer educators are asked to disseminate the financial information to their peers in the workplace through formal training sessions organized by factory management. They are also encouraged to pass on information and answer co-workers' questions informally, such as during commutes to and from the factory, community events outside of work, or during casual conversations among workers.

HERfinance Curriculum



Based on global best practices in financial literacy training designed for low-income adults, the Curriculum was reviewed by Microfinance Opportunities, Women's World Banking and Better Work and contains specific guidance for trainers to tailor the content for different cultural settings. All of the modules are free to download on www.herproject.org.



Our training model is founded on the assumption that peer education can be effective in the workplace setting for three main reasons:

1

Adults with similar financial and social backgrounds are better able to relate to challenges, stories, and benefits based on the key messages contained in the curriculum. Peer educators are also less likely to be seen as authority figures, and thus are more likely to be listened to by their peers.

2

By taking advantage of communities that naturally form during long hours in the workplace, information can be disseminated cost-effectively to large numbers of people using formal and informal mechanisms.

3

The peer education approach creates a group of leaders in the workplace that become a resource for employers and employees to leverage even after formal HERfinance training ends. Factory managers are encouraged to continue having the peer educators conduct refresher trainings on financial topics as well as for other training purposes. And the strong communication and leadership skills they develop throughout the course of the program can position them for career advancements or to take on additional responsibilities in the factory.



Workplace-based programs can also strengthen the workplace itself. HERfinance local partners work closely with factory managers to identify opportunities to integrate financial training into their normal operations. The goal is to ensure that factory management continues to support the financial capacity of its workforce beyond the duration of the program. By improving their financial behaviors, employees are better able to take advantage of financial products, manage their incomes, prioritize their spending on things they value most, and increase their rates of savings. This can lead to better job satisfaction and improved perceptions of the workplace.

Workplace-based programs like HERfinance can have impacts beyond the benefits to workers and the workplace environment. Since multinational buyers largely sponsor the implementation of the program at their supplier factories, many suppliers see this as a partnership with their buyers, and an indication that the buyer is investing in their long-term success. This strengthens the business relationship, thereby creating a platform from where other issues can be raised and addressed.

The results contained in this report support these assumptions, and we continue to evaluate our lessons learned from the implementation of HERfinance in an effort to evolve our program and maximize our impact.

Testimonial: Stanley Wong, Levi Strauss Foundation

“Overall, we have seen our relationships with suppliers improve significantly after participating in HERfinance, and its sister program HERhealth. The suppliers see that we have a vested interest in improving their own workforce and supporting the success of their business. Partnering with our suppliers to bring HERfinance to their workplace goes a long way to improve our working relationships with them.

“We’ve also noticed that throughout the course of the program, suppliers start looking at their workforce differently. As the women become more confident and start taking greater ownership over their own lives, managers start viewing their employees as resources, as individuals, women who have potential far beyond just making garments. This subtle shift in the mindset of managers has also gone a long way to improve worker-management relationships in factory.”



Scope and Methodology

Scope

This report highlights the results from several research methodologies employed during the HERfinance pilot to reveal key trends, challenges, and opportunities for improving the financial capability of workers in the garment sector. Financial capability as used in this paper is defined as knowledge, awareness, and confidence related to financial literacy, as well as the ability to act on information through appropriate access to relevant financial products and services.

The objectives of this research are to:

- » Contribute to a greater understanding of the financial needs, attitudes, and behaviors of low-income workers in global supply chains, with a particular focus on the differences between women and men in India's garment sector.
- » Evaluate whether workplace-based interventions and peer-education models can be effective at improving financial capabilities.
- » Make recommendations for private sector involvement, as buyers, employers, and financial service providers, in improving the financial capabilities of low-income workers.

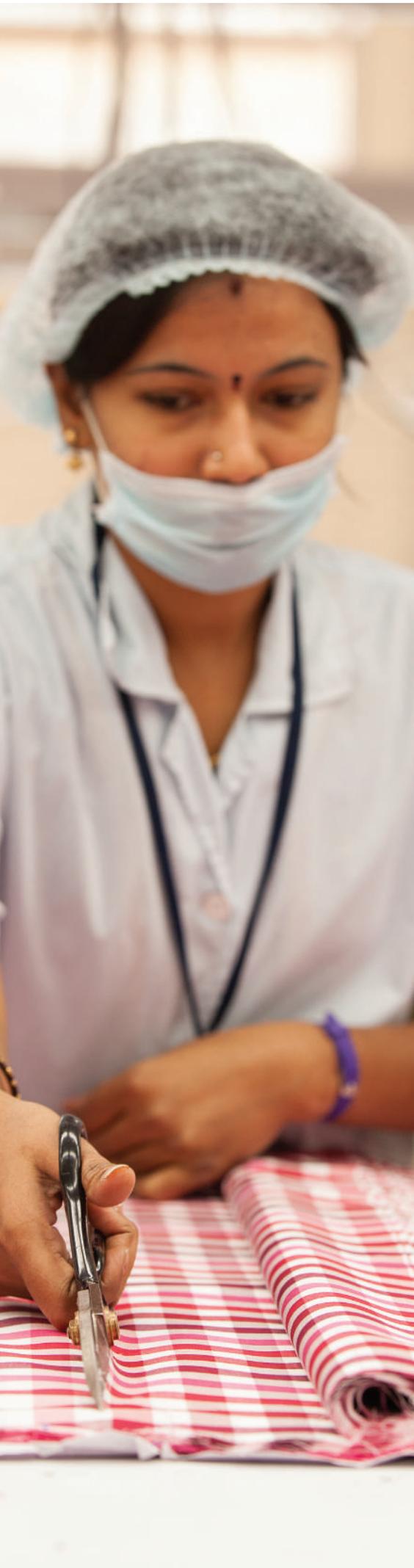
Methodology

The findings in this report are based on a combination of desk-based research, quantitative assessments, focus group discussions, in-depth interviews, and brief mobile-phone based surveys.

Desk-based research involved understanding country-level context related to garment-sector employment and financial inclusion. The research was supplemented by two field visits to India by HERfinance team members to meet with key informants focusing on financial inclusion in India.

Factories were chosen by the global companies that participated in the pilot, as indicated in the table below.

Company	Nominated Factories		Combined Workforce at Baseline
	Delhi	Bangalore	
Primark	2	0	500
Timberland	2	0	3053
ANN INC	1	2	3800
Levis	0	2	1500
Nordstrom	0	2	1301
Total	5	6	10,154



HERfinance pilot baseline and endline data were collected through one-on-one interviews conducted with 10 percent of the workforce or 50 employees, whichever was smaller, chosen at random from each of the 11 participating garment factories in India. For endline surveys, only workers who had been employed at the factory for at least six months were considered for surveys to ensure they had the potential to be exposed to the program. In total, 503 factory workers participated in baseline surveys from May to December 2013 and 500 factory workers participated in post-intervention endline surveys from December 2013 to January 2015.

Overall, 60 percent of survey respondents were women, though demographics varied greatly between Delhi and Bangalore. More than two-thirds of these women were between the ages of 18 and 34. Among both genders, 90 percent were married and 87 percent had children. Forty-one percent of survey respondents had lived in their current home for under five years, and only 11 percent owned their homes rather than renting.

Baseline Survey Respondents	Female	Male	Total
Delhi	20.3%	79.7%	202
Bangalore	86.7%	13.3%	301
Total	60%	40%	503

The demographic breakdown of the survey respondents reflects the typical factory population in these two cities. In general, the majority of garment factory workers in the Delhi area tend to be migrant men from different states in the north of India, while in Bangalore the workers are largely women from neighboring villages within the same state of Karnataka.

All surveys were administered by BSR's local implementing partners, Sanchayan Society in Delhi and Swasti in Bangalore. Surveys were conducted one-on-one to ensure respondents fully understood the questions being asked, and that workers were responding without influence or bias from answers given by their co-workers. The same set of questions was used with all workers regardless of gender or location. The full baseline survey can be found in the Appendix.

These quantitative surveys provided us with statistically significant data sets with which to understand the key financial needs, attitudes, and behaviors of the factory workers at the chosen factories, and to compare pre- and post-intervention data points to understand how HERfinance has impacted these needs. All of the results and data disclosed and conclusions made in this report are based on these quantitative surveys.



In addition to the surveys, BSR partnered with Women’s World Banking to conduct 19 qualitative research sessions comprised of seven in-depth interviews (IDI) and 12 focus group discussions (FGDs) of five to six participants each. The purpose of the qualitative research was to uncover key themes related to financial management, which informed the design of the HERfinance curriculum and the Measurement and Evaluation framework. These data points also provided context to better understand the quantitative responses.

The composition of the research sessions were as follows:

Income Level	HIGHER Supervisors		LOWER Line workers	
	Women	Men	Women	Men
Gurgaon / Noida	1 IDI	1 FGD	2 FGDs	3 FGDs
			2 IDIs	2 IDIs
Bengaluru	1 FGD		5 FGDs	1 IDI
			1 IDI	

BSR also partnered with Good World Solutions and its Labor Link platform to conduct voluntary mobile phone-based surveys at 10 of the participating factories. Over 1,700 valid responses were collected through this method for three separate surveys, and these surveys were conducted after each refresher training.

