A photograph of a woman in a white sari with gold embroidery, standing next to a yellow auto-rickshaw. She is wearing a face mask and has a name tag. In the background, several other women are standing, some wearing face masks. The scene is outdoors with trees in the background.

HOW CAN FINANCIAL SERVICES SUPPORT PLATFORM WORK?

Insights from Five Emerging Markets

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EXECUTIVE SUMMARY

A DIVERSE SET OF INDIVIDUALS AND MICROENTERPRISES GENERATE their livelihoods through digital platforms, that are growing fast in emerging markets and developing economies (EMDEs). Mediated by digital platforms, *platform work* encompasses a wide range of economic activity, but is mainly split between *platform workers*, who are individuals selling their labor and services and *platform sellers*, that are enterprises selling goods. Many platform workers and individual platform sellers, who operate relatively low-cost microenterprises, belong to low or lower-middle income communities.

Drawn from CGAP's in-depth qualitative and quantitative research across five countries, this paper's insights focus on the potential for financial services to support platform workers and sellers in leveraging the opportunities and mitigating the risks emerging in platform work.

Platforms are changing the nature of work for low-income communities

To engage in platform work, workers and sellers must generally be digitally savvy, literate and possess smartphones and digital financial accounts. The growing mobile connectivity and account penetration in the largest cities within EMDEs has spurred many from the informal or semiformal economy to turn to platforms as a source of work. Most platform workers are male, and most have some college education. Women workers are a minority and prevailing gender norms often determine their place in the economy.

Platform workers and sellers are a *small*, but rapidly rising proportion of the labor force in most EMDEs, especially in markets like India, Indonesia, Mexico, and Colombia, among others. They often work on platforms while retaining other income sources. They join platform work because features such as real-time matching with demand portends better opportunities and access to larger customer base. Close to 75 percent of workers and sellers

surveyed say they earn more on platforms than they used to; and close to 70 percent say they earn above the minimum wage.

Alongside mainstream platforms, many workers also enroll with digital labor aggregators that supply labor to large platforms, businesses, and private customers. In addition to selling on e-commerce platforms, sellers conduct digital sales and marketing on social media and chat platforms like Instagram and

WhatsApp. Also, in addition to large e-commerce platforms, smaller, more local platforms are also emerging that systematize different aspects of sales for artisans and small sellers.

As digitization of informal or semiformal labor is taking place in various ways on platforms and through digital aggregators, it is becoming challenging to assess the size of the platform economy. With its growth slated to continue, platform work will continue to influence the future of low-income livelihoods.

Workers and sellers value many aspects of platform work but face challenges

A worker's skill set, access to capital, and gender strongly influence the type of platform work they can access. Type of platform work is, in turn, the single greatest determinant of the type of experience workers are likely to have in the platform economy, including the opportunities and challenges they are likely to encounter.

Platform workers and sellers value many aspects of platform work, especially its flexibility, clear definition of work, and timely payments. For women, the flexibility is especially helpful in balancing their home and work life. Compared to offline jobs, the defined nature of each job (or "gig") allows some women to improve their bargaining power vis-à-vis customers. By circumventing the social and professional networks that often distribute work, platforms also help women access opportunities in male-dominated sectors.

"We decide our timeslots when we want to work. We can take care of our family and other personal things. Time flexibility is most important. So we don't have to accept work at night. If you want to take a holiday, you can take it."

— U.P., beautician, female, 50 years old, Mumbai, India

However, platform work does come with significant challenges. Getting started and growing operations on a platform often requires a substantial investment in skills and equipment such as cars, tools, or other supplies. This can be a difficult barrier for low-income workers to overcome and may limit their entry and growth.

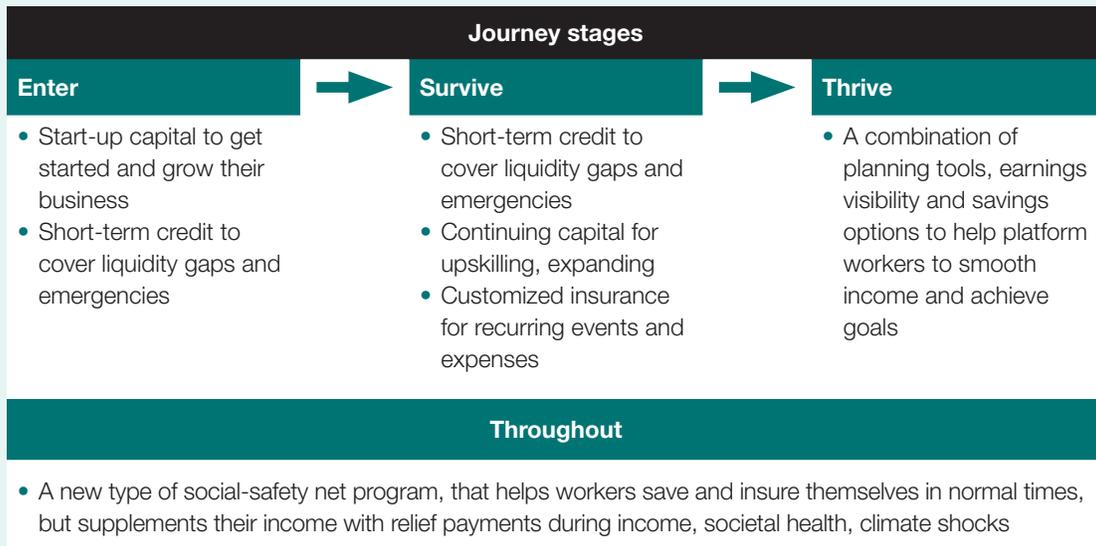
Approximately 60 percent of platform workers surveyed said it was easier to cover expenses and achieve financial goals since joining platform work — with little variation by sector or gender. But overtime, workers say unpredictable and volatile income is a key challenge and is especially pronounced in sectors with lower skills differentiation, such as ride-hailing services. A sudden rate decrease becomes even more of a challenge when workers carry vehicle loans or other debt.

Limited growth prospects are also a common challenge. Forty-five percent of workers believed they did not have access to the capital to improve their skills which would lead to higher pay.

Various types of platform work carry unique challenges. CGAP’s research focused on five types of platform work: ride hailing, delivery, personal and home services, e-lancing, and e-commerce. Delivery work has notoriously long hours and difficult working conditions. “E-lancers” (freelancers who work electronically with a global set of clients) often face incidents of fraud and challenges getting paid. Sellers sometimes struggle to fulfill customer requests or to manage the logistics and costs associated with platform work.

The COVID-19 pandemic has had varying effects on platform workers. Some were forced to halt their work. Early on, others found themselves on the front lines, delivering crucial groceries, food, and essential items while much of the population stayed inside during lockdowns.

Financial services needs at different stages of platform work



Source: CGAP synthesis of primary research

Financial services can help workers and sellers overcome common challenges and capture new opportunities, yet services that leverage platforms and their data are scarce and untested

Though digitally savvy, most platform workers and sellers are only partially financially included. Most have bank accounts, but few relied on formal credit or insurance, which they said are unavailable without formal employment, a registered company (specifically sellers), or collateral. As a result, they often pay into savings groups, take informal loans and access other informal savings mechanisms to support themselves in times of need.

Upon entry into the platform ecosystem, workers must invest in tools and skills while sellers need capital to launch their business. As workers and sellers establish themselves, they must cover liquidity gaps and emergencies between jobs and sales as they continue to expand their skills and the resultant opportunities. To thrive in the world of platform work, they need to smooth volatile income, build assets, and plan for the future. Lack of access to credit or investments is a significant constraint for growth in the platform economy. In fact, 52 percent of women and 40 percent of men surveyed said they did not have access to money for investments that could help them grow their income on platforms.

Throughout the various stages of platform work, they must manage risks such as illness, injury, or income interruption — many of which would be covered by the state or employers if they worked in traditional formal employment. Yet only 7 percent of male and 20 percent of female platform workers and sellers said they have insurance.

To make platform work more sustainable, governments and platforms could together consider new types of social safety net programs for independent workers, in light of the significant expansion of the digital economy.¹ These programs would help workers save, insure themselves during normal times, and supplement income with relief payments during shocks.

Financial services, designed with these needs in mind, can help workers and sellers capture opportunities and mitigate risks inherent in this work. While most platforms do not intend to convert independent workers into employees, the platform worker/seller relationship still holds the potential to enable improved financial offerings for them. Indeed, the direct relationship platforms have with workers, real-time data on worker earnings, and digital distribution channels are prompting early experiments in this area. But since these nascent services are only viable in markets with mature digital payments infrastructure, they are not yet widely available.

More experimentation is needed to demonstrate the business and strategic reasons platforms would choose to offer financial services; to prove the value of worker data trails; and to establish cases of successful partnerships between platforms and financial services providers (FSPs) that create value for platforms and their workers. The potential for financial services to reach and help platform workers in the future depends on the strength of partnerships, the trust workers place in platforms, and how seamless and valuable financial services prove to be when offered through the platform channel.

1 “Social safety net programs” here refers to assistance programs that provide low-income and vulnerable populations with different kinds of protections, such as social security payments, pensions, etc., which may or may not be based on contributions.

Looking Ahead

Introducing financial services within the platform ecosystem can potentially benefit workers and platforms, yet the platform ecosystem is in early stages of development. Success depends on:

Platforms that promote innovation around the right product features and delivery mechanisms

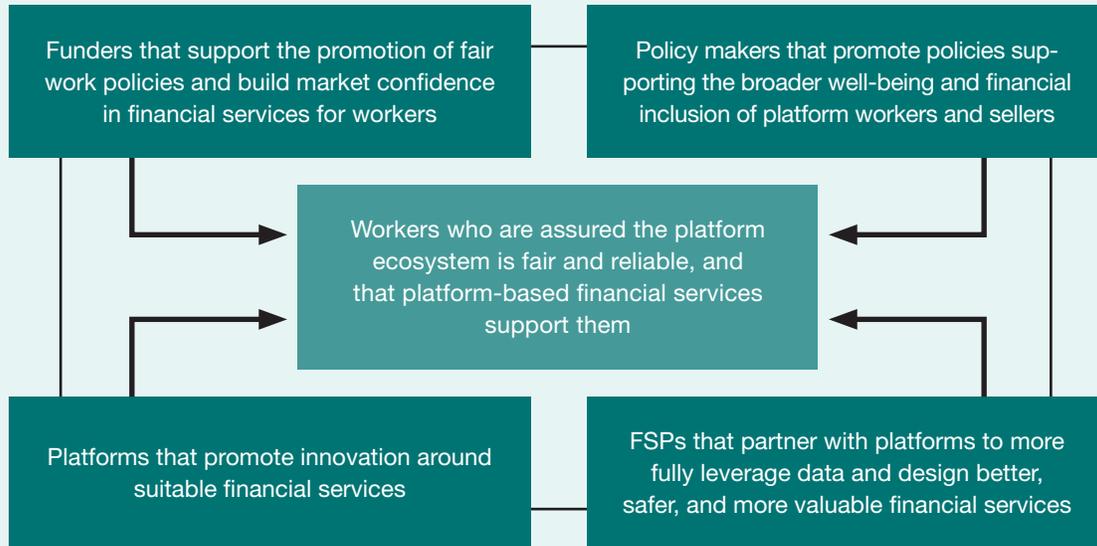
- Offering workers and sellers financial services represents a shift that can move platforms beyond simply acting as marketplaces of goods and services toward becoming ecosystems where they access and engage a range of services. To provide workers with the experience of being “users” or “customers” themselves, platforms would make structural and communicative changes to the way they look and feel.
- In their partnerships with FSPs, platforms must prioritize the right product features and delivery mechanisms for financial services to positively effect workers’ livelihoods and well-being.
- Together with FSPs, fintechs, and researchers, platforms must invest in greater experimentation around financial services that improve worker engagement, livelihoods, and well-being. Examples from CGAP’s research include:
 - Short-term credit that is responsibly tied to predicted earnings and covers periodic liquidity gaps
 - Loans beyond small credit advances for larger expenses in education and upskilling that are based on scoring of longitudinal work data
 - Insurance for big shocks that also incorporates upfront cash payouts for small health or equipment expenses
 - Automated savings tied to goals
 - Greater worker control over performance and work data

Platforms and FSPs that crack the code for successful partnerships

To enable the design and delivery of embedded financial services for platform workers, it is important to determine the nature of partnerships between platforms and FSPs. The following reinforcing aspects of partnerships require particular attention:

- **Fully leveraging platform data.** FSPs must analyze worker earnings data in some detail to make credit or insurance decisions, and platforms must allow FSPs to more fully, albeit responsibly, leverage this data to make their services more viable and accessible to workers.
- **Building better integrations.** Technological integrations between platforms and FSPs are crucial to increasing the effectiveness of financial services. Closer and deeper integrations that allows deducting automatic repayments and premiums, for instance, will be key to an FSP providing a more embedded user experience for workers.
- **Ascertaining viability.** Through continued experimentation, FSPs (particularly young fintechs innovating in the space) need to prove that leveraging platform data and platform rails leads to viable and safe provision of financial services. Other questions remain, including whether financial services must be tied to one platform or work across all. Impact investors and, to some extent, platforms themselves need to enable fintechs to conclusively answer these open questions in the future.

Catalyzing the platform ecosystem for better livelihoods and financial services



Policymakers that promote policies supporting the broader well-being and financial inclusion of platform workers and sellers

- Policymakers must work with platforms to ensure worker rights and well-being. Without worker trust that a platform's ecosystem is fair and reliable, there is unlikely to be trust and value in the financial services embedded within it.
- Alongside adequate data and consumer protection, policymakers must enable the creation of a mature digital payments infrastructure that allows financial services to be responsibly embedded within the platform ecosystem.

Funders that support the promotion of fair work policies and build market confidence in financial services for workers by sharing lessons that define the value of platform data and platforms as a delivery channel

- Funders can be key stakeholders in driving knowledge-sharing and action around the promotion of fair work and safety nets for platform workers and sellers. Their convening and influencing power can bring EMDE markets lessons on which policies work globally and expedite fair work conditions.
- Development finance can help fund experimentation and research on platform data trails that determines and defines value and builds market confidence. Lessons on what works need to be widely shared so financial and nonfinancial services can be expanded without the introduction of new worker or economic risks (see the following figure.)

Research Methodology

This paper is based on demand-side research with platform workers and sellers about their livelihoods and financial lives, combined with supply-side research on platform-based financial services; and a literature review of existing insights on the topic; and in-depth interviews with platforms, sector-support organizations, and FSPs.

The five markets covered in CGAP's demand-side research



Demand-side research with platform workers and sellers

CGAP commissioned Dalberg Design to conduct primary research with platform workers and sellers to better understand their work and the way financial services can support their livelihoods. Between January and June 2021, Dalberg captured different worker journeys by conducting 237 mobile-based surveys, 95 in-depth online interviews, 70 community interviews, and 59 WhatsApp conversations and photo and video exchanges.