These independently administered surveys provided us with an additional data set to address the potential bias in the one-on-one surveys administered by BSR’s implementing partners. There were a few key differences in the mobile surveys compared to the one-on-one surveys as well as some limitations, which are noted below:

- » The mobile phone surveys covered only a subset of topics covered by our baseline and endline questions (approximately 10 questions per survey).
- » The mobile phone surveys relied on workers having ownership of or access to a mobile phone, which could influence the demographics of respondents.
- » Approximately 30 percent of the survey participants were women, compared to 60 percent of the respondents in the in-person surveys.
- » The mobile surveys were accessible to the entire factory workforce population, rather than workers who had been employed for at least six months.



Despite these differences the trends observed in the results from the mobile surveys largely coincide with the results from the in-person surveys.

Finally, BSR obtained numerous qualitative testimonials from workers, participating companies, and factory management to include as case studies.

Research Limitations

The findings from this research are intended to offer recommendations on how HERfinance and programs like it can meet the needs of low-income workers in global supply chains. The findings in this report should be considered within the context of the following research limitations:

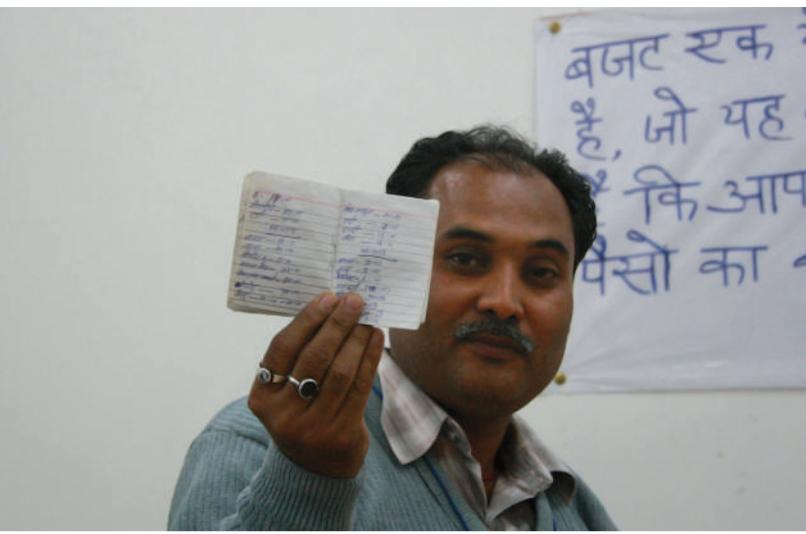
There is a growing but still-limited set of public resources and reports focusing specifically on the financial needs and behaviors of the salaried worker community, whether in India or elsewhere.

- » BSR's implementation partners are community-based organizations with expertise in financial literacy and workforce capacity-building. These partners not only implement our workplace-based training programs, but they also conduct the surveys and so they may be perceived as having an incentive to show positive results. However, they only have contact with peer educators on a regular basis, who made up fewer than 17 percent of endline survey respondents.
- » Because the trainers also conduct the impact surveys for HERfinance, some employees may feel compelled to respond favorably to questions asked by someone who has been training them over a six-to eight-month period.
- » The overall sample size of approximately 500 workers from 11 factories is large enough for us to draw conclusions about the efficacy of the program among the participating factories as a whole, but too small to draw much broader conclusions about populations in other sectors or geographies.

Despite these limitations, we believe the data collection and research completed by BSR and our partners makes a valuable contribution to a greater understanding of the financial lives of garment-factory workers, and the potential for workplace based programs like HERfinance to improve financial capability.

Outcomes of HERfinance

- » Increased basic financial knowledge
- » Increased women's control over their salaries and their involvement in household financial decision making
- » Improved savings, budgeting and planning behaviors
- » Increased use of formal financial products and services as savings tools
- » Strengthened the workplace as a place to responsibly bring low-income women and men into the formal financial system
- » Improved relationships in the workplace between workers and management
- » Strengthened links between employers and community organizations to increase access to critical services in the workplace





Outcomes of HERfinance: Why Financial Education in the Workplace Matters

HERfinance focuses on the specific needs of salaried workers, and we measure outcomes in two areas: the financial capability of salaried workers (with a particular focus on women's needs) and improvements in the workplace.

While the following outcomes are representative of the data collected during the baseline and endline assessment processes, there are various external factors that may have influenced results. We call out the known factors in their respective sections.

A person's level of access to financial products and services significantly impacts the outcomes of financial education efforts because participants are able to apply what they learn.²² Our research revealed a myriad of financial-management tools that are readily available to all formally employed individuals in India, including garment-factory workers. These include savings, borrowing, insurance, and remittance services and products as well as pension schemes.

Basic bank accounts, also referred to as salary accounts, are widely used for payroll in India: Our baseline assessment found only 16 percent of surveyed workers were paid in cash, although this is likely to be lower among employers manufacturing goods for export to global buyers. And while LIC funds are commonly used and well-liked by garment workers, there is relatively basic awareness of PPFs and NPS, which are easily accessible and offer attractive benefits and government-backed security.²³

Given the adequate access to financial products and services among garment workers in India that we surveyed, implementing HERfinance offered an opportunity to examine how effective financial education could be in improving financial behaviors even without any change in access. We assume that introducing new and more-suitable financial products alongside financial education would increase the positive impacts, particularly around workers' use of products and services, but further research is needed to test that assumption.

Formal financial products and services commonly used by garment workers in India

<p>Savings Account</p>	<p>Basic Savings Bank Deposit Account: A no-frills bank account into which an employer credits the monthly salary or paycheck of an employee.²⁴ These usually carry a maximum balance, which if exceeded can lead to a frozen account that must then be converted to a regular savings account.²⁵</p>
<p>Public Provident Fund</p>	<p>Public Provident Fund (PPF): The PPF is a retirement-planning tool for those who do not have a structured pension plan. The savings instrument requires a Rs. 500 minimum deposit, offers 8.8 percent tax-free interest, and allows loans to be taken after three years at 2 percent interest.²⁶ The PPF is mandatory for garment workers in India. Employees contribute 12.5 percent of their salaries to a separate account, which is matched by their employer.</p>
<p>National Pension Scheme</p>	<p>National Pension Scheme (NPS): The NPS is a voluntary contribution-based pension system administered by the Pension Fund Regulatory.</p>
<p>Life Insurance Corporation</p>	<p>Life Insurance Corporation (LIC): LIC is a state-owned insurance company that offers insurance plans, pension plans, and other financial products. LIC policies are commonly used for long-term savings needs such as children's education or marriage.²⁷</p>
<p>Employees State Insurance</p>	<p>Employees' State Insurance (ESI): A social security scheme that offers insurance to cover comprehensive medical care to workers and their dependents or cash benefits when workers are faced with illness or disablement.²⁸ Garment workers in India are automatically enrolled in ESI.</p>
<p>Money Order</p>	<p>Money Order: The Post Office offers remittance services through regular and electronic money orders that can be sent domestically and internationally.</p>

A close-up photograph of a woman with dark hair pulled back, wearing a light blue button-down shirt. She is looking down and focused on her work at a sewing machine. The background is slightly blurred, showing other people in similar attire, suggesting a factory or workshop setting.

Outcomes: Financial Capability Of Workers

Overall, the results of the HERfinance pilot revealed significant improvements in workers' basic financial knowledge. For women in particular, this knowledge is fundamental to increasing their control over their salaries and involvement in household financial decision-making. The pilot results also revealed that both men and women translated their knowledge into action, with great improvements in savings, budgeting and planning behaviors, and most notably in the increase in use of formal financial products and services and savings tools.

Increased basic financial knowledge

According to baseline surveys, there is a significant financial knowledge gap among garment-factory workers, which is particularly pronounced among women. Roughly 80 percent of both men and women had never received any financial literacy training before going through HERfinance. While this is not surprising, 62 percent of women said they needed help using an ATM, compared to only 11 percent of men. This indicates that men have more informal access to financial knowledge-sharing than women do. In FGDs, many women mentioned they tended to hand their ATM cards and PIN codes to a security guard at the bank to withdraw cash—which exposed them to theft—or handed their cards to their husbands.

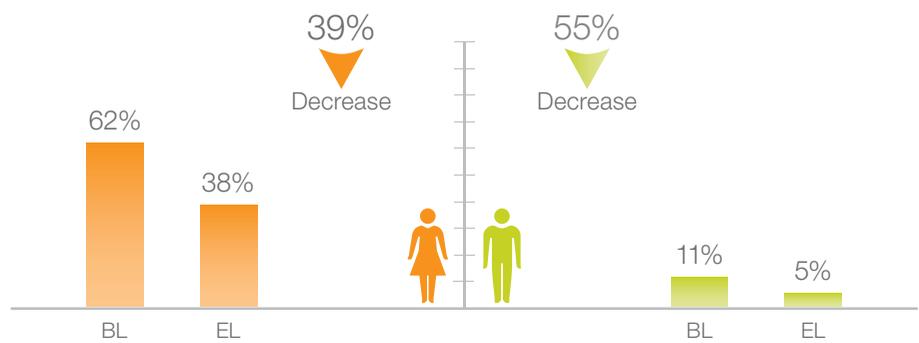
Baseline surveys also indicated that most people understood interest as something charged by a lender to a borrower, however there was far less awareness of interest as something earned when savings are stored in a bank account. This points to one specific knowledge gap that acts as a barrier to using a formal savings account.

Increased financial knowledge and comfort is fundamental to enabling women in particular to take more control over their salaries, and to increase their role in household financial decision-making. It also can reduce fear of and discomfort with formal financial services, which can increase their adoption, and financial knowledge supports other objectives such as increased savings rates and more disciplined financial planning.

After the completion of HERfinance, there was a 39 percent decrease in the number of women saying they need help using an ATM. There was also a more than four-fold increase in women's ability to correctly define interest as something both earned and paid, and a 102 percent increase among men.

39% 
 less likely to say
 they needed
 help using a
 bank's ATM

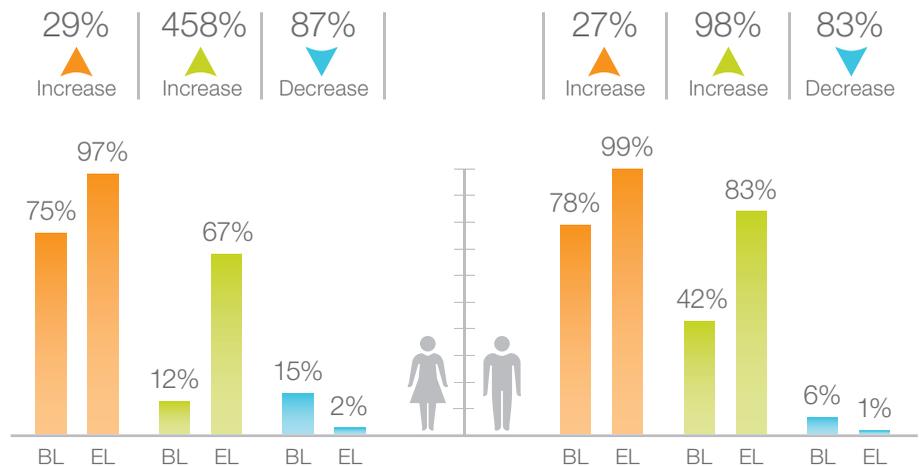
Q. Do You need help when using an ATM?
 A. Yes.



4x 
 increase in ability
 to correctly
 define interest

Q. When thinking about money, could you describe what "interest" means?

-  Interest is a fee charged by a lender to a borrower.
-  Interest is money earned on savings in a bank.
-  I don't know.





Increased women’s control over their salaries and their involvement in household financial decision-making

Despite earning their own salaries, women were far less likely than men to make decisions about how that money should be managed. Our baseline surveys revealed that only 48 percent of women said they decided what to do with their monthly wages, compared to 90 percent of their male peers. In FGDs and in-depth interviews, several women described a scenario in which they hand over their incomes to the male head of household to manage, and are given an allowance with which they must pay for food, clothing, and school fees.²⁹

Increasing the influence women have over their own incomes and allocation of household income can lead to a number of positive long-term impacts. When given the choice, women tend to spend more on their families’ health and education needs than men do. Research shows that when women control more of the household’s income, the spending patterns change in ways that benefit children.³⁰

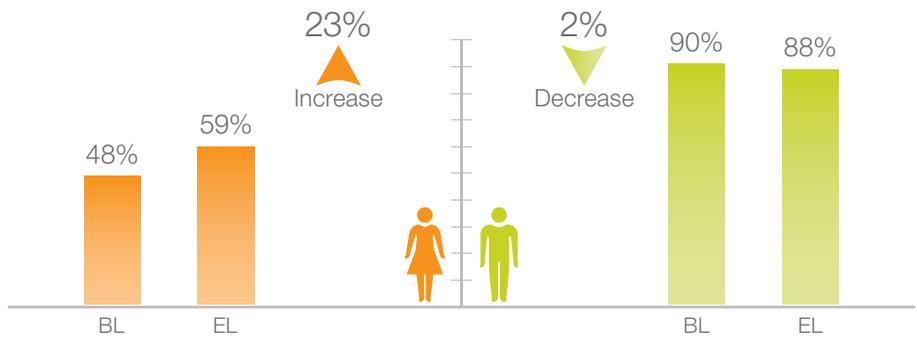
While increasing women’s ability to influence financial decision-making at the household level is undoubtedly a positive outcome, there may be unintended consequences—such as violence against women—that ensue if women start to challenge culturally accepted gender roles. Recognizing these risks exist, HERfinance contains a module dedicated to talking about finances with the family. Through role-play activities and communication exercises, this module focuses on building women’s communication and negotiation skills so they know how to effectively communicate about finances with their husbands and other family members.

After going through the HERfinance training, women were 23 percent more likely to say they decided what to do with their monthly income.

We also saw a 100 percent increase among women who said they made household spending decisions along with their spouses. In order for women to have a stronger voice in the household, men must also see the value of discussing finances as a family, which is a key reason why HERfinance targets both women and men for our workplace programs. After the HERfinance training, we saw a 20 percent increase among men who said they made decisions collaboratively.

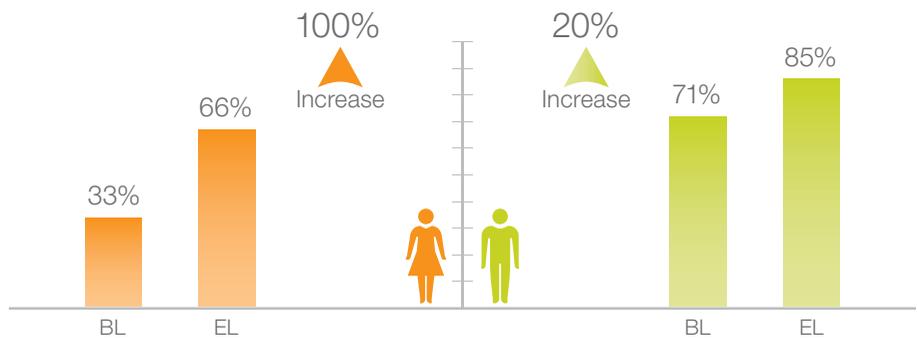
23% 
 more likely to
 decide what to
 do with their
 own incomes

Q. Who manages your salary every month?
 A. I decide what to do with all of it.



100% 
 more likely to discuss
 household spending
 decisions with a
 family member

Q. Who is involved in making decisions about spending money?
 A. Discussion with spouse, father, or other family member.



Labor Link Result:

Who typically manages your salary?

14%



Increase in women
 saying they manage
 their incomes on
 their own.

22%



Increase in men
 saying they do
 so collaboratively
 with their spouse,
 parent, or other
 family member.

50%



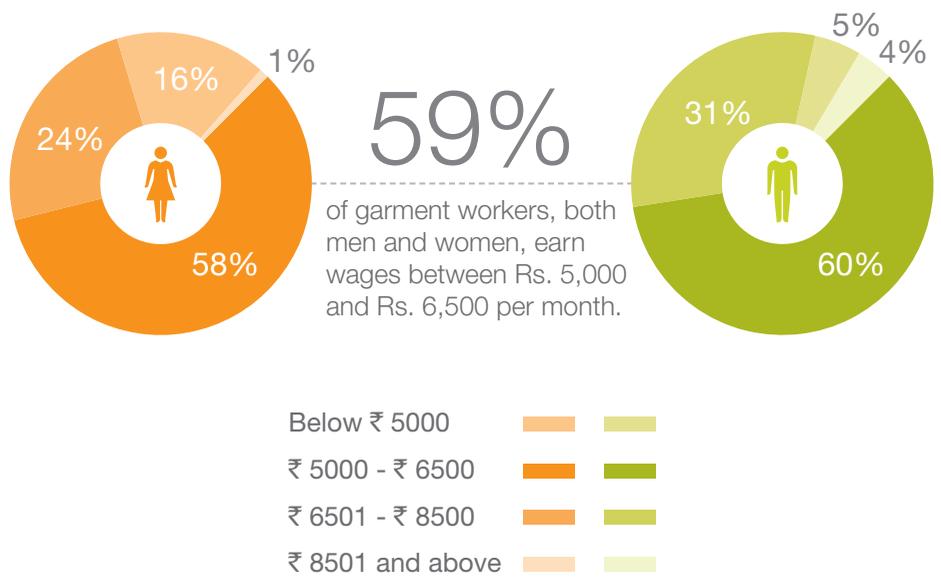
Decrease in
 women saying a
 spouse, parent,
 or other person
 decides for them.



Improved savings, budgeting and planning behaviors

Low-income garment workers in India generally earn the government-mandated minimum wage for unskilled labor. Our surveys showed that the majority of both men and women earned between Rs. 5,000 and Rs. 6,500 per month. When combined with other household income, these wages can support saving. HERfinance aims to increase savings rates so that workers can save for the future and rely on their own funds rather than credit to manage shocks such as illness or loss of employment.