The research had three objectives:

1. Document workers' and sellers' experience within the platform ecosystem
2. Understand workers' and sellers' platform livelihoods and financial lives
3. Uncover opportunities for financial services to improve workers' and sellers' livelihoods and well-being

Sample description of Dalberg's design research with platform workers

Sample characteristics of platform workers and sellers	HCD	Community-led	WhatsApp	Survey	Total	Total percentage
Women	38	28	29	95	190	41
Men	57	42	30	142	271	59
Ride hailing	28	18	16	109	171	37
Logistics and delivery	30	19	10	68	127	28
Personal and home services	21	14	14	29	78	17
E-lancing	16	7	4	36	63	14
E-commerce	10	12	15	63	100	22

Source: CGAP/Dalberg research on platform workers, 2021.

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Understanding the experiences of women platform workers was also a cross-cutting focus. In total, 40 percent of research participants were women; insights about female platform workers are highlighted throughout the paper. For a more detailed analysis, see the paper’s companion reading deck, “Women in the Platform Economy: Emerging insights.”

Research took place in five countries that were selected based on a literature review and desk research on locales where platform work has steadily grown (see Figure 3). Platform workers and sellers who participated in the study came from five sectors of platform work. CGAP chose work sectors that were most dominant in these markets and where workers were likely to be drawn from low- or lower-middle-income communities. The five sectors included:

- **Ride hailing.** Customized rides requested online (e.g., Uber, Ola, Grab, Gojek [now Goto]).
- **Delivery and logistics.** Transportation of goods from source to predefined destination, requested online (e.g., Uber Eats, Jumia, Amazon, Flipkart).
- **Personal and home services.** Services related to daily living, beauty, and care or home services such as installation, repair, and maintenance (e.g., GoClean, Urban Company).
- **E-lancing.** Freelance work contracted and carried out online (e.g., Upwork, Fiverr, Sejasa).
- **E-commerce.** Sale of goods online (e.g., Jumia, Amazon). (See Figure 4.)

Supply-side research

To complement our understanding of the livelihoods and financial lives of platform workers, CGAP commissioned BFA Global and Digital Futures Lab to assess financial services available to platform workers and how well these services met their needs.

Between March and August of 2021, through direct interviews and engagements with senior executives, BFA developed eight case studies of innovative partnerships between 8 fintech startups and 9 platforms to extend credit and insurance products to platform workers in India, Kenya and Uganda. Digital Futures Lab developed a detailed landscape of major financial services for workers in India through several rounds of in-depth, semi-structured interviews with 4 leading platforms and 5 of their financial service partners.

To supplement the assessment of these services, BFA Global also conducted direct research with close to 15-20 platform workers in India and Uganda each who were concurrently workers on platforms and customers of the FSPs. Digital Futures Lab also conducted direct research with 14 platform workers and 2 platform worker unions in India.

Literature review and interviews

To complement the supply-side assessment, CGAP conducted a literature review of publicly available insights and information on platform work, platform policy, and regulations in EMDEs and platform-based financial services. We also conducted 45 interviews with various platforms, experts in the platform ecosystem, and FSPs in the five markets included in the demand-side research: India, Indonesia, Kenya, Nigeria, and South Africa. The interviews contextualized demand- and supply-side learning and understanding of market readiness to serve platform workers and sellers.



SECTION I

THE PLATFORM ECOSYSTEM

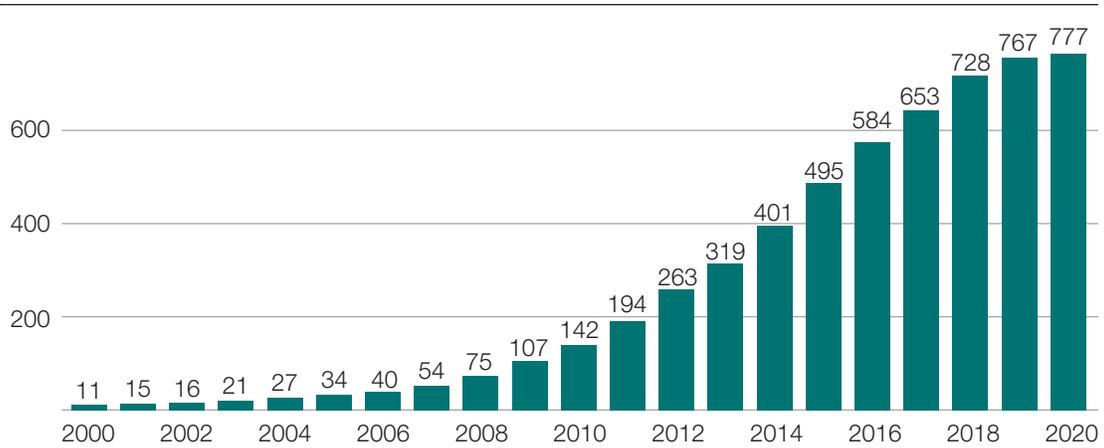
Many low-income workers and sellers in informal and semiformal sectors of emerging markets are incorporating platform work into their livelihood strategies — often as one of several income sources. These workers tend to be digitally savvy and literate. They are largely male and often have some college education. Prevailing norms determine the place of women in the platform economy.

The size of the platform economy is hard to assess. Many livelihood types in the informal or semiformal economy are becoming partially or wholly digitized due to the growing size and number of platforms in EMDEs and the digitization of peripheral sectors. This shift has powerful implications for the future of low-income livelihoods.

Platforms are on the rise globally

Digital platforms are technology-enabled business models that create value by facilitating exchange between two or more participant groups. Platforms do not make or own goods or services; rather, they host markets that allow people with goods and services and those who want them to find and interact with each other.

HOW CAN FINANCIAL SERVICES SUPPORT PLATFORM WORK?

FIGURE 1. Active platforms globally, selected categories, 1999–2020

Source: Modified from ILO 2021.

Platforms are growing fast in terms of number and size. The International Labour Organization (ILO) estimates that 777 active platforms operated globally as of January 2021 (See Figure 1). Major platform types include those in the delivery sector (at 383, the most common type), followed by the e-lancing sector (283), where work is largely conducted online, and the ride-hailing sector (106). Some hybrid platforms or “super apps” provide multiple services (e.g., taxi, delivery, and e-commerce) all in one app (ILO 2021).

Outside of developed markets, platforms have scaled in the fastest-growing emerging markets that contain large cities, where rising middle-class consumption demands are matched by an aspirational class of workers who provide those wide-ranging services.

i2i, a global research facility, reported there were 277 platforms across seven key markets in Africa. It also reported that the number of active platforms grew by 37 percent between 2018 and 2019 (Hunter et al. 2019). The more economically advanced economies in Asia and Latin America and the Caribbean (LAC) that contain densely populated cities saw even stronger growth.

Similar trends have been playing out across Asia. In Indonesia, e-commerce and ride hailing (including food delivery) were the fastest-growing sectors, annually contributing \$21 billion to the country’s economy (Silviana 2019; Ecommerce Germany 2018). India has seen massive growth and diversification across delivery, e-commerce, and local ride-hailing platforms, plus platforms emerging in a wider variety of sectors including personal and home (Augustinraj et al. 2021).

The number of platform workers and sellers is growing but is difficult to pinpoint

The majority of platform workers are not formally employed by those entities; rather, they exist outside the traditional employee-employer relationship. The total number of platform workers is difficult to estimate because most platforms do not disclose that information. Most estimates focus on workers deriving a primary income, whereas recent research suggests a significant group of workers may be earning secondary income on platforms. It follows that double counting is unavoidable since workers often pick up gigs on two or more platforms.

The World Economic Forum estimated tens of millions of workers registered on location-based platforms and 70 million registered on remote work platforms (WEF 2020). Boston Consulting Group's (BCG) cross-country survey reported that the proportion of workers earning their primary income from platforms may be close to 5 percent in Brazil, 8 percent in India, and up to 12 percent in China. Meanwhile, the proportion of workers earning a secondary income from platforms was remarkably higher (Augustinraj et al. 2021). i2i estimated that 1 to 3 percent of adults in eight major African countries (4.8 million platform workers) have participated in platform work; BCG estimated 8 million platform workers in India (Hunter et al. 2019).

Across all estimates surveyed, it is safe to assume that at least 2 to 5 percent of workers in emerging markets could be platform workers. A large proportion of these workers are in ride-hailing and delivery services and come from low- to lower-middle-income communities. Peripheral to work on major platforms, many in the informal labor economy (e.g., drivers, caregivers, cleaners, construction workers, security personnel) are also enrolled with digital labor aggregators that supply labor to large platforms, businesses, and private customers.

It is even more difficult to estimate the number of online sellers. In addition to joining e-commerce platforms, many sellers also conduct digital sales and marketing on social media and chat platforms like Instagram and WhatsApp. Some others, especially artisans may sell on smaller, more local, platforms specializing in certain types of products, like handicrafts, where each sale is not tied to a seller, but goods from many sellers may be aggregated and sold.

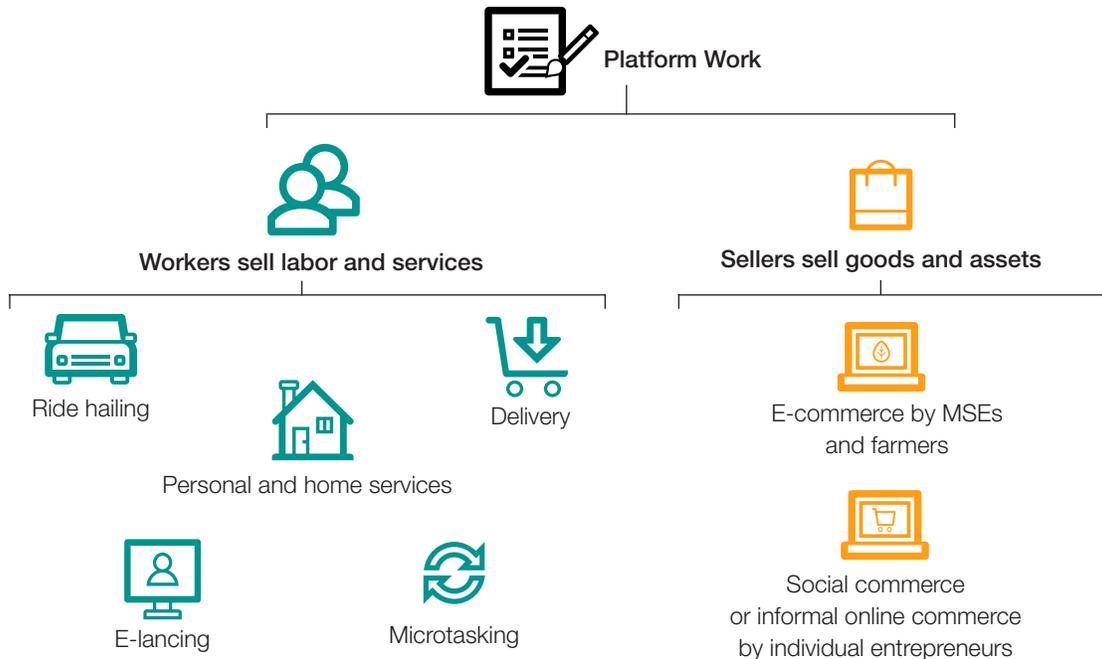
It is therefore hard to assess how many workers and sellers are seeing their livelihoods become digitized due to the lack of data from platforms; the emergence of digital labor aggregators and suppliers that connect workers and sellers to platforms, businesses, and private customers; and the formal and informal online sales made through social media and app platforms. As platform growth and the growth of peripheral sectors is expected to continue, its scale will impact the livelihoods and nature of work for low- and lower-middle-income communities.

Platform workers and sellers offer a wide array of goods and services

Platform work spans a wide range of activities that are mediated by digital platforms. By design, the architecture of these platforms often leads to a blurring of definitions between freelancers, entrepreneurs, and laborers (Donner et al. 2020; WEF 2020).

However, those earning a living on platforms can be roughly divided into two groups: platform workers — typically individuals who sell their labor and services, and platform sellers — those who deal in goods and services (see Figure 2).



FIGURE 2. **Types of platform work^a**

a. Some platform livelihoods, such as gaming and asset-sharing, have not been included as they are generally not relevant to work conducted by low-income communities.

Platform workers are individuals offering services and labor through location-based ride-hailing, delivery, and personal and home services platforms. Some highly skilled platform workers may offer their e-lancing and microtasking services globally (see Figure 3).

E-commerce vs. informal online commerce: What's the difference?

E-commerce sellers use digital platforms that facilitate the entire selling process, from matching supply and demand to determining payment and fulfillment mechanisms.

Informal online commerce (IOC) is a parallel type of online commerce where goods are bought and sold via social media platforms (e.g., Instagram, WhatsApp, Facebook) rather than e-commerce platforms.

These two types of commerce are far from mutually exclusive, with many platform sellers also using IOC channels.

Platform sellers purvey their goods both domestically and internationally. Since the focus of this paper is on lower-income individuals, we honed in on individual sellers who tend to have smaller businesses. Coupled with growing smartphone penetration, the platform economy offers small sellers an unprecedented opportunity to quickly reach and expand their customer base at relatively low cost.

Skill sets, capital, and gender norms determine platform worker profiles

Most platform workers tend to be young and male with some college education.² However, worker profiles vary tremendously by sector

² The charts in this paper present data from structured interviews (surveys) conducted as part of this research, with 237 platform workers in the 5 markets studied.

FIGURE 3. **Location-based vs. remote platform work****Location-based work**

Ride hailing. Provide transportation services, often with an owned or rented car or motorcycle, based on trip requests made via platforms.



Delivery. Deliver physical goods, such as food or groceries, based on orders made via digital platforms.



Personal and home services. Undertake repair and maintenance services within the home environment (e.g., plumbers, gardeners, cleaners, carpenters, painters, electricians) or offer cosmetology and other personal grooming services (e.g., barbering, hairdressing, massage therapy, facial treatments, etc.) based on bookings made via platforms.

Largely digital work, independent of location

E-lancing and microtasking. Workers offer professional services on digital platforms to secure a greater volume of assignments, market themselves, and vet potential clients. Includes web designers and developers, graphic designers, and business consultants. Microtasking workers complete small, simple tasks that require human judgment and usually can be completed independently via the internet. Examples include identifying road signs in photos for a project on improving self-driving cars and completing surveys to inform a broader market research effort.



and sector entry itself is heavily dependent on skills, access to capital, and gender norms. In ride-hailing, for example, males dominate while women are estimated to make up 1 to 5 percent of drivers, depending on the market. On the other hand, women dominate beauty and domestic cleaning. E-commerce and e-lancing are split between both genders but dominated by those with higher levels of education (see Figure 4). Access to capital allows workers to upgrade skills, own and upgrade their vehicles and equipment, which substantially influences their choice of work and eventual earnings.