Average monthly salary groups of low-income garment workers in India:

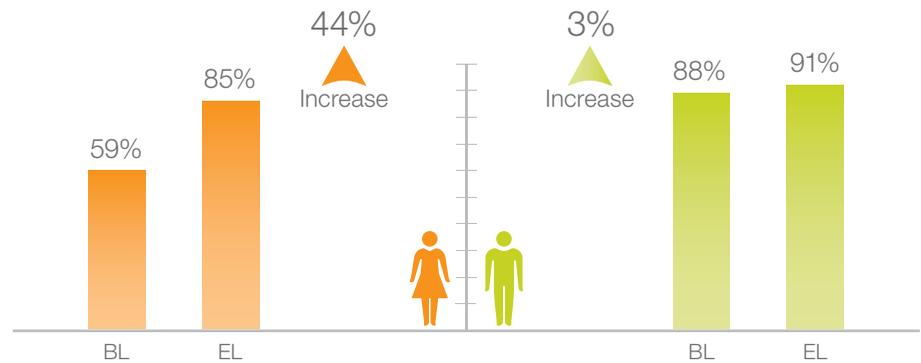


44% 
 increase in
 ability to save for
 personal use.

Across both genders, BSR saw an overall increase in savings following the program. The percentage of women who said they were able to save some money for their own personal use increased by 44 percent over the baseline, showing that simple messages about saving and financial planning and encouragement from their peers to prioritize their own savings needs had a meaningful impact.

Q. Do you personally save some money each month?

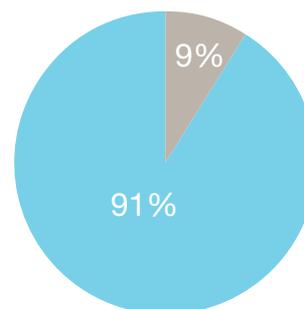
A. Yes.



91% 
 said they saved a
 greater portion of
 monthly salary

Q. Are you saving a greater portion of your salary every month?

■ Yes.
 ■ No.

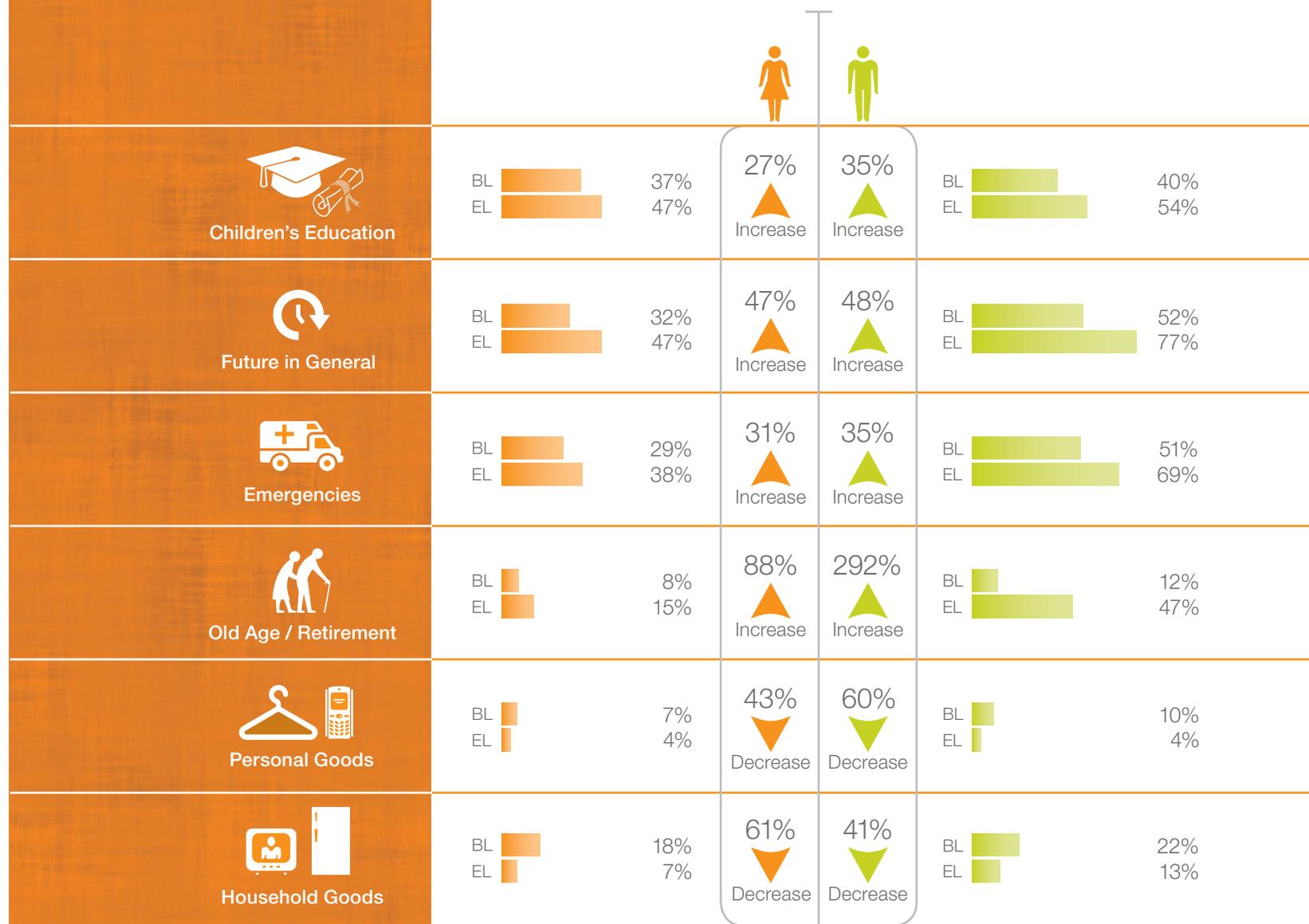


Labor Link Result:
 Do you save a portion of your salary?

11%  Increase in women
 saying they save.

In addition to increased savings rates, survey respondents reported saving for long-term needs over short-term consumption after completing the HERfinance program. Workers became more likely to mention children's education, unknown emergencies, old age, and the future in general as their primary savings goal instead of clothes or household items.

Q. What purpose(s) are you saving for?



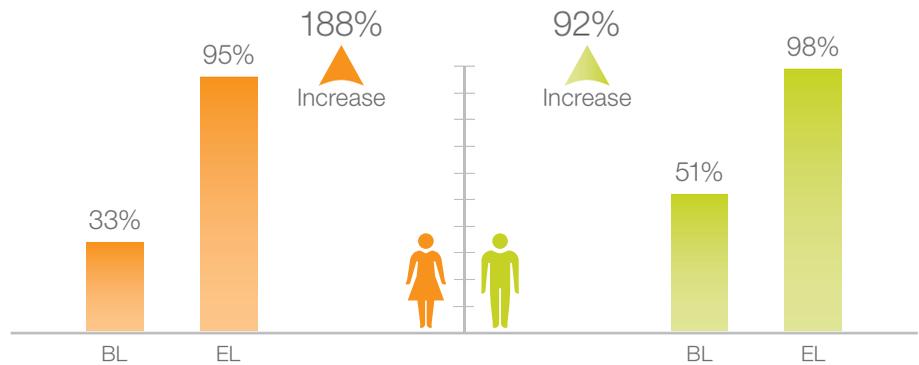
Another key message from HERfinance is the importance of financial planning. By the end of the program, 96 percent of all workers in the participating factories had a plan to meet their savings goals, compared to 43 percent at the baseline—an increase of 104 percent. As a result of more disciplined financial planning, there was a greater than three-fold increase in workers saying they felt comfortable they could meet their families' expected future expenses.

188%
increase in
financial planning



Q. For your most important savings goal, do you have a plan for how to achieve that goal?

A. Yes.

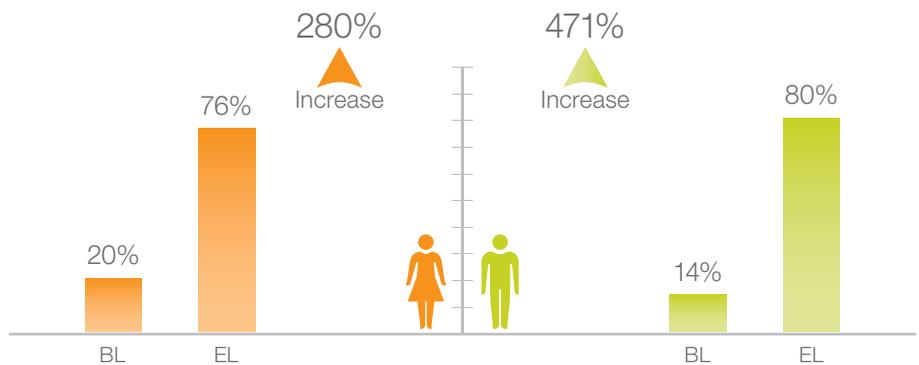


280%
more likely to feel
comfortable in
meeting family's
future expenses



Q. How comfortable are you that you will be able to meet your family's expected future expenses in the next two years?

A. Comfortable.



Increased use of formal financial products and services as savings tools

Most garment workers that participated in the HERfinance program are paid through direct deposit to a bank account rather than in cash. According to our baseline surveys, only 16 percent of workers were paid in cash. Qualitative interviews with factory managers revealed that these were mostly workers that had been employed for fewer than six months. Due to high turnover, employers preferred not to open bank accounts for employees until they had achieved a certain level of tenure.

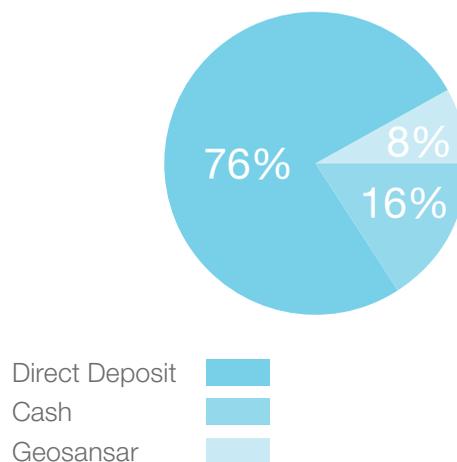
Despite the prevalence of direct deposit payroll, only slightly more than half of workers used their salary accounts or any bank account to save. In FGDs, factory workers revealed that despite working in urban areas with many banking options, most of them, whether recent migrants or workers with more-established families in the city, had rural roots and families and were accustomed to operating in a cash economy. They often had to send a significant portion of their salaries home to their families who did not have bank accounts.³¹ There is potential, then, to increase not only the workers' comfort and use of formal financial services, but their extended families' as well.

After completing the HERfinance program, we saw a 38 percent increase in workers saying they personally saved money in a formal bank account, and a 45 percent decrease in workers saving in cash. Among women who were paid through direct deposit, there was a 30 percent increase in the likelihood that they had visited the branch of the bank that received their salaries.

Two factors may have impacted these results: In follow up interviews with management, BSR learned that one factory was moving from digital payroll back to cash due to problems with the business correspondent serving that factory, while another factory was converting salary accounts to full savings accounts for their workforce. As a result, the drop in reported saving in cash could have been greater than what our surveys revealed.

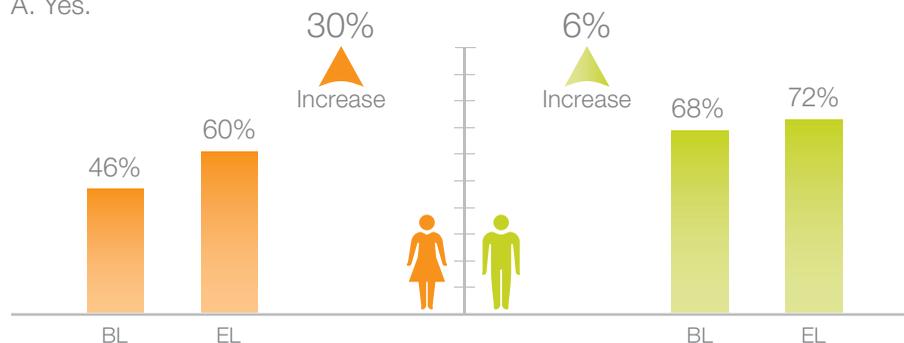
Surprisingly, there was a very large jump in workers using gold as a savings tool. In follow-up interviews with HERfinance participants, BSR learned that many of them started to see gold as a sound investment and not just an alternative to cash. There was also a surprising increase in the use of informal group savings schemes called chit funds. Male workers in particular reported that, despite chit funds' risks, they determined chit funds paid a better return than other savings options.

Q. How do you receive your pay?



30% 
more likely to visit
a bank branch

Q. Have you visited a branch of the bank that your salary comes through?
A. Yes.



38% 
more likely to save
a portion of their
salary in a formal
bank account

Q. Please tell me all of the places you personally save.

a. Salary account.	BL 	58% 64%	 10% increase
b. Another bank account.	BL 	56% 77%	 38% increase
c. LIC (Life Insurance Corporation Of India)	BL 	55% 62%	 13% increase
d. Fixed deposit.	BL 	12% 30%	 150% increase
e. Send money home for safe-keeping.	BL 	19% 6%	 68% decrease
f. Save at home in cash.	BL 	11% 6%	 45% decrease
g. Chit fund.	BL 	17% 43%	 153% increase
h. Gold.	BL 	10% 45%	 350% increase

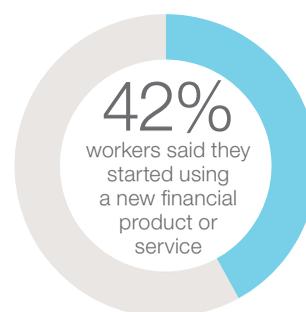
Outcomes : An Improved Workplace

Beyond improved financial knowledge and behaviors, the results of the pilot program revealed positive outcomes for the workplace. First, the workplace can serve as an effective point to responsibly bring low-income working women and men into the formal financial system. This can go a long way toward improving relationships between workers and management as well as strengthening the link between workplaces and community organizations to increase access to critical services. Finally, the pilot results support the hypothesis that more-informed and financially stable employees are more satisfied with their employer and their employment—a powerful result that supports the business case for further investments in financial inclusion in the workplace.

Strengthened the workplace as a place to responsibly bring low-income women and men into the formal financial system

The workplace can be an effective entry point to a range of formal financial products and services that low-income workers need, such as life insurance, remittance services, and credit. Garment workers in India earn the minimum wage, but generally enough to allow them to save and make use of financial products. However, for many of them the workplace is their first introduction to banking services and so this new access must be coupled with proper financial education, including the primary purpose of each financial product, the advantages and disadvantages of using one product over another, and information about interest rates, transaction fees, and minimum/maximum requirements for deposits and withdrawals. Empowering men and women to make financial decisions also requires that they understand the value of saving, budgeting, and planning for the future, and how these behaviors can help them achieve their full economic potential.

HERfinance Outcomes: Forty-two percent of workers said they started using a new financial product or service specifically because they went through HERfinance training, and 23 percent said their factory introduced new products in the process. The most commonly cited products included recurring deposit accounts and fixed deposit accounts, followed by life insurance through LIC. Most of the factory managers who participated in the program also indicated they plan to continue activities after the program ended. Of the 32 factory managers we surveyed, 16 said they would establish a section of the factory that contained the key messages, posters, and other training materials from HERfinance—and subsequent visits by our HERfinance partner in Bangalore revealed that all HERfinance factories in the area did in fact do this. Sixteen out of 32 factory managers said they would continue to use peer educators to organize additional trainings on their own.







Labor Link Result:
How has your factory changed since the HERfinance training began?

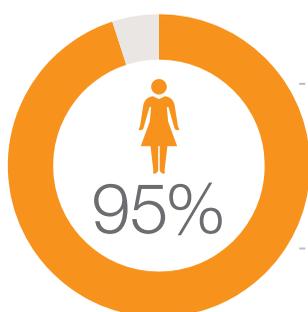
81% of workers said their factory has become a better place to work since HERfinance began.

Improved relationships in the workplace between workers and management

Unfortunately, poor communication between workers and management and harassment in the workplace are prevalent in factories in India. A study by the Fair Wear Association estimated that 60 percent of factory workers in India have experienced some type of harassment at work.³² And a study by Better Work revealed that verbal abuse decreases worker productivity and lowers profits, while basic skills training reduces the time workers need to meet their production targets.³³ Furthermore, workers often treat their workplaces as interchangeable, with little incentive to stay with one employer over another. In interviews, many factory managers complain of high turnover, which they say can exceed 10 percent per month, especially in Delhi factories that have a greater number of migrant workers.