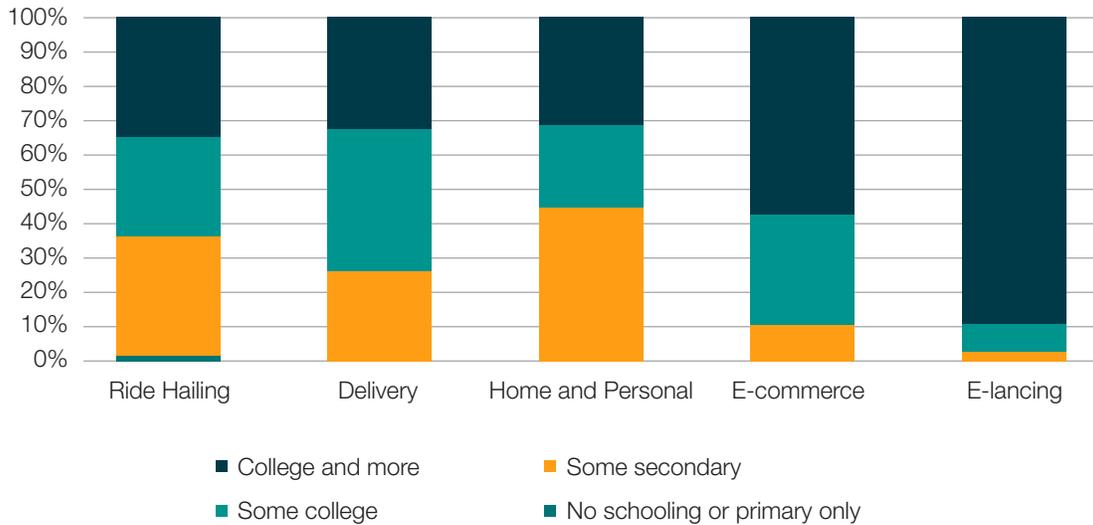
The average platform worker must be digitally equipped and adept. Most platform work requires a smartphone and worker ability use it to access work and get matched to customers.

In some countries, ride hailing, delivery, and home services platforms are an important source of work for migrants. We found this particularly to be the case in South Africa. Although not a focus of our research, it was also true according to reports on Colombia, Mexico, and other markets in Latin America (Connell 2020; Bandeira 2019; van Doorn 2021).

Dynamics are similar in major platform sectors across countries but country context determines the type of platform work available

The size and structure of the platform economy varies by country. In some markets, international or regional platforms (e.g., Uber, Jumia) dominate. In others (e.g., India), locally-established platforms such as Zomato, Ola, Flipkart, and Urban Company have made significant inroads. Markets like Indonesia are largely owned by home-grown super apps

FIGURE 4. Platform worker and seller education levels (N=237)



Source: CGAP/Dalberg research on platform workers, 2021.

(e.g., Grab, Gojek). Peripheral to the major platforms, many digital labor aggregators that supply labor to large platforms, businesses, and private customers have emerged.

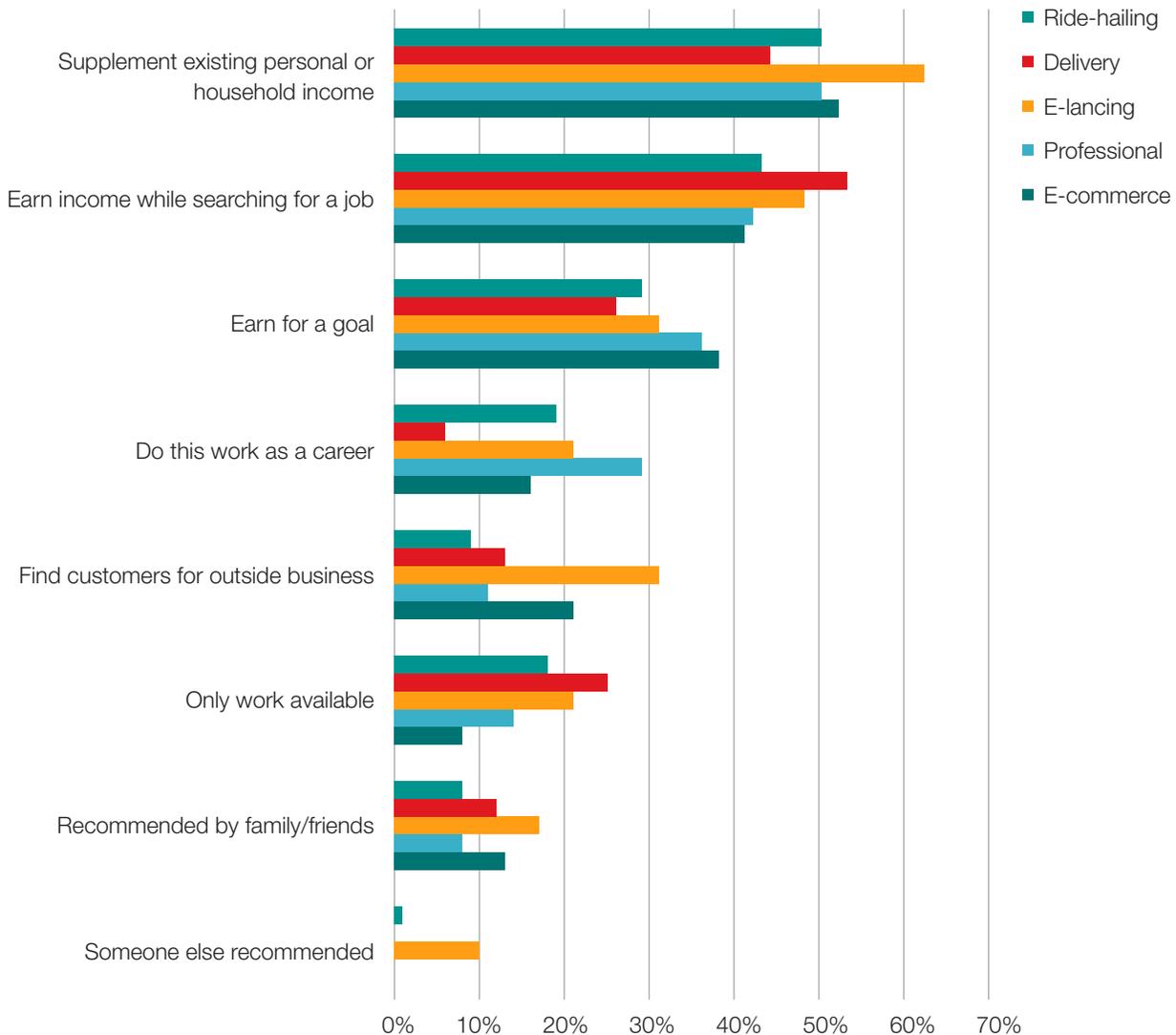
While the availability of platform work opportunities varies by country, talking with workers across markets revealed similarities in the rules and operations governing major sectors. This gave rise to numerous similarities in the typical worker profile in each sector across countries, which was reflected in our research.

Platform workers and sellers engage in platform work as part of their broader livelihood strategy for different reasons and to varying extents

Platform work is one of several livelihood strategies deployed by workers and sellers across sectors. According to our research, most performed platform work while looking for other ways to earn or supplement existing income. Delivery workers were the least likely to consider their work a career, while professional workers who e-lance or microtask were the most likely to perform platform work as a career (see Figure 5).

Just as worker motivation to engage with platforms is diverse, so, too, is the extent to which individuals engage in platform work:

- **Full-time vs. part-time.** Platform work is a full-time job for some, particularly drivers and delivery workers. For others, especially in home and personal services and e-commerce, it is a part-time endeavor to balance with other jobs, businesses, educational programs, or home responsibilities. As in the offline world, more women work part time on platforms relative to men, and men are more likely to work over 10 hours a day. However, a similar proportion of both women and men (approximately 30 percent) put in “full-time” days on platforms.
- **Short-term vs. long-term.** Some workers take on platform work (e.g., deliveries) for short stints. Others consider platform work a longer-term opportunity. Short-term workers may

FIGURE 5. **Reasons for doing platform work** (N=237)

Source: CGAP/Dalberg research on platform workers, 2021.

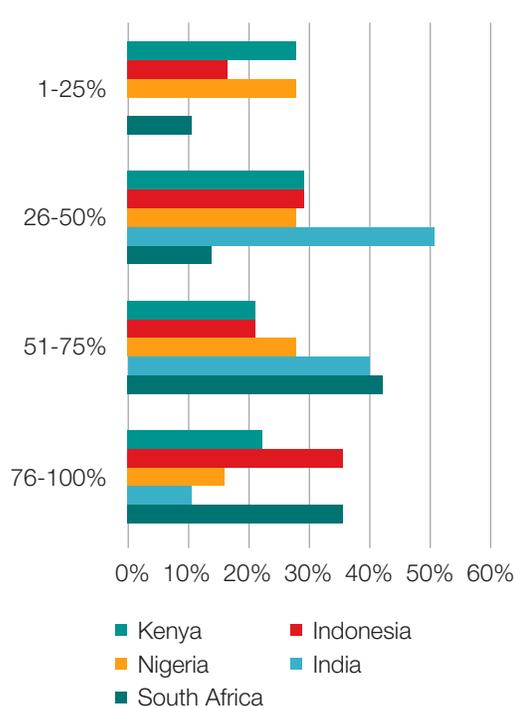
take platform work because other work is unavailable — a scenario especially found to be the case during COVID-19. They may also balance it with educational pursuits.

- **One platform vs. many.** Some workers focus on one platform while others divide platform work across multiple platforms. Drivers often toggle between several popular platforms to benefit from rising demand and surge pricing in their area.

Understanding people's earnings from platform work is not easy, but 54 percent platform workers and sellers contribute a major share of their household's overall income. On average, women's income represents a somewhat smaller share of household income than men's. However, a similar proportion of women and men (approximately 25 percent) reported that their platform income represents 100 percent of household income (see Figure 6).

Estimating earnings for individual workers is also complex. Most members of the surveyed group working in personal and home or professional services earned well above minimum

FIGURE 6. **Percent of household income from platform work, by country**
(N=237)



Source: CGAP/Dalberg research on platform workers, 2021.

wage. Riders and delivery agents were more varied in their responses: 40 percent earned below minimum wage while 40 percent earned close to 151 percent of minimum wage and beyond.

These numbers and other publicly available estimates may be unreliable for several reasons. Platforms do not release data on worker earnings and between discounts, schemes, and changing rules, frequently alter how much workers earn per job. In lower-skilled sectors like driving and delivery, wages are often initially higher than the offline wages to attract workers from the offline world. However, as platforms scale, earnings drop. While more skilled professional services workers experience fewer fluctuations, desk research suggests that even in areas like personal and home services, worker earnings drop as platforms seek additional growth amid tough competition (Mehrotra 2022).

However, approximately 60 percent of platform workers in our survey said it was

Prevailing norms determine the position of women in the platform ecosystem

Due to prevailing gender norms, women platform workers tend to remain concentrated in the home cleaning and beauty services and small-time e-commerce sectors but are rarely found in ride-hailing and delivery services. Like men, women with higher levels of educational attainment and specialized skills find better paying opportunities in e-lancing.

Transgressing gender norms carries severe risk for women (e.g., social stigma, gender-based violence), both within their household and in the broader community. Married women appear to have more difficulty working in male-dominated

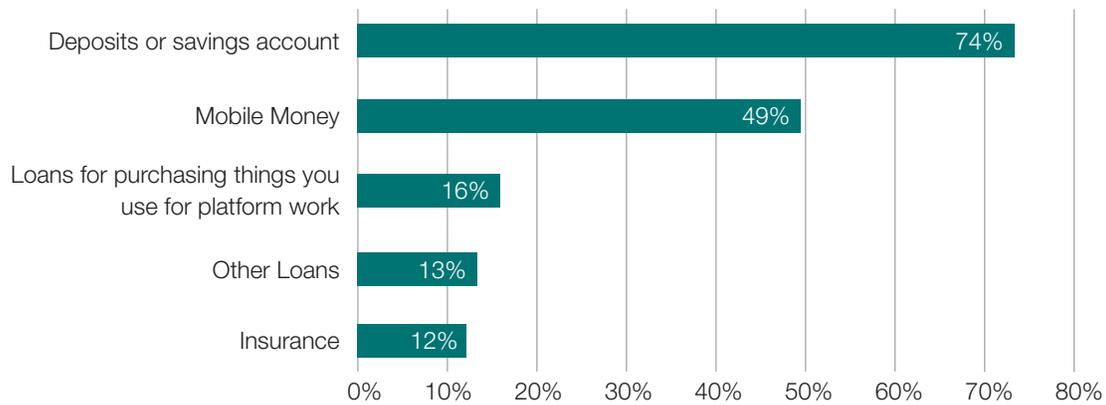
sectors where women in general may be subject to negative stereotypes.

“I did the massage training [on Gojek] but when my husband found out what I do, he was uncomfortable with the idea of me massaging other men. I am more uncomfortable if I have to disagree with my husband.”

— R.M., house cleaner, Indonesia

“They look at us and think we are cheap and loose women.”

— A.A., delivery and logistics driver, Kenya

FIGURE 7. **Financial services use by platform workers** (N=237)

Source: CGAP/Dalberg research on platform workers, 2021.

easier to cover expenses and achieve financial goals since joining platform work — with little variation by sector or gender.

Platform workers and sellers often lack access to financial services beyond basic accounts, constraining growth opportunities and resilience to shocks

While most platform workers and sellers have basic account access (see Figure 7), they are underserved by formal finance.

Most survey respondents said the formal financial system does not offer credit or insurance without formal employment, a registered company (for sellers), or collateral. As a result, workers often pay into savings groups and other informal savings mechanisms to support themselves in times of need: to pay medical bills, repair assets, or temporarily provide for their family while on short-term disability or in the case of death.

Stark differences exist between men and women. Among those surveyed, women were more likely to have insurance. Men were more likely to have accessed loans for productive and nonproductive use. Drivers were more likely than any other worker category to have taken loans for productive and nonproductive use (see Figure 9).

FIGURE 8. **Financial services use by gender** (N=237)

	Male	Female
Deposit or savings account	68%	82%
Loans for purchasing things used to do platform work (e.g., cars, motorcycles, inventory, etc.)	21%	8%
Other credit or loans	13%	14%
Mobile money	47%	52%
Insurance	7%	20%

Source: CGAP/Dalberg research on platform workers, 2021.

FIGURE 9. **Financial services use by gender** (N=237)

	Ride-hailing	Delivery/ logistics	Personal/ home	E-lancing	E-commerce
Deposit or savings account	61%	66%	86%	89%	76%
Loans for purchasing things used to do platform work (e.g., cars, motorcycles, inventory, etc.)	21%	12%	31%	8%	13%
Other credit or loans	19%	15%	10%	11%	14%
Mobile money	56%	63%	52%	44%	44%
Insurance	8%	9%	28%	8%	8%

Source: CGAP/Dalberg research on platform workers, 2021.



SECTION 2

THE PLATFORM WORKER AND SELLER EXPERIENCE

Platform workers often learn about platform work through their personal connections. Getting started and growing is more capital intensive in some sectors than in others. Workers tend to value the flexibility, transparency, and structure of platform work, especially compared to the informal sector. Women in particular reported having more opportunities and earning more on platforms than they did offline, and they value the flexibility. However, platform workers cited as top challenges low, volatile incomes and limited growth opportunities in many sectors. Workers' experiences significantly vary, depending on sector. Gender also influences the sector where a person works.

Personal connections and support groups help workers get started and grow on platforms

Most platform workers and sellers find out about platform work through people they know. According to both workers and sellers, platform work can be easy to begin. However, the fact that they perform platform work suggests they were able to acquire basic equipment like the smartphone or vehicle needed to do the job — perhaps unlike others. Connections to other workers, capital, and additional forms of market access (e.g., car rentals, training) smooth entry as well.

As workers become more entrenched, they continue to rely on worker support groups to navigate a complex mesh of frequently changing rules, features, and details. For example, drivers form work-based groups to fill the gaps in information and support that platforms do not address. These in-person and social media groups offer a spectrum of services, including new policy fact-checking, assistance in case of accidents, and financial advice.

Third-party agencies and labor aggregators are a common starting point for many platform workers, particularly as observed in India. These organizations help workers to easily assimilate since they reduce the cost of entry by providing necessary assets, offering robust worker support, and in the case of some personal and home services agencies, eliminating the need for workers to interface with complicated apps.

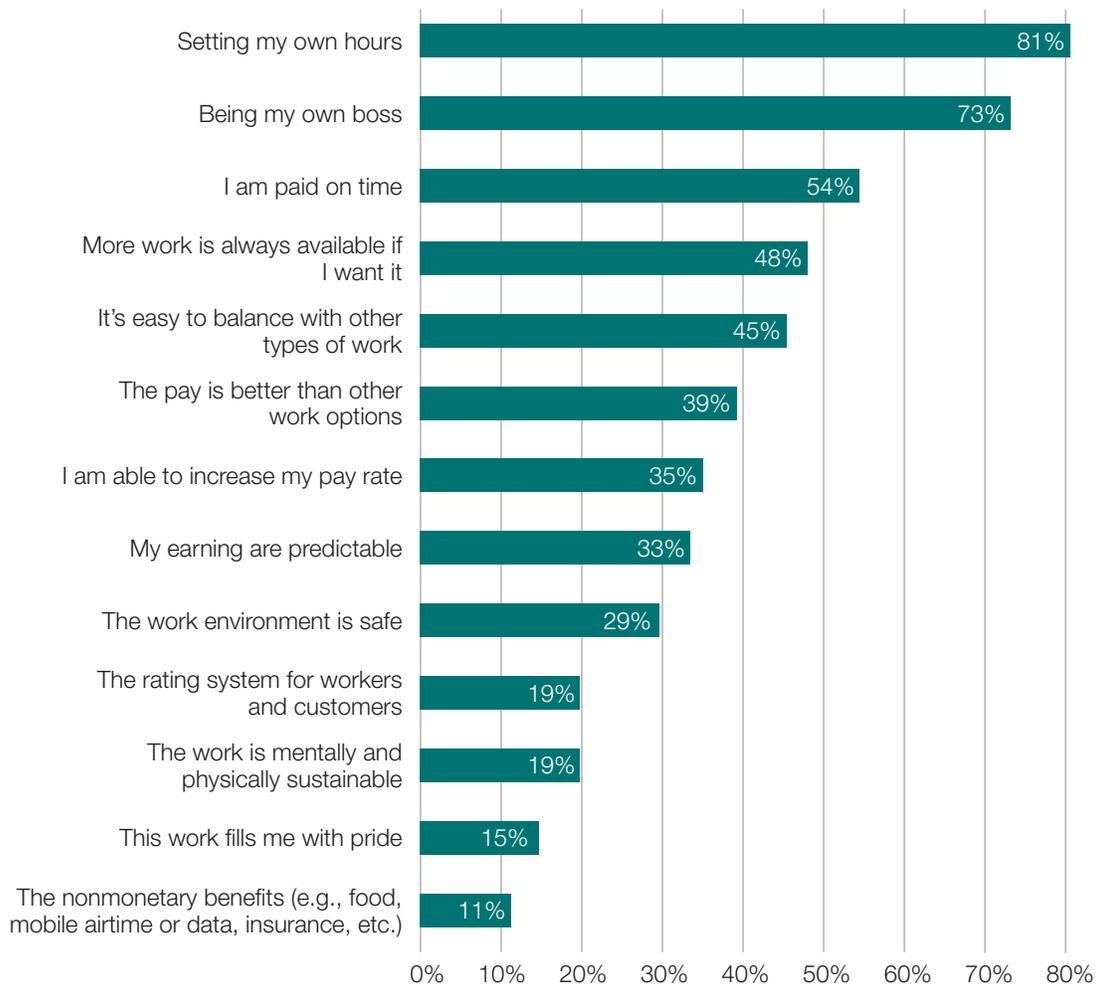
Workers value the flexibility, transparency, and structured work that platforms offer

When describing the advantages of platform work, most workers and sellers referenced the following:

- **Flexibility.** Flexibility over hours and work location provides greater autonomy. For women, flexibility creates opportunities to earn at their own pace as they balance other responsibilities.
- **Transparent and timely payments.** Although the amount earned often changes, workers said payments were made regularly (e.g., monthly, biweekly, weekly).
- **Structured work.** Platforms define and structure gigs, which helps workers navigate customer expectations and terms of work — especially in societies with more pronounced socioeconomic hierarchies. For instance, workers in the platform ecosystem generally do not perform overtime without pay, and the price the platform sets is what the customer pays for a job. Of course, platforms do not completely circumvent the unfair conditions low-income workers face, and reports of discrimination continue in areas from delivery work to e-lancing.
- **Opportunities for growth.** In higher skilled platform work such as personal services or e-lancing, opportunities for career progression often exist if workers can access higher skills. Customer ratings and reviews facilitate this progression. (See Figure 10.)

Top challenges include inadequate and volatile incomes and limited growth prospects in capital-intensive sectors

Close to 75 percent of surveyed workers said they earned more than they used to in other forms of work. But over time, it is also true that sectors like ride hailing and delivery have

FIGURE 10. **Aspects of platform work that workers value** (N=237)

Source: CGAP/Dalberg research on platform workers, 2021.

seen declining worker incomes due to platforms increased competition for market share. Unpredictable, and increasingly inadequate, incomes are key challenges for many platform workers, particularly those in sectors with lower skills differentiation.

When pay rates decline, workers have little recourse but to work longer hours. In CGAP's survey, in fact, 48 percent of workers believed there was no way to increase platform income other than to work longer hours. Across the world and increasingly in emerging markets, policy initiatives focus on minimum wage regulations for platforms (ILO 2021).

Limited growth prospects are also a common challenge. In CGAP's survey, 45 percent of workers believed they did not have access to the capital to improve their skills which would lead to higher pay. In sectors where workers can upskill at a low personal cost (e.g., training via YouTube), some upward mobility may be possible. However, if differentiating their services involved making capital investments, most workers felt stymied and unable to grow (see Figure 12).

Women reported more opportunities, better pay, and greater flexibility than in offline work

Across sectors, women platform workers in our sample reported that platforms created more work opportunities for them. Like men, they earn more on platforms than offline.

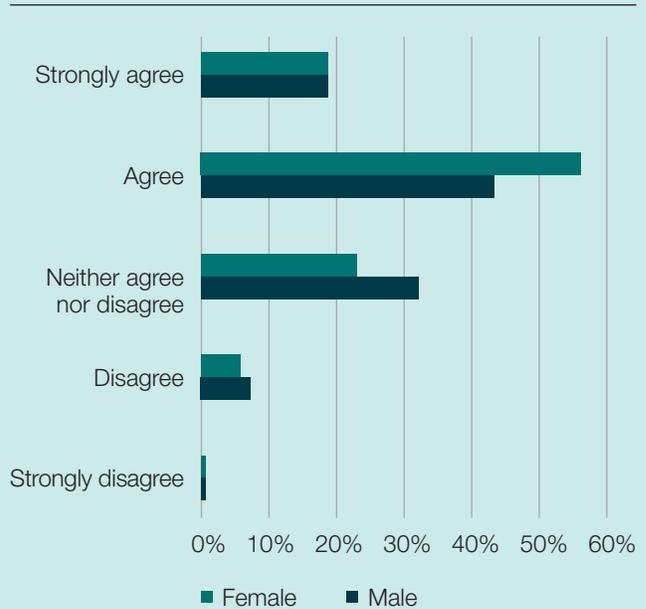
By connecting women to new markets online, platforms can ease the obstacles posed by gendered mobility constraints. Some platforms offer women proof of employment to show their families, without which many would not be allowed to leave their homes for work. Platforms can also circumvent the social and professional networks that typically distribute work opportunities, which women often have limited access to in male-dominated sectors.

Many women use the flexibility in working hours that platforms offer to balance home and work. As a beautician in Mumbai told us: “We decide our timeslots when we want to work. We can take care of our family and other personal things. Time flexibility is most important. So we don’t have to accept work at night, if you want to take a vacation, you can take it.”

Many women in our sample also mentioned challenges in offline work, such as having to negotiate every job and frequent underpayments.

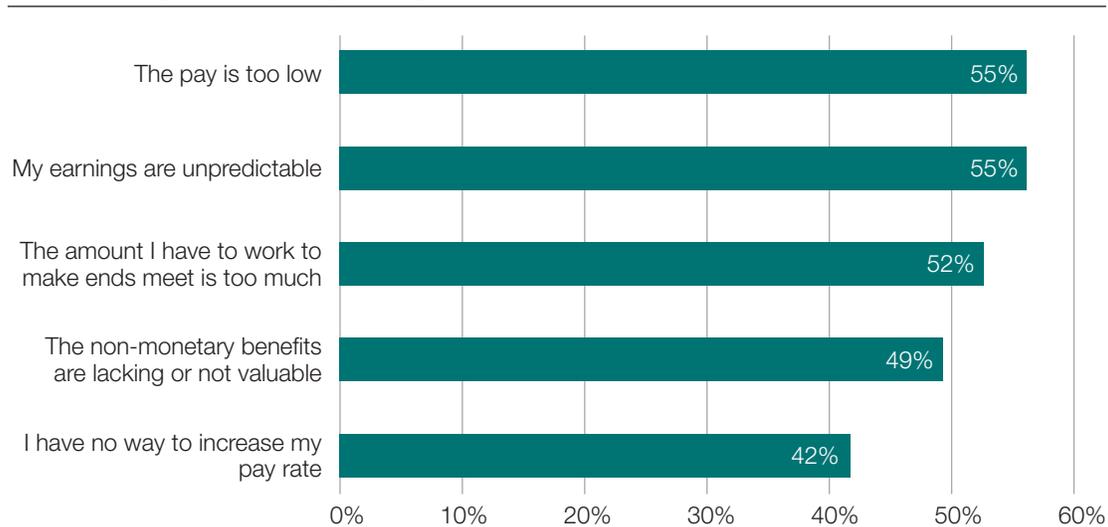
The defined nature of platform work (e.g., one hour for cleaning or to do two pedicures) and its associated pay allows women to command better treatment and more equitable wages.

FIGURE 11. Perception of work opportunities, by gender



Source: CGAP/Dalberg research on platform workers, 2021.

FIGURE 12. Top five challenges of platform work (N=237)



CGAP/Dalberg research on platform workers, 2021.

COVID-19 underscores platform worker vulnerabilities

The COVID-19 pandemic has had a mixed effect on platform workers. While delivery of goods and services (e.g., online purchases, groceries, logistics) has surged, other activities (e.g., ride hailing, home services) has significantly decreased, resulting in a loss of income for many workers.

Subsequent waves of lockdowns have made it difficult for workers to adapt to the stop-start nature of work and to plan their livelihoods. Women have been particularly affected by drops in demand (e.g., domestic work, beauty services) and additional childcare needs. Work that increased (e.g., deliveries) has also seen an influx of new workers, many of

whom lost stable, better-paying jobs or businesses due to the pandemic.

Without labor protections, platform workers are vulnerable to shocks like COVID-19. Most platforms did offer some relief and schemes to protect workers from the financial, social, and physical effects of the pandemic (Fairwork 2020). However, platforms dealing with higher skilled, smaller cohorts of workers (e.g., beauticians) were able to offer more support. While well-established platforms were better able to protect their workers, many small local platforms did not survive and permanently shut operations.

Sellers experience additional pain points related to customer returns handling. Platform commissions and fees are also volatile, changing with supply and demand and making it difficult for sellers to plan.

Worker experience differs significantly across sectors

Type of platform work, determined by workers skill, access to capital and gender, is the single greatest determinant of the type of experience a worker is likely to have in the platform economy, including the opportunities and challenges they are likely to encounter. CGAP's research focused on five types of platform work: ride hailing, delivery, personal and home services, e-lancing, and e-commerce. Worker experience in these key sectors is summarized below.

1. Ride Hailing

GETTING STARTED

Starting out as a ride-hailing driver can be costly. To join ride-hailing platforms, a driver must make a large upfront investment and purchase their own vehicle. Most drivers end up financing a car and repaying their loans in installments. Since installments are fixed while earnings may vary, workers are vulnerable. Many instead choose to rent a vehicle. In that situation, either the asset owner (often acting as a fleet owner) provides workers with a fixed salary, regardless of the number of trips they make (as observed in India), or drivers pay a fixed monthly rental fee and take home any leftover income (as observed in Kenya and Indonesia). The income these drivers take home is often just enough for daily subsistence and leaves little room for savings and future planning.

WORK LIFE

Support groups and unionization. The ride-hailing sector is large enough in many markets that substantial numbers of driver groups have developed. These groups help drivers navigate new rules and raise a collective voice in disagreements with platforms. Some groups have become so large that they hold the political weight of a union and can command worker strikes.

Opportunities to grow fleets. In many markets where we conducted research (especially India), drivers were not vehicle owners. A businessperson or professional often owned a fleet of vehicles and hired drivers to take on ride-hailing gigs using these cars. In cases where individual drivers owned their own cars, some with well-established savings and large, diversified financial support networks aspired to build fleets themselves.

Challenges as platforms scale. As previously mentioned, competition between platforms often reduces costs for the customer but drastically limits worker earnings over time.