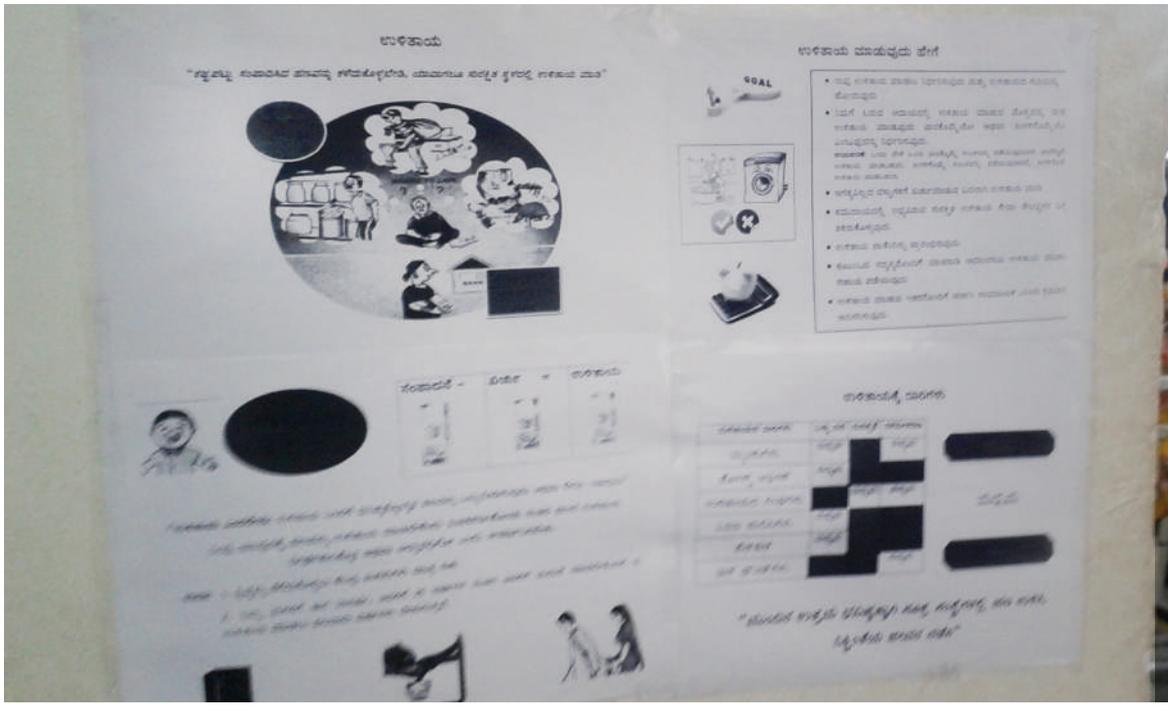
Workplace-based programs such as HERfinance can significantly improve relationships between employees and management, thereby improving the working environment and employee retention, reducing negative perceptions of management, and improving worker and management's ability to address workplace challenges before they escalate to more serious problems.

HERfinance Outcomes: In surveys with factory managers, 31 of the 32 surveyed said they believe workers had an improved perception of the workplace after the company supported the HERfinance program. When we asked the question of employees in the endline survey, 97 percent felt management showed more concern for their well-being after going through the HERfinance training. It is important to note that these results are certainly inflated: People tend to respond favorably to questions about their employers out of fear of retribution, especially in face-to-face surveys. During in-depth interviews, factory employees expressed gratitude to their employers for sponsoring a program about their personal welfare rather than about their performance on the job. However, our anonymous mobile phone-based surveys of more than 1,700 employees from the same factories showed that 81 percent reported improved impressions of their employer due to the HERfinance training, confirming the positive survey results.



I feel factory management cares more for my well-being.





HERfinance key messages, posters, and other training materials at a factory in Bengaluru, India

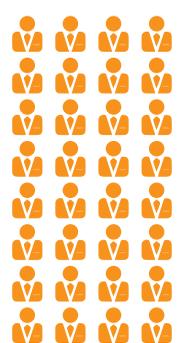
Strengthened links between employers and community organizations to increase access to critical services in the workplace

While many NGOs exist in India and offer services that could benefit low-income working adults, very few of them have access to the workplace. As part of the capacity-building efforts of HERfinance, BSR spends time with community-based organizations to guide them on how to manage relationships with employers, how to conduct trainings in a workplace setting given that the employer's priority is production output rather than basic skills training, and how to effectively measure and report impacts to local and international company participants. BSR also provides funding

to help these NGOs expand their reach into more workplaces across India.

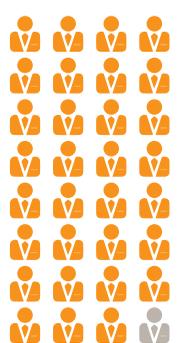
In factory management surveys, all 32 factory managers said they had an improved perception of NGOs after going through the HERfinance training. Thirty-one out of 32 factory managers who participated in the pilot also committed to support ongoing financial education activities in the workplace. Twelve out of 32 factory managers said they would bring the NGO implementing the training back for additional support.

HERfinance Outcomes:



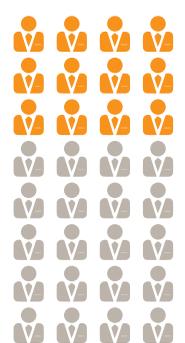
32/32

Managers with improved perception of NGOs.



31/32

Managers committed to support future financial education in the workplace.



12/32

Managers willing to re-invite NGOs for additional support.



Testimonial: Chidambara Sagar, Sanchayan Society

“Partnering with BSR to deliver HERfinance in Delhi helped our organization grow in many ways. Before our partnership, we were in a start-up phase, with several short-term partners and initiatives. BSR was the first organization to truly invest in a long-term relationship and this helped us mature into the organization we are today. We learned a lot from BSR, but perhaps the most important was how to effectively manage conflicts. A lot of issues come up when working in a workplace setting, so conflict management skills are critical. BSR supported us in developing the skills and capacity to effectively communicate with local company representatives and senior management to resolve issues at a local level. We are now able to apply these skills to other programs we’re implementing.

“The HERfinance model also allowed us to understand the financial needs of the beneficiaries of the program in a way that we haven’t been able to in the past. The relationship-building between the trainers and the peer educators and the continuous engagement with the factory management and the companies helped us develop an in-depth understanding of the personal struggles and aspirations of the men and women working in factories. This has been challenging to accomplish with our other community-based programs. Reaching men and women in the workplace is effective because the intervention takes place in a controlled environment where there are fewer distractions and more support from management.

“Looking forward, we would like to see HERfinance expand to other industries in Delhi. We would also like to continue to support factories that have completed the program in maintaining their investments in financial literacy in the workplace. But this will require support from the factories themselves as well as continuous engagement on the part of the companies.”

CASE STUDIES

A benefit of using the peer educator or “train-the-trainer” model for disseminating information is that often the information goes beyond the direct intended targets. Because of the strength of their social networks, peer educators are motivated to share their newly acquired knowledge not only with their peers in the workplace, but also with people in their homes and communities.



Nagarathna

Nagarathna is a young woman with two daughters who has been working in a garment factory in Bangalore for several years. She faced significant hardship when her husband fell ill, and the family had to sell some of their assets and take out loans in order to pay his medical bills.

“When my husband was sick with a heart condition, ESI [public health insurance] helped us a lot. I learned about this through HERfinance, and now I have told my friends at work about it, too.”

Nagarathna has become one of the most enthusiastic peer educators in the program, partly because she has benefited from it herself. She takes her time to explain the HERfinance concepts to her co-workers, and uses examples of how the program helped her and her family. For example, in the past she had been late to pay some of her children’s private-school fees but now she plans in advance to meet those needs.

Nagarathna also feels that being a peer educator changed her perception of the workplace, because it made her feel like she was part of a community. And it made her a more patient person overall.

“To be a good peer educator you need patience. We need to know all the details first, and then teach others. I have told people at work that we should think and plan about our financial needs and the future, and make appropriate budgets for a happy life.”



Poonam

Poonam has been one of the most active peer educators in the HERfinance program. Poonam moved with her husband from Bihar, one of the poorest states in India, to Gurgaon more than five years ago and started working as a checker at a garment factory with the hopes of providing a good education to her three children.

It quickly became obvious to the trainers from Sanchayan Society, the HERfinance implementing partner in North India, that Poonam was a natural leader. Not only did she actively participate in each training, but she also started offering financial literacy trainings in her community. Every Sunday, Poonam invited her neighbors to attend a training session where she shared the lessons learned from the previous training and helped them begin budgeting and saving for their long-term goals.

“I am very happy and satisfied being a part of this project and I don’t want to limit myself,” said Poonam. “It is very gratifying when your co-workers, neighbors, and friends come to you and ask you questions, and when they give you compliments about your work.”

Even though the program ended at her factory, Poonam still continues to give trainings in her locality and has said she will do so as often and for as long as she is able.



Kamala

Kamala is a peer educator in Bangalore. She migrated from Assam to Bangalore with her husband, and got her first job working in a garment factory.

Prior to joining the HERfinance program, Kamala had almost no involvement in financial decision-making in her household. Kamala also did not have a habit of saving for the future or budgeting in order to reduce her expenses. All of this changed after going through HERfinance. Kamala now actively uses her bank account to save and learned how to use an ATM. She is also budgeting and managed to decrease her monthly expenses. Most importantly, Kamala feels more confident about discussing financial matters with her family, and feels that she has a chance to move ahead in life rather than living paycheck to paycheck.

“I used to think, ‘What’s the big deal? We make money, and we spend it.’ So we used to spend whatever we earned,” she said. “After joining HERfinance I have changed. Now, saving is my priority [because] if I don’t save today, when I get old who will look after me?”

“I keep my savings in the bank. I feel so good when I deposit money in the bank. I had an account earlier, but I never used to deposit anything into it. Every month after I was paid I would withdraw the money immediately.”

“Everyone has aspirations, dreams, and desires. But dreaming is not enough. You also need to plan, save and work towards achieving your goals. HERfinance made me much more aware of this fact and showed me how to make my dreams possible. No matter where I go, these learnings will stay with me [and] I will keep sharing what I have learnt here.”

“Now I’m not afraid. If I fall sick or there’s an emergency at home I feel equipped to handle it. I am a changed person and it makes me so happy. They say what we do with our lives is up to us, but if there is someone to help you and show you the path patiently things change for the better.”