Drivers often work long hours to make up for lost income. To maximize their earnings, 31 percent of the ride-hailing workers we spoke to worked the full 10- or 12-hour shifts many platforms allow. As one driver in Kenya told us: “I’ll do overtime and sleep in the car, and I wake in the morning and keep working. Particularly the weekend [when] people are partying. I have to take advantage of that because other drivers are sleeping and there’s unlimited passengers.”

FINANCIAL LIFE

Loan paybacks. Most drivers who borrow money for vehicles do so through informal lenders. Their income may fluctuate but loan repayments do not. Declining incomes can lead to increased stress and unsustainable levels of debt.

Fuel and maintenance costs. Drivers need cash in hand to cover car maintenance, gas, and daily overhead like tolls. Under pressure to pay for vehicle-related expenses and to save on fuel costs, many drivers resort to long hours and sometimes sleep in their car instead of driving home at the end of the day. In fact, 67 percent of ride-hailing drivers who participated in CGAP’s survey ranked travel-related costs (fuel, tickets, tools, etc.) as their biggest platform work-related expenses, followed by 28 percent who ranked asset purchase and maintenance costs first.

Laxmi Jadhav, ride-hailing driver, Mumbai, India



By all definitions, Laxmi is a pioneer. She is the first female rickshaw driver in her area and has fought hard to get a rickshaw driving license and to register on Ola, the Indian ride-hailing platform. She supports her family through her work and even became the primary earner when her husband went through a rough phase.

Since she’s established herself, Laxmi has also helped other women enter the world of platform work and is seen as a mentor in the community. Her ambitions soar high, and a large part of her self-confidence comes from having beaten the odds and proven herself to those who doubted her ability to succeed. Like many drivers, Laxmi went through a tough time during COVID-19 lockdowns. With everyone staying at home, her earnings suffered and some days she struggled to put food on the table. Her ambition remains, though. Next, she wants to get a local bus driver’s license — a job that promises more stability. However, she still plans to supplement her income by driving for Ola.

Bayo Omisakin, driver, Lagos, Nigeria



Bayo Omisakin is a 42-year-old driver for several ride-hailing platforms. His livelihood strategy is similar to other platform workers in Nigeria: besides driving, he provides services such as accounting and plumbing. He also supports his wife by driving her to her teaching jobs and grocery delivery business. Like other drivers, Bayo saw tough times during the pandemic and his income from driving has taken a plunge overall. He's

trying to extract greater income by renting his car out to another driver while he does other jobs. However, if driving income continues to fall, he may leave platform work since it's not providing what he needs.

Income tracking. Drivers who simultaneously work on multiple platforms find it challenging to keep track of all their earnings. Without clear oversight of real or expected income, it is difficult to plan for future goals. Some workers felt that platforms make it difficult to holistically track their earnings to prevent them from having clarity on declining income.

Proof of income and access to credit. Although ride hailing is the most mature of all platform verticals, even seasoned workers who believe they have a stable, long-term record of platform work cannot yet use their income records to expand access to financial services such as credit and insurance. These records are not available to them, and very few can use their income to access financing. Lack of records precludes growth opportunities for many who aspire to own their own car or expand into a fleet.

2. Delivery and Logistics

GETTING STARTED

Delivery and logistics workers tend to come from the lowest socioeconomic groups and usually have few livelihood-generating options. These workers are likely to be low-skilled young males and are often in their first job. Delivery platforms are a way to earn when other work opportunities are scarce, which has particularly been the case during the pandemic. Despite ease of entry, workers must arrange to use a bike and prepare for costs related to gas and maintenance. The balance is complex given the low pay for each delivery gig. While many delivery and logistics workers purchase their own bike with loans, some prefer to rent. In some contexts, renting can be advantageous since owners often shoulder the cost of repairs and gas and may even help workers get medical treatment.

WORK LIFE

Juggling multiple apps and delivery types. There are several different types of delivery work. Immediate-order delivery involves restaurant food, groceries, documents, etc. Workflow depends on daily demand and workers have very little control over their schedule. E-commerce

delivery involves transporting goods ordered from e-commerce platforms. This type of delivery give workers the flexibility to manage multiple jobs throughout the day and to build in breaks when needed. Delivery workers may work on more than one delivery app within a day, for example, grocery deliveries in the morning and restaurant deliveries at night. They may also switch between e-commerce deliveries during the holidays and restaurant deliveries during events like sports tournaments, for example.

Long hours and difficult working conditions. On average, workers must work an 8- to 10-hour day and perform 20 deliveries per day. For each delivery they must navigate diverse environments (restaurants, stores, homes), resolve parking issues at each location, and reach the customer's doorstep in various types of dwellings. All these tasks must be completed while maintaining the schedule the customer expects and preserving product quality (e.g., correct food temperature, intact product).

Abusive customers. As members of lower socioeconomic groups, delivery workers are likely to experience more abuse from customers than workers in any other sector. For instance, some shopping malls in India ban workers from using the main entrance while in uniform, pushing drivers to travel an extra half mile to pick up goods to a back entrance and increasing the time spent on pickups. As a delivery driver in Nigeria mentioned: "The customer has paid online, and she has been expecting the item. On getting to the house, she checked the item and it was not

SK, delivery and logistics agent turned e-commerce seller, Mumbai, India

SK began as a delivery agent on two food delivery platforms in Mumbai. The combination of the stress of deliveries and the meager pay was not conducive to his goal of supporting his children and parents. He started noticing ads for Amazon delivery and his friends encouraged him to join. Delivering for the e-commerce platform was easier than the grueling hours he had spent delivering food — and the pay was better. When the pandemic struck, SK took a leap with his savings, moving from delivering on Amazon to becoming a small seller on the platform. His contacts within Amazon helped him transition. When SK struggled in the initial days, they helped him find vendors for his stock and with uploading inventory online.

"There was a lot of tension with delivery work. But now I just sit in the shop, I get the order, we do the processing, and we send the product for delivery. As a delivery partner I spent 10–12 hours. Now at my shop I work 7–8 hours. If I close my shop, it doesn't make a difference, right, because the shop is in my pocket," SK said.

SK took a big leap but was cautious and methodical in the transition. He did plenty of research during his delivery days, garnering detailed insights from small sellers as he picked up deliveries from them. Today he uses Facebook and WhatsApp to market himself on Amazon. While he is aware that 70 percent of his customer base is online, approximately 30 percent of customers view his inventory online then come to his physical store, making that space important as well. SK now advises others in his community who are looking to grow their income and secure their future. He looks to expand to bigger, more expensive products in the future — but once again, only after cautiously collecting the insights he needs.

what she was expecting. So she gave me a slap. She was shouting: ‘Why did Jumia send this?’ She never told me sorry.”

FINANCIAL LIFE

Low income and limited potential for growth. Delivery and logistics is the lowest earning platform sector among the five sectors we studied. A full 40 percent of delivery and logistics workers surveyed earn less than their country’s minimum wage — the highest percentage compared to other platform sectors. Not only is delivery work low paid, but it has few, if any, pathways to growth. While some drivers mentioned the desire to become a team leader who works from a local platform’s office, they were unsure of how to achieve their goal. Combined with difficult working conditions, these factors compel drivers to seek other — better — livelihoods when they can (Vaidyanathan 2020). Most see platform work as a difficult but temporary stint in their work life before more attractive opportunities arise.

Income unpredictability and vulnerability to financial shocks. Delivery work is unpredictable, which makes earnings unpredictable as well. Workers are often unable to plan for savings and expenses and are vulnerable to unexpected shocks. Exclusion from, and lack of trust in, formal finance means that many financial tools that could help smooth income remain out of reach.

3. Personal and Home Services

GETTING STARTED

While platforms offering personal and home services are a relatively new category in most emerging markets, many markets have a steady supply of workers who’ve previously performed these services in an offline environment. While some basic training in online aspects of the business and quality control is key, workers who are well equipped with appropriate skills and requirements are readily available. Given the variety of services offered under the personal and home services vertical, worker type can greatly vary:

- **Beauticians and hair stylists** are primarily women workers with higher levels of skill. Some owned or worked at salons before switching to platform work. These workers often maintain a roster of offline clients that allows them to charge higher rates and offer customized care. They use platform work to get a higher volume of predictable, defined work — and greater flexibility.
- **Home cleaners** are also primarily women, and most likely women with lower socioeconomic status. Doing this type of work through platforms has advantages over offline experience: it’s safer, more defined, and encourages better relationships with customers.
- **Home services involving repairs, industrial cleaning, and other similar tasks** are dominated by men. This type of work is new on platforms and has only scaled in a few markets. To generate enough income, workers tend to have one foot in the platform world and one offline.

WORK LIFE

Ratings reflect greater skills differentiation. Jobs in the personal and home services sector tend to require greater skills differentiation than jobs in ride hailing and delivery. As a result, ratings closely link to platform growth and better ratings lead to more jobs or higher pay. In ride hailing and delivery, ratings exist to warn workers to improve and only matter when they are low. The higher the skill level a job requires, the more likely it is that workers can grow and diversify to their advantage.

Opportunities to grow professionally. Quality is important in the personal and home services sector so platforms invest in app features that ensure consistent service. Workers must upload photos of their work to the app; customers, too, must verify work through ratings and other prompts. Workers who comply with the rules gain access to better clients, more skilled work, and higher paying jobs. The importance of quality service has led some platforms to invest in continuous worker trainings.

Differentiated rules. Each type of service has its own set of rules and features, and workers, especially women, form strong cohorts with their task managers or with each other to understand rules and protocols.

Changing rules. Personal and home services struggled for stability during the pandemic due to lockdown restrictions. Some workers mentioned changing terms and conditions, including added expenses for training and equipment when platforms insisted that workers buy specific cleaning and personal products to do their work. Some platforms also began to deduct higher commissions than before from workers after each job (Mehrotra 2022).

Tendai Mushaike, home services worker, South Africa



Like many working-class Zimbabweans, Tendai Mushaike moved to South Africa for better opportunities. Making the sacrifice of living alone, away from her children, Tendai worked as a caregiver for an Indian family and maintained a small business selling crochet fabrics. She lost her job when hard times fell on the family that employed her. This is when she came across the home services platform, Sweepsouth.

Transitioning to working through a platform came with challenges. Tendai had to undergo new recruit training and had a lot to learn about how to choose cleaning jobs on the app to optimize her daily commute and expenses:

“In the beginning I didn’t know how to pick the right locations and spent too much on my return fare.”

Over time, Tendai grew confident; her previous homecare and cleaning skills served her well. She became a highly-rated worker on the app, remarking:

“Now I know how to check for customers in my area. I am picked on the app often — my advantage is that I am one of the best Sweepstars. I am a five-star worker.”

Tendai’s life retains the many challenges of supporting her children while living far from them. But working through an app has created better interactions and negotiations with her customers: “When you work privately, clients can work you like a slave. You’re told to come at 6 am, finish 8 or 9 pm, and paid 100 rand. [With the app] when time is up, I ask if I should leave or whether they will add more time. That means more money.”

FINANCIAL LIFE

Investment in equipment. Workers must often invest in equipment to do their job. But since these purchases are smaller (compared to the purchase of a vehicle, for example), they often find financing within their informal networks or through new digital credit providers. Compared to workers in other verticals, they tend to have the ability to make clearer plans for the future and have better access to the formal and informal financial services that can help them get there.

4. E-Lancing

GETTING STARTED

Workers engaged in e-lancing are a diverse group — from copywriters and coders to those with basic digital business processing skills. However, as a group, e-lancers exist at a higher threshold of education, skill, and economic advantage than other platform workers. Since their work is often not location-based, e-lancers in emerging markets can access work in developed markets.

To perform their work they must have high digital literacy and, often, access to a personal laptop. In some cases they must engage in business writing or official communication. A small subset have highly specialized skills in technology or domains so they are able to design, teach, or implement complex business or educational processes.

WORK LIFE

Portfolio building. Since competition in most emerging markets is strong, e-lancers must invest in building a portfolio of work and experience that generates high ratings and leads to a steady stream of work. To do so, many begin their career working for free or at a highly discounted rate. Starting off this way requires healthy savings, alternate sources of income, or family support.

Access to global clientele. COVID-19 has led to increased online demand for services, including from customers who previously preferred in-person services. A platform's global presence enables workers in any country to significantly amplify their customer base with little additional investment.

Fraud and discrimination from clients. Since their work is remote, e-lancers may become victims of fraud. They complain that they are often not paid on time and that clients sometimes preview work but do not pay for it. For example, a graphic designer in South Africa told us: "This guy ordered three logos from me that cost \$30. I did three with licenses and everything. He keeps changing colors and I change colors. In the end he cancels on me and said I don't do what I was asked to do. After I cancelled and I went to the website, when I checked, he was using my logo."

Although jobs for clients in developed markets pay more, these clients often discriminate or prevent e-lancers in emerging markets from applying. E-lancers may get creative and win jobs by masking their true location through a virtual private network (VPN), but this is a difficult journey. Opportunity is available but not always attainable.

Merry Akpabio, content writer, Lagos, Nigeria



Forging her career as an online content writer with international clients has been a steady battle for Lagos-based Merry Akpabio. Her success has come with hard lessons on how the world of e-lance functions.

Merry has enjoyed writing since youth. From an early age she posted her poems on social media sites like Facebook. Friends alerted her to earnings opportunities

through e-lancing sites like Upwork. In the beginning she got work through a content writer who passed along excess projects. She slowly built her own profile from there, but faced challenges in establishing herself:

“Upwork wasn’t friendly to Nigerians so you had to pretend to be something you’re not. Like you use a VPN to be based in Germany. I don’t think the location of anybody tells how valuable the person is or whether they can deliver on the job.”

Merry also had to learn the type of writing her clients needed, moving away from an academic style to more conversational and professional business language. She attended many seminars and workshops to train on optimizing content for search engines, which brought her work closer to what clients expected. She has built credibility over time and her clients know that her writing gets high Google search rankings. Her profile proudly states that she is based in Nigeria.

Although she has found success e-lancing, Merry still juggles platform work with a teaching job to balance the expenses of big city life and sending cash to her parents and her church. Using foreign exchange investment accounts to preserve the value of her earnings, which are often in dollars, helps her meet these financial goals. Going forward, she plans to capitalize on her hard work and relentless upskilling to launch a full-service website design business, and to write articles for prominent media sources on the subjects she cares about: traveling, sports, and recreation.

FINANCIAL LIFE

E-lancers tend to be more financially included than other platform workers. Their education levels and higher socioeconomic status mean they have strong literacy skills and more familiarity with the kinds of financial services that can support them. Many already use loans and insurance services, are aware of new fintech services, and earn in foreign currencies. One e-lancer surveyed indicated that she used services that protect her from losses linked to currency conversion.

However, e-lancers can have precarious financial lives. Most we spoke to were primary breadwinners and had obligations that put them under financial pressure. Most balanced

e-lancing with offline jobs such as teaching or office work and struggled to make ends meet. Clients sometimes took advantage of their emerging market location and pressured them to take lower rates. However, most had the financial autonomy to think about their future and plan for important financial milestones.

5. E-Commerce

GETTING STARTED

Most platform sellers we interviewed — mainly individuals or microbusinesses selling food or clothing — began their business slowly and sometimes casually, often selling from home or on the street before cautiously expanding as sales increased. Some are now well established through brick-and-mortar store sales. They use digital platforms to facilitate business during slow times, especially throughout the pandemic. Another group of young sellers began digitally, acquiring a majority of their customers through platforms and social media channels. They are digitally savvy enough to work on multiple platforms and move between e-commerce platforms and informal online commerce. They appreciate the ease of registering on e-commerce platforms without the hassle of complex paperwork. As one drinks vendor in Indonesia told us: “The registration and terms and conditions is way easier for Gojek and Grab than the government-based [platforms]. The government asks us sometimes to join their platforms, but they’re too difficult to start on. The government requires business permits and *halal* certificates.”

WORK LIFE

Remote access to customers. Small-scale sellers find platforms attractive due to the prospect of reaching a larger customer base for their products. They appreciate this avenue as it encourages sales, particularly during the pandemic.

Logistics challenges. Small-scale sellers often struggle to manage logistics with agents. They also have to deal with costs related to processing a higher proportion of returns than their offline business generates.

Platform costs. Sellers complain about growing platform commissions, delayed payments, and the imposition of marketing costs that deplete their earnings. Some sellers thus prefer informal selling on Instagram and WhatsApp, where customer interaction is direct and does not entail the costs imposed by large e-commerce platforms. Microbusiness owners sometimes set up Instagram or WhatsApp business accounts to test the level of demand for products and services before they sign up with larger e-commerce platforms or open physical stores.

FINANCIAL LIFE

Lack of credit and insurance and reliance on informal financial services. While sellers tend to be more aware of the formal financial system than other types of platform workers they struggle to find the right access to credit and insurance that will protect their business, help them manage costs, and promote growth. While some platforms are beginning to offer sellers access to small loans to offset liquidity challenges, entrepreneurs still largely rely on their own networks. Sellers often band together in *chamas* and other cooperative savings groups, or even join together to order stock and raw materials at discounted rates. As one e-commerce vendor in Nigeria explained: “We form together as

Archie Osongo, digitally savvy small business owner, Nairobi, Kenya



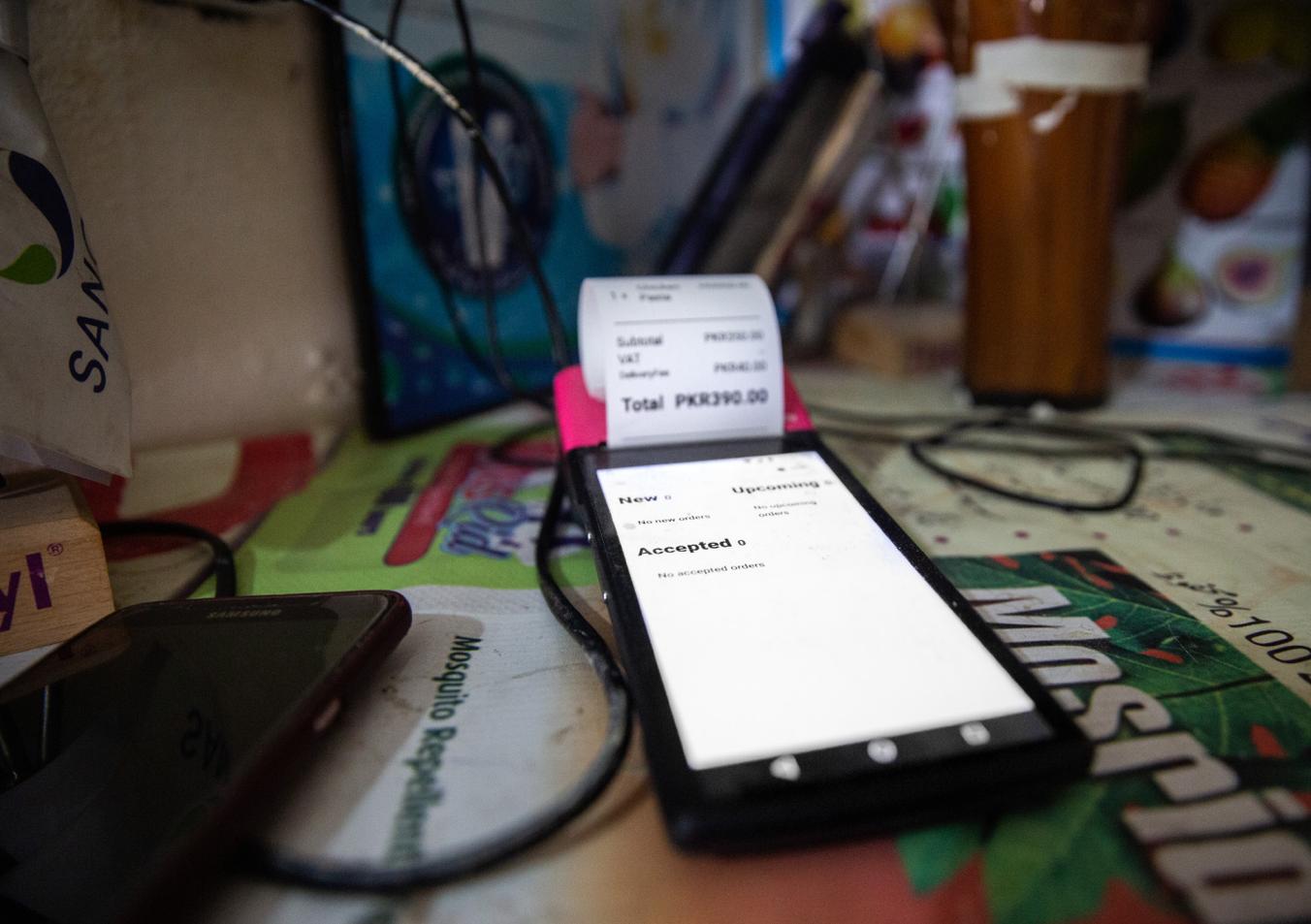
Archie Osongo became an entrepreneur by chance when she found that everyone liked the clothes she chose for her baby. Eventually she left her job in insurance to sell clothing full time. Archie's earnings kept the family afloat during the pandemic when her husband lost his job as a sports teacher.

Archie is digitally savvy and has sold clothes on big platforms like Jumia, as well as on social media sites like Instagram and

WhatsApp. She prefers to reach customers directly through social media because as a small business, she finds it hard to manage returns and the other logistical requirements of big e-commerce platforms.

While Archie misses the consistent income of a job, she prefers the autonomy of having her own business. But she wishes there were services like cheap, safe credit and medical insurance to help tide her over and support her growing ambitions.

a group to preorder [with other businesses]. That's what we do for businesses that have minimum quantities. This group is online and I am the brain behind it. I post online, 'join my preorder group if you're interested in ordering items from China'."



SECTION 3

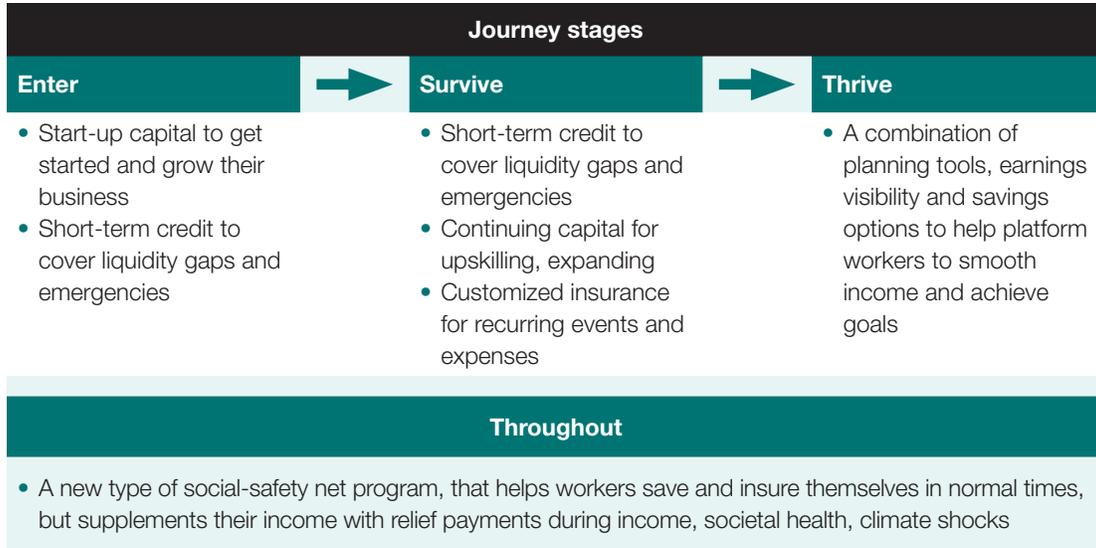
HOW FINANCIAL SERVICES CAN SUPPORT PLATFORM WORKERS AND SELLERS

Platform workers and sellers have different financial goals and challenges, depending on where in the platform journey they find themselves. Financial services have the potential to help at every step of the way. The data that platforms gather from their workers and sellers and the digital rails that make the platform ecosystem work can be leveraged to offer useful services in partnership with FSPs. While some platforms are beginning to offer credit and insurance services, offerings are currently at the experimental stage and are limited in reach and usefulness. There is an opportunity to more fully leverage worker and seller data to embed financial services on platforms. Preliminary evidence shows that embedded services can help workers overcome shocks and grow their business while generating more activity on platforms and helping FSPs to reach new segments.

Financial services can assist workers at different stages of platform work

Workers have different needs throughout their platform work journey, depending on whether they are just entering platform work, trying to stabilize their income, or creating the wealth they need to achieve their goals. Financial services can support workers at each step of the journey in various ways, including when unexpected shocks occur.

FIGURE 13. Sample financial services needs while performing platform work



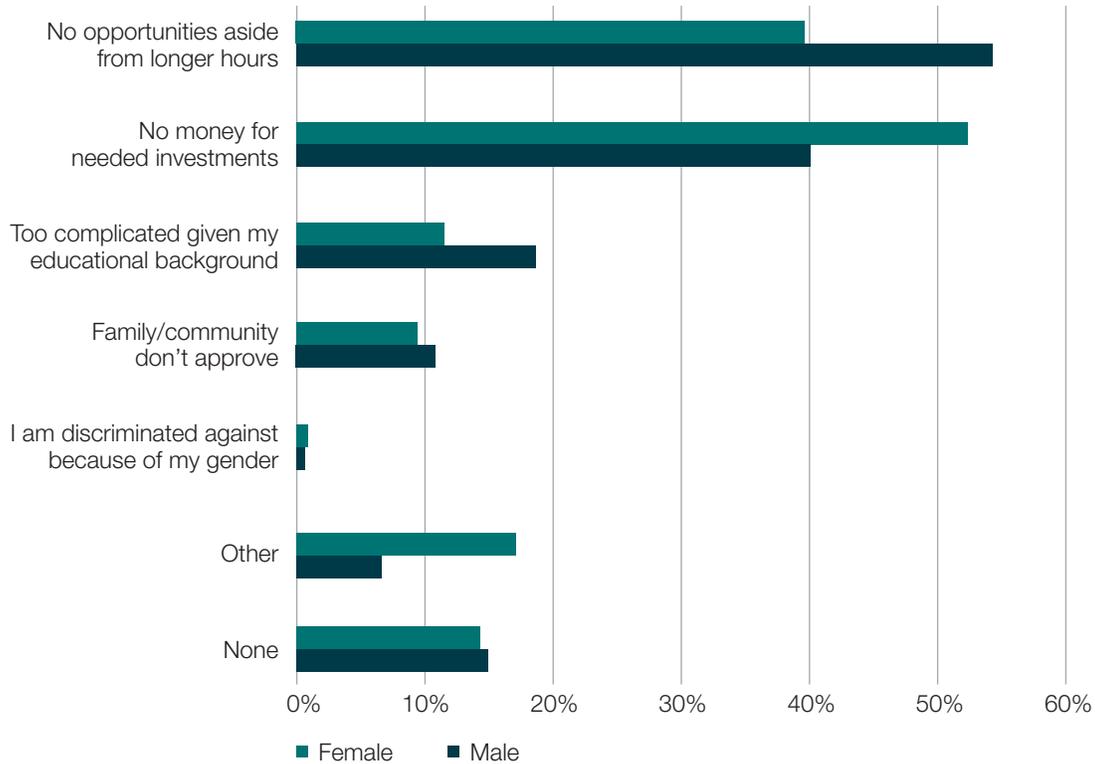
Source: CGAP synthesis of primary research

ENTER

Needs: To enter platform work, workers must invest in tools, supplies and equipment and often a vehicle; sellers need capital for stock and marketing; and both need funds to obtain a phone with minimum required functionality and data availability.

Platform workers just starting out generally are not eligible for bank loans for investments, so instead rely on informal sources or more expensive nonbank loans. These costs may prove cumbersome as time goes by and workers may struggle to balance debt or rent payments with their volatile incomes.

Solutions: Providing workers with financing at the beginning of their platform journey when they have little formal creditworthiness and zero platform work experience to assess is a particularly complex challenge. But as financial services for tenured platform workers grow and mature, scoring and underwriting processes can gradually be tested and tried with newer workers. A key requirement will be whether financial services can work closely enough with platforms to balance the risks and expenses of the services.

FIGURE 14. **Main obstacles for growing income on a platform, by gender** (N=237)

Source: CGAP/Dalberg research on platform workers, 2021.

SURVIVE

Needs: As workers and sellers establish themselves on platforms, they must cover both recurring and one-time expenses to enable continued business (see Figure 15.). If they want to increase their income as well, they need to invest in additional skills or equipment.

Workers and sellers may also face one-time emergency expenses (e.g., doctors' visits, broken phones, equipment repairs) that must be paid before they can continue to work. While insurance may be a solution, tailored insurance products either do not exist or workers are largely unaware of their value.

Gaps in liquidity can add to the challenge of covering emergency expenses with upfront cash. Workers must often wait a few days after completing a gig to receive payment from a platform. Sellers, too, must budget for payment delays, expensive customer returns, and inventory ordering. To cover costs such as fuel and vehicle servicing during lag times, many workers and sellers borrow from informal sources or expensive nonbank lenders.

To grow, platform workers and sellers must make investments. Lack of access to capital for such investments is a significant constraint for growth in the platform ecosystem. Fifty two percent of women and 40 percent of men surveyed said they did not have access to money for such investments (See Figure 14).