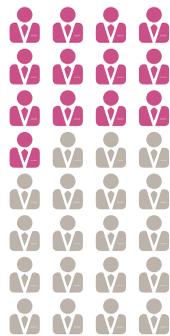


Establishing the business case for financial inclusion efforts in the workplace

While the cost of conducting cash payroll varied significantly based on the size of the factory, the larger factories reported between three to four full days of one person's time to conduct cash payroll for their employees on a monthly basis. These same factories reported it took two full person-days to handle payroll for those receiving direct deposit, in which case the time is mainly spent printing and distributing paystubs as well as answering questions related to those paystubs.

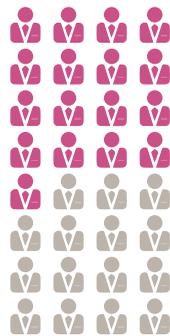
After the completion of the HERfinance program, 13 out of 32 managers interviewed said they received fewer questions about how to read a paystub, 17 said they received fewer requests for salary advances and eight said the number of requests for salary increases went down. While the sample size of factory managers was too small to draw broader conclusions, as qualitative research it does support the hypothesis that more-informed and financially stable employees are more satisfied with their employer and their employment, and that automated payroll can yield cost savings.

HERfinance Outcomes:



13/32

Managers received fewer questions on how to read a paystub.



17/32

Managers received fewer requests for salary advances.



8/32

Managers witnessed decline in requests for salary increase.



Testimonial: Lindsey Block, Primark

“The ultimate goal of our ethical trade projects is worker empowerment, and a pillar of this is the economic empowerment of workers. We believe that if workers can manage their salaries better, then these salaries will better contribute to the welfare of the workers themselves as well as to their families. Primark recognized the challenges of financial inclusion for factory workers: Through specific primary research we’d earlier conducted, we observed that workers often didn’t understand the formal banking options available to them, they were often heavily indebted, and they didn’t always have the necessary skills to plan and manage their finances. Women workers often reported having less influence in the way their salaries were spent within their households.

“HERfinance provided a way for us to address this need, and that’s why we partnered with BSR to pilot the program at some of our suppliers in India. The programme was very well thought-out, and BSR’s local implementation partner was fantastic. They remained enthusiastic and committed to delivering the best possible training throughout the program.”

Challenges and Recommendations

Implementing a workplace-based program offers many advantages, but BSR also faced a number of challenges in putting the program in place. Here we offer some recommendations that can help other organizations develop and deliver effective programs targeted at the workplace.

1

Implementing programs in the workplace requires significant buy-in and ongoing engagement from factory management.

Challenge:

There are two aspects of factory involvement in HERfinance that are essential to program success. The first is factory management buy-in, which involves getting an up-front commitment to the program from senior and mid-level management at a factory. The second is ongoing engagement, where factory management and production supervisors provide time and other resources for the training to be conducted in the workplace.

Recommendation:

Any organization planning to implement a program in the workplace should spend significant time up front securing buy-in from senior management as a key first step. This involves ensuring everyone understands the expected outcomes, the requirements, and the benefits to the employer. If possible, involving the buyer in the initial stages to reinforce the importance of the program and its influence on the long-term buyer-supplier relationship can help achieve this. However, it is only a first step. Buyers should be empowered to hold regular check-ins and to request status reports from the supplier directly. In addition, successes should be shared with factory management throughout the program.

2

Many available financial products and services are not suitable for salaried employees, or are not supported by adequate financial education.

Challenge:

In India there are a wide range of financial products available to garment-factory workers. Business correspondents are connecting some factory employees to bank accounts, but there are often unexpected fees or account access is limited to certain hours in the day. The no-frills accounts, now called BSBDA Small Accounts, that employers set up for their employees for wage distribution do not support balances above Rs. 50,000 (US\$850) at any given time, and access can be automatically frozen until the account is converted to a regular savings account, which does have a minimum-balance requirement and full Know-Your-Customer requirements. Such restrictions indicate that financial products were not designed with the specific needs of low-income salaried workers in mind.

Recommendation:

Regulation is a significant barrier, because many garment workers are migrants who lack proper identification. However, financial service providers and their business correspondents must begin to see low-income wage earners as potential customers, and design products with their specific needs in mind. Particular attention must be paid to the specific needs of women, who face greater barriers to access than their male peers. This requires putting low-income workers at the center of product design. Financial service providers and employers must also ensure workers have access to appropriate financial education—either embedded in product delivery or during the onboarding process for new hires.

3

The “train-the trainer” model is effective, but many factory workers lack the confidence to be trainers.

Challenge:

The vast majority of factory employees do not have a background as trainers. They tend to be shy in front of groups and uncertain of their ability to teach peers on topics they themselves have just learned.

Recommendation:

Conducting training in the workplace using the peer education model requires equal focus on the content of the curriculum and on communication skills and leadership skills. Providing peer educators with an opportunity to practice delivering key messages in a supportive environment, and providing guidance on how to speak more confidently and clearly can be effective. Acknowledgement and encouragement from factory management can also boost confidence and also improve overall respect between management and workers.

Another important remedy is to ensure that peer educators are encouraged to use informal means to pass on critical information rather than solely relying on formal training sessions, which may seem less natural. This can take the form of informal discussions and personal anecdotes that are shared during lunchtime, tea or coffee breaks, or during their commutes to and from the workplace. This is the true strength of the peer educator method: As part of the training people are encouraged to pass on the key messages—and informal sharing should be encouraged repeatedly.

HERfinance has shown that not only can financial capability be improved through workplace-based programs, but the peer educator model also works well for sharing financial literacy topics and cost-effectively reaching large numbers of people with important messages.



Labor Link Result:

81% of workers said they shared the key messages with others outside of the factory.



Conclusion: The Workplace Is an Effective Intervention Point for Financial Inclusion Programs

The findings from this evaluation reveal that HERfinance had a meaningful impact on financial knowledge and behaviors among the garment-factory workers who participated in the program in India, and strengthened workplaces to better serve the needs of their workforce. With women making up the majority of low-wage employment in the manufacturing and agriculture sectors globally, workplace interventions focused on supply chains can be an important way to address women's particular needs and to reach large numbers of women in an efficient manner.

HERfinance trainings have increased savings rates and the number of workers using formal financial services over informal services, and is giving women more confidence to manage their own wages and contribute to household spending decisions. The program has also improved the overall working environment in participating factories. After participating in the program, workers were more than four times more likely to say they felt they could meet their families' needs in the next two years, a change that can have a highly positive impact on workers' satisfaction with their employers. Employers also reported a decline in the number of workers asking for a salary advance or a salary increase. While this area certainly needs greater research, there is an indication that these improvements also lead to improved employee-management communications and relationships.

HERfinance has shown that not only can financial capability be improved through workplace-based programs, but the peer educator model also works well for sharing financial literacy topics and cost-effectively reaching large numbers of people with important messages. Only 17 percent of HERfinance survey respondents were peer educators in the program, yet 91 percent of respondents said they spoke to others about the HERfinance content, with the majority saying they conveyed the key messages to anywhere from six to 15 people. In order for the peer educator model to work, however, information must be localized and relevant, conveyed and reinforced through simple key messages, and disseminated through participatory trainings rather than lecture or classroom-style lessons.

The HERfinance approach is not without its challenges and shortcomings, of course. Workplace-based programs must be short and concise to respect the limited time factory management can provide for employees to come off production lines and attend trainings. High turnover can also diminish impact, as participants often leave their employer before completing an entire training curriculum. While these limitations require greater attention as the program evolves, HERfinance has managed to improve the lives of women and men that would otherwise have far more limited access to such critical information.

It is too early for us to assess the longer-term impact of the HERfinance pilot, but we believe the program will have a positive influence on women's empowerment and development in India. For example, an increase in access to and ownership of financial resources for women can improve their status at home and at work, elevate their influence over family decision-making, and positively affect their ability to support the health and education of their families. More research will be needed to understand the greater social and economic impacts of the program, although the pilot results provide us with a good starting point.

Similarly, the results from the pilot study provide solid evidence of the power of programs such as HERfinance to transform workplaces to better support women and worker well-being more broadly. As discussed throughout this report, women stand to gain disproportionately from investments in the workplace because they generally have less access to information and education than men. By working with human resource departments to implement workplace-based interventions, these departments and employee social services are better able to understand and meet the needs of women, and can better support their participation in the labor force.

Furthermore, as suppliers start to observe changes in employee loyalty, strengthened communication and leadership skills, and improved worker-management relationships, they will begin to see new potential in their workforce. Our hope is that this will translate into greater opportunities for career growth and development for women and men along global supply chains.

Finally, on the part of the multinational companies, investing in workplace programs sends a strong signal to suppliers that supporting worker well-being is a priority for thriving businesses. By partnering with suppliers on programs such as HERfinance, companies demonstrate their commitment to long-term business relationships and their invested interest in their suppliers' success. Companies can build on these partnerships with their suppliers to engage with them on issues beyond compliance.