Access to capital enables workers to buy better equipment and tools or to train in new skills and techniques, commanding higher pay for the same job or entering higher paying platform

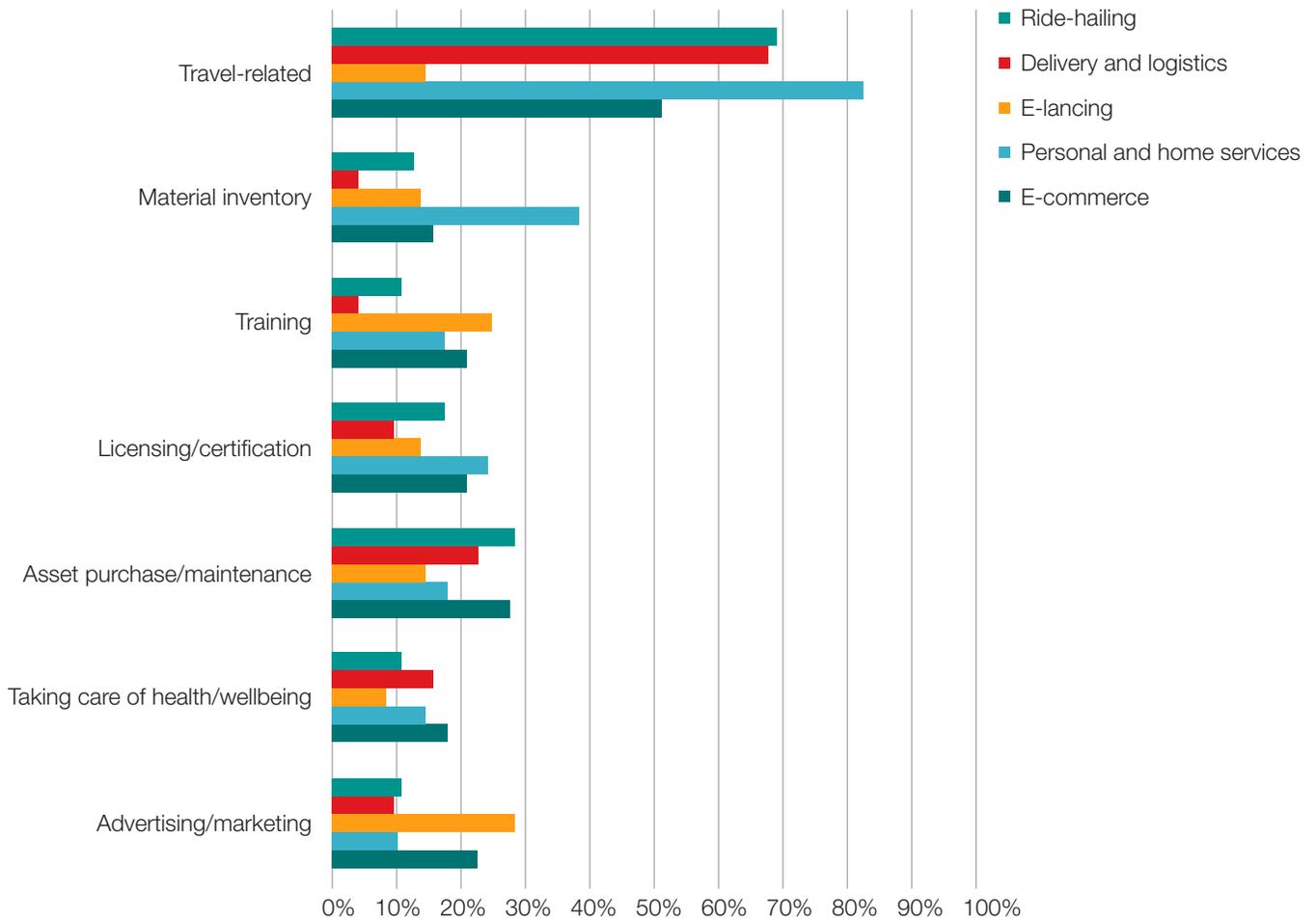
niches. For instance, a hair stylist could offer hair color services. An e-lancer could bid for bigger, more prestigious work that involves hiring a team. A cleaner who possesses a steam cleaner or other equipment could find higher paying cleaning jobs. Ride-hailing and delivery workers mainly use capital for vehicles, but this type of capital is scarcely available in today's formal financial services market. Without the capital to purchase a vehicle, riders and drivers must rent, which significantly impacts their platform earnings.

Capital is also critical for sellers. As in the offline world, access to capital helps small sellers better position themselves with customers by, for instance, taking professional photos of their inventory or creating better posts and ads. Access to capital is also important to expand and grow the range of products offered. Such access is particularly challenging for women sellers just starting a business, such as Archie Osongo, the Kenyan small business owner introduced earlier:

“I would...maybe get a loan from a bank that's giving a low interest rate. I didn't have security for it, so I didn't manage to get it from them.”

Many FSPs require pay slips and employment certification, and do not lend based on the earnings data generated by a platform. Even well into performing platform work, workers

FIGURE 15. **Greatest expenses for platform workers, by sector** (N=237)



Source: CGAP/Dalberg research on platform workers, 2021.

HOW CAN FINANCIAL SERVICES SUPPORT PLATFORM WORK?

and sellers must rely on their own savings or informal networks to finance equipment or skills improvement. Since these sources are not as accessible, growth is limited.

Solutions: A credit product based on projected earnings could bridge temporary liquidity gaps and help workers and sellers to better manage expenses between payments. Insurance products could provide fast cash to cover situations that prevent platform workers and sellers from doing their work. Insurance products like these could draw premiums while workers are being paid and cover small emergency expense around health and equipment between payments.

Work and earnings data could also be assessed to build new forms of credit scoring that enables workers to access larger loans for larger investments. Early experiments have begun in this area but loans tend to be smaller and more short-term.

THRIVE

Needs: To thrive in the platform world, workers and sellers need to smooth volatile incomes. To achieve their goals they must mitigate risks, build assets, and plan for the future; yet one of the biggest challenges they face is unpredictable income. Understanding how much income they might earn in a pay cycle involves complicated calculations around peak and low hours and incentives — more so if they work across several platforms. Complications like these make it hard to understand earnings and to make sound financial decisions.

Solutions: Workers would find it easier to deal with income unpredictability if they had access to planning tools that project earnings even one or two weeks out. Entering potential work hours into a platform app could help them assess which combination of time working and time off moves them toward their goals. To better manage income they would also benefit from greater access to past earnings data and tools that analyze work history and track rate fluctuations.

These types of tools would make it easier to leverage an automated savings feature that helps workers save flexibly and with less friction. This is particularly relevant to platform workers who only want to work for a short stint to save money, then move onto other work or run their own business. On the other hand, drivers and women personal services workers tend to do platform work with family goals in mind. Combined with automated savings, planning tools could help workers better achieve their longer-term goals through platform work.

Leveraging alternative ratings for credit scoring

Although not in the financial services domain, “alternate ratings” is an idea we often heard workers speak about. The concept relates to worker perceptions that ratings today prioritize customer opinion to a fault. Workers want the ability to rely on a diverse set of data to determine their performance. Platforms could create baseline averages of best practices based on historic data (i.e., ability to meet the speed limit, journey times) to evaluate worker performance against. It could be supplemented with intermittent tests that assess workers based on all aspects of platform work. While not directly related to financial services, alternate approaches to ratings could affect workers’ creditworthiness and act as a more equitable and broad-based worker assessment tool.

Formal financial services that meet these needs are not widely available today

To understand the current state of financial services offered to platform workers and sellers, we assessed prominent credit and insurance products in East Africa and India. The assessment was not exhaustive of all financial services offered to platform workers and sellers. We instead conducted desk research on existing products and worked with BFA Global and Digital Futures Lab to identify financial services for platforms that had reached sufficient maturity. We conducted extensive interviews with those platforms and the FSPs behind them, as well as some workers and sellers who had accessed the services.

Although financial services for workers are beginning to emerge in the platform ecosystem, none of the platforms in our study earned significant revenue by offering financial services. However, there are early signs that platform-mediated financial services can support greater engagement and retention among workers. A leading platform in India that wished to remain anonymous estimated that a fourth of its current workforce would not be on the platform had it not facilitated access to capital. Another platform, Safeboda, offering ride-hailing services found that drivers using embedded financial services were 60 percent more likely to stay engaged and execute three additional rides per day (on average) than other drivers.

FIGURE 16. **Value of offering financial services to platform workers**

Value for platforms	Value for workers	Value for FSPs
<ul style="list-style-type: none"> • Increased revenue streams through commissions • Worker acquisition • Worker retention • Worker engagement and availability 	<ul style="list-style-type: none"> • Aiding entry, growth, and sustainability of platform work • Work earnings history and score that more effectively enables service access on and beyond the platform • Lower service costs 	<ul style="list-style-type: none"> • Serving a new customer segment • Lowered acquisition and delivery costs through platform rails • Lowered risk mitigation and new scoring/underwriting tools through data trails

Source: CGAP synthesis of primary research.

Innovations around embedding financial services into platforms are beginning to emerge in markets with the necessary digital infrastructure

CREDIT

A growing number of platforms are beginning to offer credit to workers through partnerships with fintechs and FSPs. We assessed seven product partnerships in India, Kenya, and Uganda (see Figures 21 and 22), where platforms and FSPs are partnering to provide credit. Credit products available to platform workers generally take the form of wage advances or salary on demand.

FIGURE 17. Assessed credit products in East Africa

Platform	FSP partner	Country	Product description
		Uganda	A \$40 onboarding kit (helmet and vest) is offered on credit and repaid over the first weeks of work. The second type of credit is used for motorcycle purchase. To qualify for the motorcycle credit, drivers must have worked on the SafeBoda platform for three months and cleared their equipment loan.
		Kenya	Imalipay acquires drivers via partnerships with the Bolt, Glovo, and SafeBoda platforms, offering credit for productive use (e.g., fuel, repairs, smartphone, insurance, equipment). Credit is offered on a rolling basis; as soon as the driver pays back, they can borrow again without any income dependency.

Source: CGAP, BFA, and Digital Futures Lab, 2021.

FIGURE 18. Assessed credit products in India

Platform	FSP partner	Product description
		KarmaLife provides credit for fuel, airtime, and digital purchases. The amount allocated is a percentage of past earnings and is available up to a ceiling for each pay period. Payment is deducted at the source all at once; drivers must wait until they get paid (weekly or monthly) to access further credit.
	 	Avail: Small personal loan. Dvara: Bundled product: Income tax returns and credit, both at or under \$500.
	 	SuperMoney: Small personal loan. Dvara: Bundled product: Income tax returns and credit, both at or under \$700.
		Personal loans and equipment purchase loans, all under \$500.
		Personal loans under \$150.

Source: CGAP synthesis of primary research.

Credit products tend to be:

- **Small ticket.** The total loan amount is a percentage of historical or actual earnings.
- **Automatically deducted.** Loan repayments are often automatically deducted from earnings based on the worker's prior consent.
- **Short tenor.** A loan is fully recovered through deductions from one or over several earnings from the worker (at most).
- **Tied to productive expenses.** A loan is generally intended for purchasing equipment the worker needs to join a platform or to support specific work-related costs such as fuel, airtime, or repairs.

Addressing liquidity gaps. The credit products we assessed addressed immediate liquidity gaps but the models were not sufficiently developed or elaborate enough to extend to the larger, longer-term loans workers need to make investments or enhance skills. In time, these scores could mature enough to facilitate the underwriting of larger loans and expanding loans to a larger group of workers.

Low trust. Some platform workers distrust the platforms they work with. They are reluctant to avail themselves of financial services through platforms because they are concerned they would be blocked from working if they are late on payments. Costs and repayment terms are also complicated, often combining interest rates with fees and various thresholds. Workers commonly reported that they found variable costs and payments more difficult to understand than fixed amounts.

Potential to address issues. Platforms and FSPs could potentially address these issues by more effectively leveraging worker data and deploying platform rails for flexible repayments. Credit is sometimes tied to an individual's platform work history, customer ratings, or overall earned wages. Yet these criteria are rarely built into an overall assessment score that combines with other data sources and insights, thus assigning a customer a more holistic credit score. They are instead used as blunt eligibility criteria. In addition, exploring mechanisms to deduct payments as a percentage of income and using other parts of platform rails are still at the experimental stage. Although some fintech innovators recognize the potential to create more robust scores and to use platform rails more directly, such plans have yet to materialize.

INSURANCE

Platforms generally provide insurance to platform workers by directly deducting premiums from earnings. They also negotiate a single policy tailored to worker needs rather than presenting a menu of options. We assessed seven partnerships between platforms and FSPs to provide insurance products in India, Kenya, and Uganda (see Figures 19 and 20). In the cases studied, workers were able to access policies that were not publicly available. Workers who would otherwise be limited to more expensive individual policies thus received a superior option. Among the examples studied, platform workers could access two types of insurance:

- **Small-ticket, just-in-time coverage to enable gig work jobs/journeys.** This type of coverage allows informal workers to fulfill jobs that would otherwise be out of reach. For example, jobs at corporate offices often require the service provider to carry insurance.

FIGURE 19. Assessed insurance products in East Africa

Platform	FSP partner	Country	Product description
		Kenya	Britam is a fully-licensed insurer that can tailor products specific to each distributor, whether MFI, platform, etc., depending on the partner's express need. Partnerships with Littlecabs, iBuild and others have led to products such as trip insurance and accident insurance for the duration of a job.
		Kenya	Turaco provides SafeBoda drivers with a month-to-month "hospicash" policy. SafeBoda deducts premium amounts directly from income (when sufficient). Claims are processed via photos of medical records and receipts.
		Uganda	Power offers a healthcare policy that covers inpatient and outpatient care. The policy has three options that vary compensation limits from 40,000 to 60,000 shillings (\$4-6k) for outpatient services. The policies are annual but Power finances the premium for up to nine months, with a monthly payment capped at 33% of average income. CloudFactory helps Power sell by orchestrating monthly training/sales session as well as by distributing one-pagers and promoting the policies internally.

Source: CGAP, BFA, and Digital Futures Lab, 2021.

FIGURE 20. Assessed insurance products in India

Platform	FSP partner	Product description
		Group personal accident product and medical (in-patient and medical expenses, OPD only for accidents).
		Hosp-cash provides a hospital cash benefit, ICU hospitalization, and an additional personal accident insurance benefit.
		Motor insurance, per tripHosp-cash, provides a hospital cash benefit, ICU hospitalization, and an additional personal accident insurance benefit (discontinued).
		Hosp-cash provides a hospital cash benefit, ICU hospitalization, and an additional personal accident insurance benefit.

Source: CGAP, BFA, and Digital Futures Lab, 2021.

- **Traditional health or life group covers.** In offering this type of coverage, the platform aggregates workers and deducts premiums directly from worker pay, passing it along to insurers or carriers. The platform also negotiates policy terms and guides users as they make claims.

Improving insurance value. Most workers lack experience with insurance and struggle to see its benefits — unless they have made a claim during their coverage period.

Improving product design. Insurance offerings could be made more useful. When faced with health care shocks, workers usually need cash to cover immediate outpatient expenses. They instead experience insurance services that operate under a burdensome reimbursement model: first pay for treatment, then file a claim.

As a worker using platform-provided insurance in East Africa told us: “They should give some money before you go to the hospital. Currently they only give money after you have received treatment. So what happens to those who haven’t saved? What if you don’t have any money to

start with? They should give money so that you go to the hospital to start with because in the hospital you have to pay before you get any service.”

Workers also need support for costs beyond care and medication. Another worker using platform-provided insurance in East Africa told us: “I recommend that they [the platform] widen their scope not to only look at medication because when you get the injury you stop working because you are

down. But for them, they only look at medication. How about money on feeding, money on transportation to the hospital? They don’t look at that.”

It is difficult to incorporate into traditional insurance products design enhancements like those interviewees described. This would involve greater changes to product design — perhaps combining traditional insurance with short-term credit options to cover liquidity gaps when health shocks occur and before claims are paid out.

SAVINGS

Our assessment did not find sufficiently substantive examples of savings offerings; some pilots previously underway had stalled as a result of the pandemic. However, there may be future opportunities for further experimentation to develop such products. Some platforms and FSPs hope to resume pilots once the pandemic’s impact on platform work becomes clearer.

There is evidence of demand for savings services, particularly among workers with high trust and satisfaction from platform work. These workers tend to have higher trust in accessing financial services via platforms, as well as experience saving via informal savings groups. Platform-mediated products that overcome typical friction to savings carry particular potential by, for example, automatically sweeping customized amounts directly from worker earnings into savings accounts.

“Platform workers do not want a menu or marketplace like consumers of e-commerce. You have to curate the best option and provide it by default.”

—Rohit Rathi, CEO, KarmaLife, a fintech providing credit and other financial services to platform workers in India

However, the business case for savings is difficult to prove and may explain why we observed less activity in this product category. In addition to being characterized by low margins and high distribution costs, savings products require the greatest level of worker trust and are easier to sell to those at higher income levels.

Successful financial services are based on strong partnerships between platforms and FSPs, along with worker trust in platforms

Beyond insights on products, CGAP's assessment revealed preliminary insights on the conditions and mechanics necessary to make financial products work for platform workers:

Mature payment rails. A mature and widespread digital payment system is key for the success of platform-based financial services. Beyond enabling digital payments for platform work, rails allow platforms to generate and share the detailed worker earnings data that makes it possible to design and embed additional financial services into platforms. This promise is diminished when transactions are conducted offline. As such, efforts to embed financial services are concentrated in just a few emerging markets: those with robust digital and financial infrastructure, especially around payments.

Deep data exchange. Success also depends on the ability of platforms and FSPs to take full advantage of the data generated by platform work. In fact, maturity of analysis of worker data and related credit scores is key to establishing the depth and breadth of financial inclusion throughout the platform economy. Among the examples studied, only a few featured full data integrations between platforms and FSPs. Deeper integrations for new forms of credit scoring and insurance underwriting must still be developed and FSPs must learn how to use platform data to accurately measure lending risk. Data-sharing policies and frameworks that allow responsible data sharing between entities are also key factors. Most EMDEs lack this type of regulation today.

Close partnerships that enable flexible iteration and tailoring. Financial services are largely offered via partnerships between fintechs and platforms. However, establishing trusting partnerships is still a challenge. Many platforms noted that they struggled to find the right financial services partner to craft tailored products for this segment. Fintech providers also expressed the need for more support and integration from platforms that intend to partner.

When partnerships are well aligned, the resulting products tend to be well suited to workers via insights-driven tailoring. In the cases studied, platforms were able to offer tailored insurance policies by co-creating a product with an insurance partner. In all four cases investigated, the platform identified a need based on insights generated from data and interactions with workers, then searched for a fintech partner to help meet the need. In some cases the platform approached multiple FSPs before landing on a partner that aligned on vision and commitment.

Treating platforms solely as channels for selling standard financial products is not a winning strategy. Partners may instead consider this an opportunity to truly tailor products for workers.

Worker trust. Workers are more likely to trust services when they have favorable relationships with the platforms offering them. Without this trust, workers may worry that late payments would result in their engagement with platforms being blocked. In the case of savings, some



workers indicated that they would be more amenable to using deposit services offered by platforms if the funds were held by reputable banking institutions.

Bespoke products and seamless, simple user journeys. Among cases studied, products were more effective when user journeys were seamless. Simplicity can be delivered by limiting choices and decisions along the user journey. One fintech found that when it gave workers options on credit limits and costs, many failed to select an option and remained stagnant at that point in the funnel.

Platforms offer the opportunity to minimize decisions by customizing bespoke offers to particular segments (i.e., taking into account income levels and patterns). Customization allows

partnerships to offer a single product with few options or variations. This decreases the decision-making burden for workers and provides a more simplified and comfortable user journey.

Another question prevalent in the space is whether fintechs and other FSPs must offer financial services tied only to a single platform or are permitted by regulation and infrastructure capabilities to provide workers the same products on multiple platforms, thus enabling a seamless, interoperable experience. It is still early days

to uncover answers as many variables (e.g., ownership of worker data, platform worker unique identification, overall viability, safety) have yet to be ascertained.

Support for workers throughout the customer journey, particularly at acquisition.

Offering financial services through platforms is not pure embedded finance. Financial services partners, particularly those offering insurance, often need to invest in high-touch engagement to secure high levels of acquisition and ensure sufficient engagement with a service for retention.

Workers echoed the need for high-touch support. When asked about the benefits of an insurance policy, they focused on high levels of customer service, clear communication, straightforward processes, and trust.

“Technology is facilitating new models and access to large numbers of previously unreachable customers. It is also giving us insight into their needs and behaviors so as to design new products tailored to their circumstances.”

—Saurabh Sharma, Director, Emerging Consumers at Britam, an insurance provider focusing on platform workers in East Africa



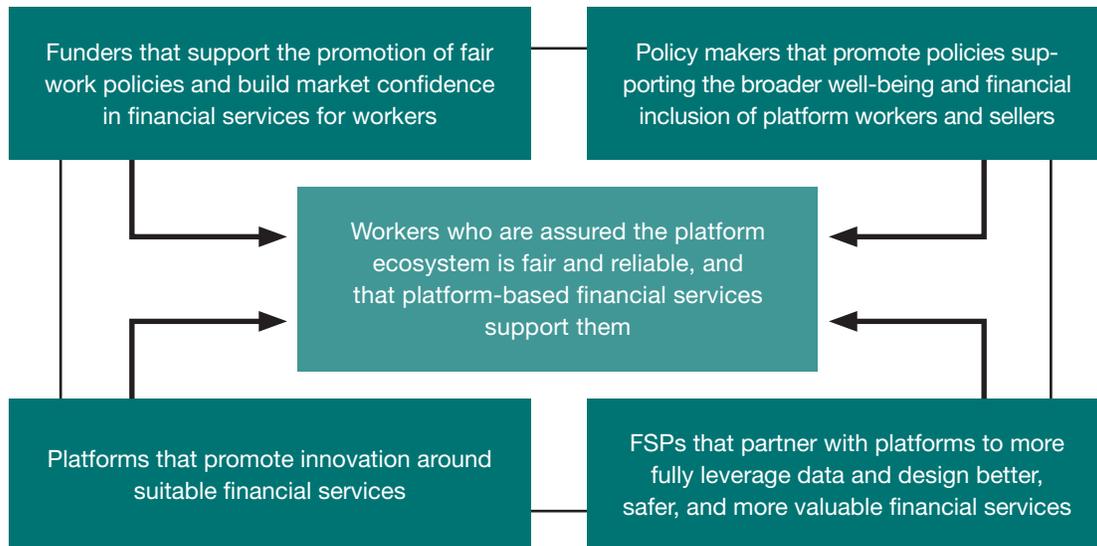
CONCLUSION AND RECOMMENDATIONS

Introducing financial services via the platform ecosystem can benefit workers and platforms, yet the ecosystem is still in early stages of development. Success will depend on the following factors.

Platforms that promote innovation around the right product features and delivery mechanisms

Offering financial services to workers and sellers represents a shift, with platforms going beyond simply providing marketplaces for earning a living to becoming ecosystems where workers and sellers access and engage with a range of services. It is important for platforms to make structural and communicative changes to how they look and feel so workers and sellers can experience being “users” or “customers” themselves.

HOW CAN FINANCIAL SERVICES SUPPORT PLATFORM WORK?

FIGURE 21. **Catalyzing the platform ecosystem for better livelihoods and financial services**

For financial services to have a positive effect on a worker's livelihood and well-being, it is equally important to design the right product features and delivery mechanisms.

Together with FSPs, fintechs, and researchers, platforms must invest in experimentation around the provision of services that allows them to track worker engagement and welfare, as well as added value for platforms.

Our assessment of currently available services suggests that innovation is required in the following areas:

- **Long-term credit for growth.** Platforms and FSPs must establish the business case for loans beyond small credit advances and payday loans so workers can invest in accessing the skills and equipment they need to enter and grow in platform work.
- **Short-term credit for liquidity.** The unpredictable nature of platform work means many workers could benefit from responsible short-term credit to cover liquidity gaps and emergencies. These types of credit options exist, but delivery and repayment mechanisms could be further improved and services could become more widely available.
- **Insurance for overcoming common shocks.** The design of current insurance offerings focuses on reimbursement, which limits their usefulness to platform workers. Workers need insurance that incorporates short-term, credit-like features (e.g., upfront cash) and helps with catastrophic events and income-interrupting expenses (e.g., health care, equipment maintenance).
- **Automated saving and financial planning.** By offering automated savings programs and financial planning tools that forecast future earnings potential, platforms could help workers to build assets and achieve their financial goals.
- **Greater worker control over performance and work data.** New metrics beyond customer ratings could more fairly assess and help workers improve performance. New mechanisms could enable workers to use their digital records to potentially improve earnings or to gain the credibility required for access to financial services.

Platforms and FSPs that crack the code for successful partnerships

To enable the design and delivery of embedded financial services for platform workers, it is crucial to optimize partnerships between platforms and FSPs. A clear understanding of the correct way to set up partnerships has yet to exist, although it is acknowledged that business synergies do exist. Two mutually reinforcing aspects of these partnerships need particular attention:

- **Fully leveraging platform data.** An FSP's ability to analyze worker earnings data in some detail and make credit or insurance decisions is key to making these services more viable for the FSP and more accessible to workers. However, few FSPs can fully access and process a range of data points. If worker data is at all deployed, it is mainly used at the acquisition stage for eligibility. Going forward, platforms would instead facilitate easy, responsible access and assessment of data points. This would allow FSPs to translate data into robust frameworks for building credit scores and underwriting.
- **Building better integrations for iteration, tailoring.** Technological integrations between platforms and FSPs are crucial for making financial services more effective. The closer and deeper the integration, the more easily an FSP can use platform rails to deliver services, deduct automatic repayments and premiums, and promote a more embedded user experience. These types of integrations are just beginning to form. We need greater experimentation to understand which synergies between platforms and FSPs are important to replicate and scale.
- **Ascertaining viability.** Through continuing experimentation, FSPs — particularly young fintechs innovating in the space — need to prove that they can viably and safely provide platform workers with financial services. As viability and safety are being determined, a number of questions still need to be addressed, such as whether financial services must be exclusively tied to one platform or can work across all platforms. Impact investors (and, to some extent, platforms themselves) will need to enable fintechs to conclusively answer these open questions going forward.

Policymakers that promote policies which support the financial inclusion and broader well-being of platform workers and sellers

As platforms continue to grow in emerging markets, it is crucial that they work together with policy makers to ensure worker rights and well-being. Unless workers trust the platform ecosystem to be fair and reliable, they are unlikely to trust and value any financial services embedded within it. Policy makers must also enable the creation of a mature digital payments infrastructure alongside adequate data and consumer protection mechanisms that enable financial services to be responsibly embedded in the platform ecosystem. This can be achieved by:

- **Enacting labor laws.** Labor laws for workers are not directly related to the provision of financial services. However, worker trust and uptake of financial services will depend on the overall sense of fairness and protection they feel in the ecosystem. Therefore, governments in emerging markets and international organizations must collaborate to enact safe, forward-looking policies workers can rely on. Organizations like the ILO and the Fairwork Foundation have prominently provided comprehensive, clear guidelines for governments and platforms to better promote fair work.³

³ Fairwork and ILO guidelines can be reviewed at <https://fair.work/en/fw/homepage/#continue> and <https://www.ilo.org/global/topics/non-standard-employment/crowd-work/lang--en/index.htm>.

- **Building social safety nets.** The COVID-19 pandemic has demonstrated the crucial need for new types of social safety net programs as more and more low-income communities work in livelihoods vulnerable to massive shocks. The World Bank's Social Protection and Jobs (SPJ) team refers to adaptive social protections that help workers better prepare for and cope with shocks through a suite of services that swiftly transform throughout the time workers prepare for, cope with, and adapt to shocks (Bowen et al. 2020). If worker livelihoods are connected to digital payment rails, the public sector can partner with platforms to introduce social safety programs in this ecosystem.
- **Advancing financial policy and infrastructure.** In most emerging markets, financial policy and infrastructure are working to catch up with changes that would allow fintechs and FSPs to effectively embed financial services for workers. For instance, some markets lack fully interoperable payments, making these services unviable. Or they lack policies that allow fintechs to automatically withdraw payments from worker earnings, making services less efficient. Fintechs want to provide a suite of services to workers but must gain authorization from various regulators to enable each type of service.
- **Improving consumer and data protection.** Strong data-sharing rules will enable platforms and FSPs to legally build deeper integrations and partnerships. Strong, clear consumer and data protection policies that address platform ecosystem specifics are also key but could have troubling implications for platform-based customers. The same visibility in platform work that would allow for tailoring, targeting, and personalization could also be used negatively, for example, to irresponsibly blacklist workers that display undesirable financial behaviors or to allow employers to exert undue influence over access to finance services.

Funders that support the promotion of fair work policies and build market confidence in financial services for workers by sharing lessons that define the value of platform data and platforms as a delivery channel

Funders can become key stakeholders in driving knowledge-sharing and action on promoting fair work and safety nets for platform workers and sellers. Their convening and influencing powers can bring lessons to EMDE markets about which policies are working globally and expedite fair working conditions in those markets as well.

Financial services offerings for platform workers and sellers are just now taking off. Market confidence in worker data trails is still largely missing. While fintechs may have innovative ideas for building credit scores or using platform data to better target insurance needs, credit and insurance underwriters that take on those risks have yet to completely support these innovations.

Development finance can help fund the experimentation and research on platform data trails that helps determine and define value — and builds market confidence. Lessons on what workers need must be widely shared so those types of services can be expanded without introducing new risks for workers or the economy. Funders and the researchers they fund are also responsible for alerting the market to emerging consumer risks and necessary protections.

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