Moving from Pilot to Scale

Looking to the future, BSR will further refine HERfinance to support expansion within India and to new countries such as Indonesia, Mexico, and Brazil. The following priorities will ensure HERfinance continues to positively impact more low-income women and men.



Expanding in India and beyond to reach large numbers of low-income workers

BSR works through its member companies to reach their suppliers, which are mostly small or medium-sized businesses that employ large numbers of low-income workers across the developing world. While this model is effective in reaching thousands of people with our programs, to achieve scale we will need to work through industry associations. We also welcome the participation of large domestic companies in the countries where HERfinance operates.



Introducing improved financial access along with financial education

India offers sufficient access to formal financial services among garment workers who participated in the pilot, although active use of those services was limited. Financial education played an important role in increasing awareness of the benefits of a bank account and comfort with formal banking. However, BSR plans to conduct more research into product use in India and in new HERfinance geographies where cash payroll may be more common. To support this, BSR announced a new partnership with Women's World Banking³⁴ in October 2014, which will enable us to provide both financial education and improved product access to HERfinance participants.



Advocating for greater focus on low-income salaried workers

Through the HERfinance pilot and in developing this research report, BSR concluded that very little information exists in the public domain about low-income salaried workers and their specific financial needs. BSR will work with our membership network to increase public discourse about this particular group of people, with an emphasis on the broader impacts of supporting greater financial access and control for low-income salaried women. Our work aims to acknowledge the tremendous potential of this group as employees and as clients for financial service providers.

10,000+
People reached



2012

HERfinance
launched in India

19,000+
People reached



2013

Expansion to Brazil
and Indonesia

25,000+
People reached



2014

Expansion to Mexico



Exploring technology solutions to increase efficiency

There is potential to leverage technology to improve HERfinance reach and impact. Our first step will be to enhance existing public resources, such as the HERproject Toolbuilder,³⁵ to enable grassroots organizations and employers themselves to implement HERfinance trainings. Given that more than 90 percent of workers who participated in HERfinance have access to a mobile phone, we will also explore mobile phone and tablet-based training tools to further enhance our NGO partners' ability to cost-effectively train participants, reinforce key messages, and monitor the dissemination of information throughout the workplace by peer educators. During the pilot, BSR used the Labor Link platform to share educational messages with workers between survey rounds to reinforce key messages from the modules. We sent nearly 15,000 messages by SMS over the course of the project, and worker engagement with the messages increased steadily over the course of the program, indicating that SMS-based education has great potential as the program expands.



Investing in research to understand the impact on employers

During the HERfinance pilot, BSR collected qualitative research and case studies that demonstrate how employers benefit from supporting workplace-based programs. A more robust study is needed to identify the outcomes for the employer, including more in-depth worker-satisfaction studies, and return-on-investment studies of workplace financial education programs. Such studies can support the sustainability and scale of these programs by convincing factory management to take ownership.

Appendix

Below is a subset of the questions we asked during the endline surveys conducted at each factory. We also asked the same questions—barring program-specific questions such as “Were you a peer educator in the HERfinance program?”—during the baseline assessment.

Sample Survey Questions

EMPLOYMENT

1. How long have you been working at this factory?
 - a. Less than a month
 - b. 1-6 months
 - c. 7-12 months
 - d. 13-24 months
 - e. More than 24 months
2. What is your current job position?
 - a. Cutter
 - b. Tailor
 - c. Finishing
 - d. Line supervisor (in any department)
 - e. Janitorial
 - f. Pantry
 - g. Other (please specify)

EDUCATION AND FAMILY

3. Age:
4. Gender:
5. How long have you been living here, in this area?
 - a. Less than 1 year
 - b. 1-3 years
 - c. 3-5 years
 - d. More than 5 years
6. Who do you stay with here, in this area?
 - a. Rent a room or an apartment alone
 - b. Rent a room or an apartment with others who I am not related to.
 - c. Live in quarters provided by the factory
 - d. Live with family members
 - e. Other (please specify):
7. Is the place you are living in:
 - a. Rented
 - b. Owned (by self or family member)
8. Are you married?
 - a. Yes, Married
 - b. No, Single (never married)
 - c. No, Divorced or widowed

9. If yes to #8, do you currently stay with your spouse?
 - a. Yes, I live with my spouse
 - b. No, My spouse lives elsewhere
10. If yes to #8, do you have children?
 - a. Yes, I have children
 - b. No, I do not have any children
11. Do you have a mobile phone?
 - a. Yes, I have my own phone
 - b. Yes, I share a phone with others
 - c. No, I do not own or share a phone
12. If yes to #11, what do you use it for?

	Yes	No
Phone calls		
SMS/texting		
Calculator		
Banking		
Health information		
Other		

WAGES & BEHAVIOR

13. How do you receive your pay?
 - a. Cash
 - b. Direct deposit
 - c. Geosansar
 - d. Other (specify):
14. How many people are able to withdraw from your salary account?
 - a. Only me
 - b. Myself and one other person
 - c. Myself and more than one other person
 - d. Only someone else, not me
15. Have you visited a branch of the bank that your salary comes through?
 - a. Yes
 - b. No
 - c. Don't know

16. Do you need help when using an ATM?
- Yes, I need help
 - No, I do not need help
17. How much do you earn per month?
- Below Rs. 5,000 per month
 - Rs. 5,000 - 6,500 per month
 - Rs. 6,501 - 8,000 per month
 - Above Rs. 8,001 per month
18. Who manages your salary every month?
- I decide what to do with all of it
 - I hand it over to someone else, and they decide how to use it
 - I take what I need, and give the rest to someone else to manage
19. Do you usually personally save some money each month?
- Yes, I save Rs. _____ per month
 - No, I do not save
20. If no, what is the main reason that you do not save?
21. What purpose(s) are you saving for?

Children's education
My education
For the future in general
Buying gold
Future medical bills for me or my family
Unknown emergencies
Buy land or home
Dowry (daughters' or own)
Old age/retirement
Move home to the village
Start a business
Personal expenses, i.e., clothes, cell phone, music player
Household items, i.e., TV other appliances
Other (specify):

22. For your most important goal, do you have a plan for how to achieve that goal?
- Yes, I have a plan
 - No, I don't have a plan for how to achieve this goal
23. Please tell me all of the places you personally save?

	Yes	No
My salary account		
Another bank account		
Fixed deposit		
Send money home for safe keeping		
Save at home in cash		
Chit fund		
Gold		
LIC		
Other (specify):		

24. Do you currently have keep track of your expenses and earnings?
- Yes
 - No
25. How comfortable are you that you will be able to meet your family's expected future expenses in the next 2 years?
- Comfortable
 - Somewhat comfortable
 - Not comfortable
26. How prepared do you feel to be able to handle an unexpected cost, like an emergency or family problem, in the next 2 years?
- Comfortable
 - Somewhat comfortable
 - Not comfortable

27. Who is involved in making decisions about spending money?
 - a. Spouse decides
 - b. Mother decides
 - c. Mother-in-law decides
 - d. Father decides
 - e. Father-in-law decides
 - f. Discussion with spouse, father, or other family member to determine how my wages will be spent in the family
 - g. Family needs (food, school, health expenses) prioritized
 - h. I decide myself

28. When thinking about money, could you describe what “interest” means?
 - a. Interest is a fee charged by a lender to a borrower for the use of borrowed money
 - b. Interest is money earned on savings in a bank, or in certain schemes
 - c. I have heard of this, but I don’t understand it
 - d. I don’t know

29. For your Provident Fund, for every Rs. 1,000 of salary, how much should be deducted?
 - a. 120 rupees
 - b. Don’t know

30. Have you received any financial education training in the past?
 - a. Yes
 - b. No

31. Were you a peer educator for the HERfinance program?

32. Did you receive any financial education training in this factory?

33. If yes to #32. What is one thing you remember most about the training?
 - a. How to create a budget
 - b. How to save money more effectively
 - c. How to talk about finances with your family
 - d. How to borrow money responsibly
 - e. How to use available products and services, like ATMs
 - f. Benefits of using formal financial products and services
 - g. Other? Please specify:

34. Are you saving a larger portion of your salary on a monthly basis after getting HERfinance training?
 - a. Yes
 - b. No

35. Have you started using any new financial products as a result of the HERfinance trainings?
 - a. Yes (if yes, which ones?)
 - b. No

36. Have you shared information you learned in the financial literacy training with others?
 - a. Yes
 - b. No

37. How many people have you shared this information with?

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HERproject is a global public-private partnership to empower low-income women workers along global supply chains. Launched in 2007 in four factories in China with support from the David & Lucile Packard Foundation, BSR created the program to address a need for women's health education partnerships in the manufacturing sector recognizing that civil society organizations were unable to reach women at work, and working women were unable to access critical health information and services in their communities. At the time of this report's publication, HERproject is operating in 14 countries with over 40 international companies, 300 factories and farms, and 20 civil society partners.

HERproject, or Health Enables Returns, was set up to improve the health of women workers and increase women's health awareness through health trainings that take place in the workplace using a peer-education methodology. In 2012 BSR expanded this model to address financial inclusion with HERfinance.



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